City of Hart, Michigan
CITY COUNCIL AGENDA
January 9, 2024, 7:30 PM
407 State St. – Council Chamber
NOTICE OF PUBLIC MEETING
REGULAR COUNCIL MEETING

1. Call to Order
2. Roll Call – Adams, Burillo, Evans, Hodges, Klotz, Trygstad, Platt
3. Pledge of Allegiance
4. Approval of Agenda
5. Public Comments – **Public comment on any matter other than a scheduled public hearing. We ask that you please limit your comments to 3 minutes.**
    a. Correspondence, Events, Presentations
        i. Jordan Smith, Maner Costerisan – 2023 Audit Review
6. Consent Agenda:
    a. Approval of Minutes from December 12, 2023 Council meeting.
    b. Bills, Claims, Payroll
    c. Reports of Boards, Commissions, and Committees
    d. Department Reports – Police/BioPure/Public Works/Energy/♥C&E Dvlp.
7. Action Items
    a. Resolution 2024-01 Approve Hart Area Fire Administrative Board Agreement
    b. Resolution 2024-02 Direct City Staff to execute work pursuant to Ordinance Chapter 1048
8. Discussion Items
    a. 2024 City Council Regular Meeting Calendar
    b. Mayoral Board and Commission Appointments
    c. City Council Retreat PI Assessment
9. City Manager Report
10. Communications from the Mayor and Council (Including board and committee updates.)
11. Adjournment –

Access is provided through the Michigan Relay Service for individuals with speech or hearing impairments. *https://hamiltonrelay.com/michigan/index.html*

With advance notice of seven calendar days, the City will provide interpreter services at all public meetings, including language translation and signage for the hearing impaired. Call 231-873-2488. La Ciudad proporcionará servicio de intérprete para esta reunión pública si se pide con siete días de anticipación, lo cual incluye la traducción de idioma y letreros para los con una discapacidad auditiva. Llame al 231-873-2488.

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

December 21, 2023

To the Honorable Mayor and
Members of the City Council
City of Hart, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hart, Michigan (the City), for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 14, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 11 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements,* during the year ended June 30, 2023. The implementation of GASB Statement No. 96 did not have an impact on the City's financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities, business-type activities, and proprietary fund financial statements were:

Management's calculation of current and noncurrent compensated absence liabilities is based on an estimate of employees' use of compensated absences.

Management's calculation of depreciation expense for the current period is based on an estimate of the useful lives of the capital assets.

Management's calculation of the allowance for uncollectible receivables for the current period is based on the past experience of collections.

Management's calculation of the net other post-employment benefit liability and related deferrals are estimated based upon certain valuation assumptions.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements were detected as result of audit procedures and were corrected by management: due from other governmental units, net other post-employment benefits (OPEB) liability and related deferrals, long-term debt, and other post-employment benefits trust activity.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 21, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. Management did engage an outside expert to review the financial statements on their behalf and to provide the skills, knowledge, and experience to ensure our independence under relevant professional standards. To our knowledge, this was the only such consultation with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and OPEB schedules, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of Hart and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costerisan PC

CITY OF HART
OCEANA COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
(with required and other supplementary information)

YEAR ENDED JUNE 30, 2023

Maner Costerisan

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Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Hart, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Hart, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Hart's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Hart, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Hart and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Hart's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Hart's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Hart's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Hart's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of City of Hart's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Hart's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hart's internal control over financial reporting and compliance.

Maner Costerisan PC

December 21, 2023

CITY OF HART
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the City of Hart's (the City's) financial performance and position, providing an overview of the activities for the year ended June 30, 2023. This analysis should be read in conjunction with the *Independent Auditor's Report* and with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

- Total net position was $27,624,218 (excluding component units).
- Governmental activities net position was $6,423,920.
- Business-type activities net position was $21,200,298.
- Component Unit net position was $157,790.

Fund Level:

- At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of $1,517,247 with $1,263,479 being restricted or committed for specific purposes.
- The General Fund realized $428,152 more in revenues and other financing sources than anticipated for the fiscal year. General Fund expenditures and other financing uses were $338,030 less than appropriated.
- Overall, the General Fund's fund balance increased by $6,979 to $176,185.
- Net position in the Hydro, Sewer, and Water funds ended the year at $10,643,713, $8,237,433, and $2,319,152, respectively.

Capital and Long-term Obligation Activities:

- Total long-term obligations for the primary government were $945,438, a net increase of $467,336 from the prior year.
- The City remains well below its authorized legal debt limit.
- Total net capital assets for the primary government was $21,972,957 and included land, hydro system, sewer system, water system, and infrastructure, as well as various vehicles, equipment, land improvements, and buildings and improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's annual financial report. The annual financial report of the City consists of the following components: l) *Independent Auditor's Report;* 2) *Management's Discussion and Analysis;* 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), *Required Supplementary Information* such as budget to actual comparison for the General Fund and pension/OPEB information, and *Other Supplementary Information* including combining financial statements for all nonmajor governmental funds and component unit funds.

Government-wide Financial Statements (Reporting the City as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities, which report information about the City as a whole, and about its activities. Their purpose is to assist in answering the question: "Is the City, in its entirety, better or worse off as a result of this fiscal year's activities?" These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting,* similar to a private business. This means revenues are accounted for when they are *earned,* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Position (page 14) presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, recording the difference between them as "net position". Over time, increases or decreases in net position measure whether the City's financial position is improving or deteriorating.

The Statement of Activities (page 15) presents information showing how the City's net position changed during 2022/2023. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee compensated absences.

Both statements report the following activities:

- ***Governmental Activities*** - Most of the City's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the City's general government departments, law enforcement, economic development, street improvements, recreation activities, and other City wide elected official operations and blended component units are reported under these activities.

- ***Business-type Activities*** - These activities operate like private businesses. The City charges fees to recover the cost of the services provided. The Hydro Fund, the Water Fund, and the Sewer Fund are examples of these activities.

- ***Discretely Presented Component Units*** - Discretely Presented Component units are legally separate organizations for which the City Council and Administration appoints a majority of the organization's policy board and there is a degree of financial accountability to the City. The Tax Increment Finance Authority is included as the sole discretely presented component unit.

As stated previously, the government-wide financial statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period, expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, the statements include reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds. Capital assets and depreciation expense are reported on the government-wide financial statements.

- Capital outlay spending results in capital assets on the government-wide financial statements but is reported as expenditures on the fund financial statements of the governmental funds.

- Long-term liabilities, such as amounts accrued for vacation and longevity payments (compensated absences, OPEB), etc. appear as liabilities on the government-wide financial statements; however, they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.

- Long-term debt proceeds are reported as liabilities on the government-wide financial statements but are recorded as other financing sources on the fund financial statements.

Fund Financial Statements (Reporting the City's Major Funds)

The fund financial statements, which begin on page 16, provide information on the City's significant (major) funds, and aggregated nonmajor funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific sources of funding and spending for a particular purpose.

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) Statement No. 34 in separate columns. Statement No. 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets and deferred outflows of resources, total liabilities and deferred inflows of resources, total revenues or total expenditures/expenses that equal at least 10% of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds 5% of those categories for governmental and enterprise funds combined. The major funds for City of Hart include the General Fund, the Hydro Fund, the Sewer Fund, and the Water Fund. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type. The City includes detailed information on its nonmajor funds in the other supplementary information section of this report.

The City's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- ***Governmental Funds*** - Most of the City's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the City's programs. Governmental funds include the *General Fund,* as well as *Special Revenue Funds* (use of fund balance is restricted), *Capital Projects Funds* (used to report major capital acquisitions and construction), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).

- ***Proprietary Funds*** - Services for which the City charges customers a fee is generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is the Sewer Fund. *Internal Services Funds* are the other type, but the City currently does not have any of these fund types.

- ***Fiduciary Funds*** - The City acts as a trustee or fiduciary in certain instances. The City's fiduciary activities are reported in the separate Statement of Net Position and Statement of Changes in Net Position on pages 23 and 24, respectively. These funds, which include the Other Post-Employment Benefits fiduciary component unit, are reported using the accrual basis of accounting. The government-wide financial statements *exclude* the fiduciary fund activities and balances because these assets are not available to the City to fund its operations.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 25 of this report.

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund and pension/OPEB information.

Other Supplementary Information

Other Supplementary Information includes combining financial statements for nonmajor governmental, fiduciary, and component unit funds. These funds, except for the fiduciary funds, are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

The City as a Whole

This table shows in a condensed format, the City's net position at June 30, 2023, compared to the prior year:

	Governmental Activities June 30		Business-type Activities June 30		Totals June 30	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	$ 1,634,030	$ 1,874,068	$ 6,748,038	$ 7,601,003	$ 8,382,068	$ 9,475,071
Capital assets	5,723,035	5,513,110	16,249,922	14,344,929	21,972,957	19,858,039
TOTAL ASSETS	7,357,065	7,387,178	22,997,960	21,945,932	30,355,025	29,333,110
DEFERRED OUTFLOWS	51,067	93,421	70,147	114,503	121,214	207,924
LIABILITIES						
Current liabilities	298,990	489,016	572,000	512,372	870,990	1,001,388
Noncurrent liabilities	186,371	350,993	610,583	227,059	796,954	578,052
TOTAL LIABILITIES	485,361	840,009	1,182,583	739,431	1,667,944	1,579,440
DEFERRED INFLOWS	498,851	672,968	685,226	824,845	1,184,077	1,497,813
NET POSITION						
Net investment in capital assets	5,560,857	5,271,666	15,742,458	14,344,929	21,303,315	19,616,595
Restricted	1,263,479	1,256,158	-	-	1,263,479	1,256,158
Unrestricted	(400,416)	(560,202)	5,457,840	6,151,230	5,057,424	5,591,028
TOTAL NET POSITION	$ 6,423,920	$ 5,967,622	$ 21,200,298	$ 20,496,159	$ 27,624,218	$ 26,463,781

Net Position of the City's Governmental and Business-type activities at year-end total about $27.6 million. This includes cash, investments, receivables, and capital assets less liabilities, both current and noncurrent. Overall, the City realized an increase in net position of $1,160,437. Current and noncurrent liabilities increased by $88,504. Long-term obligations increased during the fiscal year totaled $218,902. Total assets increased $1,021,915. Total assets of about $30.4 million are rich in comparison to liabilities of roughly $1.7 million.

This table summarizes the change in the City's net position at June 30, 2023, compared to prior year:

	Governmental Activities June 30		Business-type Activities June 30		Totals June 30	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues						
Charges for services	$ 423,139	$ 444,834	$ 8,661,919	$ 7,888,874	$ 9,085,058	$ 8,333,708
Operating grants and contributions	833,840	481,924	824,615	-	1,658,455	481,924
Capital grants and contributions	30,022	-	-	-	30,022	-
General Revenues						
Property taxes	1,003,987	962,954	-	-	1,003,987	962,954
Local community stabilization	-	67,933	-	-	-	67,933
State shared revenue	262,306	257,339	-	-	262,306	257,339
Interest	44,522	154	11,185	2,122	55,707	2,276
Sale of capital assets	7,099	10,000	-	-	7,099	10,000
Other	54,158	5,417	116,958	103,765	171,116	109,182
Transfers	282,040	281,950	(282,040)	(281,950)	-	-
TOTAL REVENUES	2,941,113	2,512,505	9,332,637	7,712,811	12,273,750	10,225,316
EXPENSES						
General Government	288,602	159,219	-	-	288,602	159,219
Public Safety	686,515	621,555	-	-	686,515	621,555
Public Works	1,019,507	1,106,923	-	-	1,019,507	1,106,923
Community and Economic Development	221,349	154,251	-	-	221,349	154,251
Recreation and Culture	260,153	250,151	-	-	260,153	250,151
Interest on long-term debt	8,689	13,116	-	-	8,689	13,116
Hydro	-	-	5,616,825	4,981,302	5,616,825	4,981,302
Sewer	-	-	2,655,063	2,042,909	2,655,063	2,042,909
Water	-	-	356,610	388,418	356,610	388,418
TOTAL EXPENSES	2,484,815	2,305,215	8,628,498	7,412,629	11,113,313	9,717,844
Change in Net Position	456,298	207,290	704,139	300,182	1,160,437	507,472
Net Position, Beginning	5,967,622	5,760,332	20,496,159	20,195,977	26,463,781	25,956,309
Net Position, Ending	$ 6,423,920	$ 5,967,622	$ 21,200,298	$ 20,496,159	$ 27,624,218	$ 26,463,781

Governmental Activities

The result of 2022/2023 governmental activity was an increase of $456,298 in net position to $6,423,920. Of the total governmental activities' net position, $5,560,857 is invested in capital assets less related debt, $1,263,479 is reported as restricted, meaning these assets are legally committed for a specific purpose through statue, or by another authority outside the City government. The remaining net position of ($400,416) is listed as unrestricted.

Governmental activities revenues increased $428,608, or 17% from the prior year. The three largest revenue categories were property taxes at approximately 34%, operating grants and contributions at approximately 28%, and charges for services at approximately 15%. The City levied three property tax millages for the year ended June 30, 2023, one being for general government operations at 12.6364 mills, which is not assigned to any particular activity; one for roads at 1.9930 mills; and one for cemetery activities at 0.4990 mills. Operating grants and contributions, such as Act 51 (MTF) revenue, are the second largest source of governmental activity revenue. Charges for services are the third largest source of governmental activity revenue.

Governmental activities expenses increased by $179,600, or 8% due primarily to changes in other post-employment benefits resulting from significant changes in experience and assumptions. Public works is the largest governmental activity, expending approximately 52% of the governmental activities total. General government and public safety are the next largest areas, expending approximately 6% and 25%, respectively, of the governmental activities total. Large expenditures are not planned for fiscal year 23-24, resulting in decreased expenses, in anticipation of growth to the unrestricted general fund balance.

The City's net position increased by $456,298 as a result of operations during fiscal year 2022/2023, up from an increase of $207,290 in 2021/2022, largely from efficiency measures and growth in overall revenues.

Business-type Activities

Net position in business-type activities increased by $704,139 during 2022/2023. Of the business-type activities' net position, $15,742,458 is invested in capital assets, less related debt. The balance of $5,457,840 is listed as unrestricted, having no legal commitment. Total revenues increased $1,619,826, or approximately 21% due mainly to rapid growth of city commercial and industrial growth increasing electric, water, and sewer system usage. Total expenses increased $754,894, or approximately 11% as the result of an increase in electricity purchased to supply city commercial and industrial companies as well as overall inflationary costs.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

As the City completed 2022/2023, its governmental funds reported *combined* fund balances of $1,517,247. This net decrease of $37,270 was primarily due to the City spending in the Major Street fund for a large project in the second half of the summer of 2023. The net changes are summarized in the following chart:

	General Fund	Nonmajor Governmental Funds
Fund Balance 6/30/23	$ 176,185	$ 1,341,062
Fund Balance 6/30/22	$ 169,206	$ 1,385,311
Net Change	$ 6,979	$ (44,249)

General Fund

The General Fund is the chief operating fund of the City. Unless otherwise required by statue, contractual agreement or Council policy, all City revenues and expenditures are recorded in the General Fund. As of June 30, 2023, the General Fund reported a fund balance of $176,185. This increase of approximately 4% is the result of increases in revenue offset by the purchase of a new police department patrol vehicle, replacement of legacy city networking gear necessary to meet State Law Enforcement Information Network (LEIN) compliance, and improvements made to the Department of Public Works building. Fiscal year 24 and 25 are anticipated to bring additional efficiency measures and new tax revenue to further bolster unrestricted General Fund balances.

General Fund Budgetary Highlights

The City of Hart's budget is a dynamic document. Although adopted in June (prior to the start of the year), the budget is routinely amended as needed during the course of the year to reflect changing operational demands and is maintained separately from the H.E.A.R.T. fund that is combined with the General Fund for reporting purposes.

The City decreased the budgeted revenues and other financing sources by $300,000 during the fiscal year. The City's actual revenues and other financing sources totaled $2,206,091; $428,152 more than the final amended budget.

The City's appropriated expenditures and other financing uses were increased by $60,916 during the fiscal year as additional information became available. Actual operational expenditures and other financing uses for 2022/2023 were $2,172,409; $338,030 less than the final amended budget.

Hydro Fund

As of June 30, 2023, the Hydro Fund reported a total net position of $10,643,713, with $5,993,066 being considered an investment in capital assets, net of related debt. The decrease in net position of $11,191 for the fiscal year. Significant factors concerning the change have already been addressed in the discussion of the City's business-type activities.

Sewer Fund

As of June 30, 2023, the Sewer Fund reported a total net position of $8,237,433, with $8,385,272 being considered an investment in capital assets, net of related debt. The increase in net position of $512,071 for the fiscal year. Significant factors concerning the change have already been addressed in the discussion of the City's business-type activities.

Water Fund

As of June 30, 2023, the Water Fund reported a total net position of $2,319,152, with $1,364,120 being considered an investment in capital assets, net of related debt. The increase in net position of $203,259 for the fiscal year. Significant factors concerning the change have already been addressed in the discussion of the City's business-type activities.

Capital Assets and Debt Administration

Capital Assets - At the end of Fiscal Year 2022/2023, the City had invested $21,972,957 for the primary government, net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was $25,438,660 for the primary government. Depreciation charges for the fiscal year totaled $1,397,172 for the primary government. Additional information related to capital assets is detailed in Note 5 of the Financial Statements.

The net increase in the City's investment in capital assets for the governmental and business-type activities in the current year was a result of the following:

- Dryden and Wood Street reconstruction
- Hanson and Wigton Street reconstruction
- Hart dam stairway and erosion improvement
- Wastewater system improvements

Net Book Value of capital assets at June 30, 2023, was as follows:

	Governmental Activities	Business-type Activities	Total
Land	$ 197,173	$ 722,165	$ 919,338
Construction in progress	77,387	1,060,748	1,138,135
Buildings and improvements, net	567,709	-	567,709
Land improvements, net	902,383	393,565	1,295,948
Vehicles, furniture, and equipment, net	561,553	529,546	1,091,099
Infrastructure, net	3,416,830	-	3,416,830
Hydro system, net	-	4,695,370	4,695,370
Sewer system, net	-	7,210,454	7,210,454
Water system, net	-	1,638,074	1,638,074
Capital assets, net	$ 5,723,035	$ 16,249,922	$ 21,972,957

Long-term Obligations - As of June 30, 2023, the City had $945,438 in debt outstanding for the primary government. This level of net obligation is $467,336 more than the obligation recorded as of June 30, 2022.

	June 30, 2022	Change	June 30, 2023
Primary Government			
Governmental Activities			
Notes from direct borrowings and direct placements	$ 241,444	$ (79,266)	$ 162,178
Compensated absences	100,586	30,742	131,328
Business-type Activities			
General obligation bonds	-	507,464	507,464
Compensated absences	136,072	8,396	144,468
Total Primary Government	$ 478,102	$ 467,336	$ 945,438

A more detailed discussion of the City's long-term debt obligations is presented in Note 6 to the financial statements.

City of Hart Government Economic Outlook

- Execute $300,000 Michigan DNR Grant to improve Veteran's Memorial Park.
- Continue to work with local stake holders to build new housing, addressing deficiencies in the city residential stock as identified in a 2023 housing study.
- Complete wasterwater system improvements in FY 24 and 25, through the use of State Revolving Fund loans, including some principal forgiveness grant dollars and partially funded by USDA $2.8 million infrastructure grant.
- New properties were annexed into the City of Hart in 2023 that are anticipated to increase tax revenue beginning in 2024.
- Continue annual enterprise fund rate studies to ensure city energy, water, and wastewater systems remain fiscally sustainable.
- Work to establish 3, 5, and 10 year budget outlook, to identify future challenges and aid in year over year decision making.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the City Manager's office.

BASIC FINANCIAL STATEMENTS

CITY OF HART
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	(TIFA)
ASSETS				
Current assets				
Pooled cash, cash equivalents, and investments	$ 1,317,098	$ 4,349,182	$ 5,666,280	$ 146,987
Accounts receivable, net	108,244	1,163,861	1,272,105	-
Due from other governmental units	208,688	701,386	910,074	-
Inventory	-	348,991	348,991	-
Prepaids	-	16,500	16,500	-
Total current assets	1,634,030	6,579,920	8,213,950	146,987
Noncurrent assets				
Deposits with Michigan Public Power Agency	-	168,118	168,118	-
Capital assets not being depreciated/amortized	274,560	1,782,913	2,057,473	19,010
Capital assets being depreciated/amortized, net	5,448,475	14,467,009	19,915,484	-
Total noncurrent assets	5,723,035	16,418,040	22,141,075	19,010
TOTAL ASSETS	7,357,065	22,997,960	30,355,025	165,997
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to OPEB	51,067	70,147	121,214	-
LIABILITIES				
Current liabilities				
Accounts payable	82,333	374,035	456,368	8,207
Accrued liabilities	34,450	53,497	87,947	-
Current portion of compensated absences	99,409	144,468	243,877	-
Current portion of long-term obligations	82,798	-	82,798	-
Total current liabilities	298,990	572,000	870,990	8,207
Noncurrent liabilities				
Noncurrent portion of compensated absences	31,919	-	31,919	-
Noncurrent portion of long-term obligations	79,380	507,464	586,844	-
Net other post-employment benefit liability	75,072	103,119	178,191	-
Total noncurrent liabilities	186,371	610,583	796,954	-
TOTAL LIABILITIES	485,361	1,182,583	1,667,944	8,207
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to OPEB	498,851	685,226	1,184,077	-
NET POSITION				
Net investment in capital assets	5,560,857	15,742,458	21,303,315	19,010
Restricted				
Streets	1,116,449	-	1,116,449	-
Cemetery	3,847	-	3,847	-
Historic district	143,183	-	143,183	-
Unrestricted	(400,416)	5,457,840	5,057,424	138,780
TOTAL NET POSITION	$ 6,423,920	$ 21,200,298	$ 27,624,218	$ 157,790

See accompanying notes to financial statements.

CITY OF HART
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit (TIFA)
Primary government								
Governmental activities								
General government	$ 288,602	$ 80,026	$ 147,996	$ -	$ (60,580)	$ -	$ (60,580)	$ -
Public safety	686,515	8,167	218,662	-	(459,686)	-	(459,686)	-
Public works	1,019,507	214,814	317,860	30,022	(456,811)	-	(456,811)	-
Community and economic development	221,349	4,450	149,322	-	(67,577)	-	(67,577)	-
Recreation and culture	260,153	115,682	-	-	(144,471)	-	(144,471)	-
Interest and fees on long-term debt	8,689	-	-	-	(8,689)	-	(8,689)	-
Total governmental activities	2,484,815	423,139	833,840	30,022	(1,197,814)	-	(1,197,814)	-
Business-type activities								
Hydro	5,616,825	5,762,652	-	-	-	145,827	145,827	-
Sewer	2,655,063	2,363,601	-	824,615	-	533,153	533,153	-
Water	356,610	535,666	-	-	-	179,056	179,056	-
Total business-type activities	8,628,498	8,661,919	-	824,615	-	858,036	858,036	-
Total primary government	$ 11,113,313	$ 9,085,058	$ 833,840	$ 854,637	(1,197,814)	858,036	(339,778)	-
Component units								
Tax Increment Finance Authority	$ 245,439	$ -	$ -	$ -	-	-	-	(245,439)
General revenues								
Property taxes					1,003,987	-	1,003,987	99,268
State shared revenue					262,306	-	262,306	-
Investment earnings					44,522	11,185	55,707	85
Sale of capital assets					7,099	-	7,099	-
Miscellaneous					54,158	116,958	171,116	700
Transfers					282,040	(282,040)	-	-
Total general revenues and transfers					1,654,112	(153,897)	1,500,215	100,053
Change in net position					456,298	704,139	1,160,437	(145,386)
Net position, beginning of the year					5,967,622	20,496,159	26,463,781	303,176
Net position, end of the year					$ 6,423,920	$ 21,200,298	$ 27,624,218	$ 157,790

See accompanying notes to financial statements.

CITY OF HART
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	General	Nonmajor Governmental Funds	Total
ASSETS			
Pooled cash, cash equivalents, and investments	$ 69,525	$ 1,247,573	$ 1,317,098
Accounts receivable, net	45,982	62,262	108,244
Due from other governmental units	157,949	50,739	208,688
TOTAL ASSETS	$ 273,456	$ 1,360,574	$ 1,634,030
LIABILITIES			
Accounts payable	$ 63,755	$ 18,578	$ 82,333
Accrued liabilities	33,516	934	34,450
TOTAL LIABILITIES	97,271	19,512	116,783
FUND BALANCES			
Restricted			
Streets	-	1,116,449	1,116,449
Cemetery	-	3,847	3,847
Historic district	-	143,183	143,183
Committed			
Public works	-	65,256	65,256
Parks	-	12,327	12,327
H.E.A.R.T.	84,774	-	84,774
Unassigned	91,411	-	91,411
TOTAL FUND BALANCES	176,185	1,341,062	1,517,247
TOTAL LIABILITIES AND FUND BALANCES	$ 273,456	$ 1,360,574	$ 1,634,030

See accompanying notes to financial statements.

CITY OF HART
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental funds		$ 1,517,247
Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
The cost of capital assets is	$ 9,483,903	
Accumulated depreciation is	(3,760,868)	
Capital assets, net		5,723,035
Governmental funds report actual OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net OPEB liability as of the measurement date. Contributions subsequent to the measurement date will be deferred in the statement of net position, when applicable. In addition, resources related to changes of assumptions, differences between expected and actual experience, net differences between projected and actual plan investment earnings, and changes in proportion and differences between employer contributions and proportionate share of contributions will be deferred over time in the government-wide financial statements. These amounts consist of:		
Deferred outflows of resources related to OPEB	51,067	
Deferred inflows of resources related to OPEB	(498,851)	
		(447,784)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:		
Notes from direct borrowings and direct placements	(162,178)	
Compensated absences	(131,328)	
Net other post-employment benefit liability	(75,072)	
		(368,578)
Net position of governmental activities		$ 6,423,920

See accompanying notes to financial statements.

CITY OF HART
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	General	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	$ 910,972	$ 119,715	$ 1,030,687
Special assessments	-	30,022	30,022
Licenses and permits	27,596	-	27,596
Intergovernmental	550,948	540,183	1,091,131
Charges for services	219,221	115,682	334,903
Fines and forfeits	835	-	835
Interest and rents	41,870	5,377	47,247
Other	96,643	9	96,652
TOTAL REVENUES	1,848,085	810,988	2,659,073
EXPENDITURES			
Current			
General government	408,384	-	408,384
Public safety	648,027	-	648,027
Public works	710,462	110,873	821,335
Community and economic development	200,174	-	200,174
Recreation and culture	11,701	200,956	212,657
Capital outlay	220,335	379,516	599,851
Debt service	87,955	-	87,955
TOTAL EXPENDITURES	2,287,038	691,345	2,978,383
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(438,953)	119,643	(319,310)
OTHER FINANCING SOURCES (USES)			
Transfers in	455,732	162,460	618,192
Transfers out	(9,800)	(326,352)	(336,152)
TOTAL OTHER FINANCING SOURCES (USES)	445,932	(163,892)	282,040
NET CHANGE IN FUND BALANCES	6,979	(44,249)	(37,270)
Fund balances, beginning of year	169,206	1,385,311	1,554,517
Fund balances, end of year	$ 176,185	$ 1,341,062	$ 1,517,247

See accompanying notes to financial statements.

CITY OF HART
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds		$ (37,270)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current period, these amounts are:		
Capital outlay	$ 635,350	
Depreciation/amortization expense	(425,425)	
Capital outlay over depreciation/amortization expense		209,925
Transactions related to long-term obligations are reported as other financing sources and expenditures in governmental funds, but the borrowings increase long-term liabilities and repayments reduce long-term liabilities in the statement of net position. The City issued additional debt during the current year. In the current year, these amounts consist of:		
Repayment of long-term obligations		79,266
Some items reported in the statement of activities do not result in the use of or provide current financial resources and therefore are reported differently than in the governmental funds. These activities consist of:		
(Increase) in compensated absences	(30,742)	
(Decrease) in deferred outflows of resources related to OPEB	(42,354)	
Decrease in deferred inflows of resources related to OPEB	174,117	
Decrease in net other post-employment benefit liability	103,356	
		204,377
Change in net position of governmental activities		$ 456,298

See accompanying notes to financial statements.

CITY OF HART
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Business-type Activities			
	Hydro	Sewer	Water	Total
ASSETS				
Current assets				
Pooled cash, cash equivalents, and investments	$ 3,871,671	$ 80,306	$ 397,205	$ 4,349,182
Accounts receivables, net	771,777	301,567	90,517	1,163,861
Due from other funds	332,514	-	-	332,514
Due from other governmental units	-	193,922	507,464	701,386
Inventory	238,983	70,314	39,694	348,991
Prepaids	-	16,500	-	16,500
Total current assets	5,214,945	662,609	1,034,880	6,912,434
Noncurrent assets				
Deposits with Michigan Public Power Agency	168,118	-	-	168,118
Capital assets not being depreciated	426,995	1,134,489	221,429	1,782,913
Capital assets being depreciated, net	5,566,071	7,250,783	1,650,155	14,467,009
Total noncurrent assets	6,161,184	8,385,272	1,871,584	16,418,040
TOTAL ASSETS	11,376,129	9,047,881	2,906,464	23,330,474
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to OPEB	46,813	19,152	4,182	70,147
LIABILITIES				
Current liabilities				
Accounts payable	138,192	217,189	18,654	374,035
Accrued liabilities	38,694	12,441	2,362	53,497
Due to other funds	-	332,514	-	332,514
Current portion of compensated absences	76,235	52,218	16,015	144,468
Total current liabilities	253,121	614,362	37,031	904,514
Noncurrent liabilities				
Noncurrent portion of long-term debt	-	-	507,464	507,464
Net other post-employment benefit liability	68,817	28,154	6,148	103,119
TOTAL LIABILITIES	321,938	642,516	550,643	1,515,097
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to OPEB	457,291	187,084	40,851	685,226
NET POSITION				
Net investment in capital assets	5,993,066	8,385,272	1,364,120	15,742,458
Unrestricted	4,650,647	(147,839)	955,032	5,457,840
TOTAL NET POSITION	$ 10,643,713	$ 8,237,433	$ 2,319,152	$ 21,200,298

See accompanying notes to financial statements.

CITY OF HART
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	Business-type Activities			
	Hydro	Sewer	Water	Total
OPERATING REVENUES				
Charges for services	$ 5,762,652	$ 2,363,601	$ 535,666	$ 8,661,919
Other	19,387	59,508	38,063	116,958
TOTAL OPERATING REVENUES	5,782,039	2,423,109	573,729	8,778,877
OPERATING EXPENSES				
Operating expenses	5,277,683	2,132,664	246,404	7,656,751
Depreciation	339,142	522,399	110,206	971,747
TOTAL OPERATING EXPENSES	5,616,825	2,655,063	356,610	8,628,498
OPERATING INCOME (LOSS)	165,214	(231,954)	217,119	150,379
NONOPERATING REVENUES				
Intergovernmental	-	824,615	-	824,615
Interest earned	11,185	-	-	11,185
TOTAL NONOPERATING REVENUES	11,185	824,615	-	835,800
INCOME BEFORE TRANSFERS	176,399	592,661	217,119	986,179
TRANSFERS				
Transfers out	(187,590)	(80,590)	(13,860)	(282,040)
CHANGE IN NET POSITION	(11,191)	512,071	203,259	704,139
Net position, beginning of year	10,654,904	7,725,362	2,115,893	20,496,159
Net position, end of year	$ 10,643,713	$ 8,237,433	$ 2,319,152	$ 21,200,298

See accompanying notes to financial statements.

CITY OF HART
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	Business-type Activities			
	Hydro	Sewer	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	$ 5,751,934	$ 2,342,422	$ 515,104	$ 8,609,460
Cash paid to vendors	(5,175,855)	(2,087,074)	(250,438)	(7,513,367)
Cash paid to employees	(93,069)	(92,376)	(13,906)	(199,351)
NET CASH PROVIDED BY OPERATING ACTIVITIES	483,010	162,972	250,760	896,742
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipt (payment) of interfunds	(520,104)	251,924	(13,860)	(282,040)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Intergovernmental	-	630,693	-	630,693
Capital purchases	(505,238)	(2,015,086)	(356,416)	(2,876,740)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(505,238)	(1,384,393)	(356,416)	(2,246,047)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	11,185	-	-	11,185
NET DECREASE IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS	(531,147)	(969,497)	(119,516)	(1,620,160)
Pooled cash, cash equivalents, and investments, beginning of year	4,402,818	1,049,803	516,721	5,969,342
Pooled cash, cash equivalents, and investments, end of year	$ 3,871,671	$ 80,306	$ 397,205	$ 4,349,182
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	$ 165,214	$ (231,954)	$ 217,119	$ 150,379
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	339,142	522,399	110,206	971,747
(Increase) decrease in:				
Accounts receivable	(23,459)	(80,687)	(36,723)	(140,869)
Inventory	101,828	(7,321)	(4,034)	90,473
Prepaids	-	(16,500)	-	(16,500)
Deposits with Michigan Public Power Agency	1,087	-	-	1,087
Deferred outflows of resources related to OPEB	25,627	15,405	3,324	44,356
Increase (decrease) in:				
Accounts payable	(7,733)	69,411	(21,902)	39,776
Accrued liabilities	5,987	(3,123)	278	3,142
Compensated absences	9,436	(4,943)	3,903	8,396
Net other post-employment benefit liability	(69,572)	(37,863)	(8,191)	(115,626)
Deferred inflows of resources related to OPEB	(64,547)	(61,852)	(13,220)	(139,619)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 483,010	$ 162,972	$ 250,760	$ 896,742

See accompanying notes to financial statements.

CITY OF HART
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Other Post-Employment Benefits Trust Fund	Custodial Fund Current Tax Collection
ASSETS		
Investments	$ 909,050	$ -
LIABILITIES	-	-
NET POSITION		
Held in trust for benefits	$ 909,050	$ -

See accompanying notes to financial statements.

CITY OF HART
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023

	Other Post-Employment Benefits Trust Fund	Custodial Fund Current Tax Collections
ADDITIONS		
Contributions		
Employer	$ 132,676	$ -
Property tax collection for other governmental units	-	2,534,159
Investment earnings	55,771	-
TOTAL ADDITIONS	188,447	2,534,159
DEDUCTIONS		
Administrative expenses	1,420	-
Benefit payments	32,676	-
Property tax distributions to other governmental units	-	2,534,159
TOTAL DEDUCTIONS	34,096	2,534,159
CHANGE IN NET POSITION	154,351	-
Net position, beginning of year	754,699	-
Net position, end of year	$ 909,050	$ -

See accompanying notes to financial statements.

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hart (the City) is located in Oceana County, Michigan, and has a population of approximately 1,990. The City of Hart operates with a City Manager/Council form of government and provides services to its residents in many areas including general government, law enforcement, highways and streets, human services, and utilities services.

The City has seven City Council members who are elected at large for overlapping four-year terms. The Council appoints the City Manager, Clerk-Treasurer, and Assessor.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the City (primary government), and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. All component units are included in the City's audited financial statements and are not audited separately.

Discretely Presented Component Units

Component units are reported in a separate column to emphasize that, while legally separate, the City remains financially accountable for the entities or the nature and significance of the relationship between the entity and the City is such that exclusion of the entity would render the financial statements misleading or incomplete. The financial statements contain the following discretely presented component unit:

The Tax Increment Finance Authority (TIFA) board consists of members appointed by the City Council. The budget must also be approved by the City Council, and the City has the ability to influence the operations of the TIFA. The TIFA's financial statements are not issued separately and are included in the City's audited financial statements.

Fiduciary Component Unit

The Other Post-Employment Benefits Trust Fund was established to account for the assets set aside to fund the City of Hart Retiree Medical Plan. The primary purpose of the Plan is to provide the necessary funding for the other post-employment (healthcare) benefits provided to eligible retired City employees and their beneficiaries during retirement. The Plan is administered by the City of Hart. The assets of the Plan are for the exclusive benefit of the participants and their beneficiaries, and the assets shall not be diverted to any other purpose prior to the satisfaction of all liabilities. The assets are protected from any of the City's creditors.

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Blended Component Unit

City of Hart Building Authority - The Building Authority is governed by a board appointed by the City Council. For financial reporting purposes, the Building Authority is reported as a part of the City's operations because its sole purpose is to finance and construct the City's public buildings. The legal liability for the general obligation portion of the Authority's debt remains with the City. The Authority is reported as a debt service fund.

Joint Ventures

The City participates in the following activities which are considered to be joint ventures in relation to the City, due to the formation of an organization by contractual agreement between two or more participants that maintain joint control, financial interest, and financial responsibility.

Hart Area Fire Administrative Board - The City of Hart is a member of the Hart Area Fire Administrative Board, which was organized to provide fire protection for its member units. It is comprised of four governmental units governed by a board composed of representatives from each of the respective member units. This joint venture is financed through contributions from each participating unit based upon that unit's state taxable value of property. The City does not report an equity interest in this joint venture in these financial statements because the City does not have an explicit and measurable right to the joint venture's resources. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. For the year ended June 30, 2023, the City's contributions to the Hart Area Fire Administrative Board were $49,991.

Audited financial statements can be obtained from the Hart Area Fire Administrative Board, PO Box 125, Hart, MI 49420.

Michigan Public Power Agency (MPPA) - The City is a member of this Agency and the details related to the City's involvement with the MPPA is detailed in the Contractual Commitment note reported later in the notes to the financial statements.

Jointly Governed Organizations

The City participates in the following activities which are considered to be jointly governed organizations in relation to the City, due to there being no ongoing financial interest or responsibility:

Hart Area Public Library - Under Public Act 24 of 1989, the City of Hart, in conjunction with the Township of Hart, created the Hart Area Public Library, which is considered a District Library. The Hart Area Public Library board is composed of three members appointed by each of the two municipalities. The City and Township collect and distribute property taxes that are levied by the Library. Financial statements of the Library can be obtained from their administrative offices. The City has no financial responsibility to the Library.

Hart Cemetery Commission - The Hart Cemetery Commission is a governmental entity formed by the City of Hart and Township of Hart to handle cemetery related activities in the area. The Board of the Commissioners is made up of five members, two appointed by the City and two appointed by the Township, for two-year terms. The fifth member is appointed annually in the odd number year by the Township and the even number year by the City. The City's accountability does not extend beyond making general appointments. Audited financial statements are available from the Commission.

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following *Major Governmental Fund*:

a. The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

The City reports the following *Major Enterprise Funds*:

a. The *Hydro Fund* is used to account for the operations required to provide electrical services to the general public; the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

b. The *Sewer Fund* is used to account for the operations required to provide sewer services for the general public; the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

c. The *Water Fund* is used to account for the operations required to provide water services for the general public; the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FUND FINANCIAL STATEMENTS (continued)

Additionally, the City reports the following *Fund Types*:

a. *Special Revenue* Funds are used to account for revenue sources that are restricted or committed to expenditures for specific purposes other than capital projects or permanent funds.

b. *Debt Service Fund* is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

c. *Component Units Fiduciary Funds* are used to account for the assets held in a trustee capacity. The Other Post-Employment Benefits Trust Fund accounts for the assets held by the Municipal Employees' Retirement System (MERS) to fund future medical insurance for eligible retirees and their beneficiaries.

d. *Custodial Funds* account for assets held by the City as a custodian for other governments, private organizations, or individuals. The City's *Custodial Fund* is the *Current Tax Collection Fund*.

Measurement Focus

The government-wide, proprietary, and private purpose trust funds financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). Revenues that are considered measurable but not available are recorded as a receivable and unearned revenue. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the City to disburse fiduciary resources.

If/when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The General Fund budgets shown as required supplementary information were prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types.

The City employs the following procedures in establishing the budgetary data reflected in the financial statements:

a. On the Council meeting nearest but no later than the second Council meeting in April, the City Manager submits to City Council the proposed operating budgets for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and resources to finance them.

b. A budget study session is conducted in May, with the City Manager and Department Heads presenting their budgets to the City Council and addressing any questions or concerns of the Council.

c. A Public Hearing is conducted to obtain taxpayers' comments by the end of May.

d. Prior to July 1, the budget is legally adopted with passage by Council vote.

e. The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds; however, they are maintained at the account level for control purposes.

f. The City does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at June 30 are not carried forward to the following fiscal year.

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents, and Investments

The City pools cash resources of various primary government funds in order to facilitate the management of cash, cash equivalents, and investments. Cash, cash equivalents, and investments applicable to a particular fund is readily identifiable. The balances in the pooled cash, cash equivalents, and investments accounts are available to meet current operating requirements. Pooled cash, cash equivalents, and investments include amounts in demand deposits, savings accounts, as well as temporary investments in certificates of deposit, money markets, and petty cash. These cash pools have the general characteristics of demand deposit accounts in that deposits and withdrawals may be made at any time without prior notice or penalty, in most instances.

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Receivables

Receivables consists of amounts due from individuals/entities for various charges for services, special assessments, and other amounts owed to the City at year-end net of an allowance for doubtful accounts, when applicable.

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan or other governments for various programs, grants, and services provided.

Inventories

Inventories are valued at the lower of cost or market utilizing the first-in first-out (FIFO) method. Inventories in the enterprise funds consist of Hydro, Sewer, and Water system parts and supplies.

Prepaids

Prepaid expenditures, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance, when applicable, which indicates they do not constitute "available spendable resources" even though they are a component of fund balance.

Property Tax

The City bills and collects its own property taxes and also taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

> Property taxes are levied by the City on July 1 and December 1 and are payable without penalty through September 14 and February 14, respectively. All real property taxes not paid to the City by August 31 are turned over to the Oceana County Treasurer for collection. The Oceana County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent property taxes receivable is retained by the City for subsequent collection. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted by charter to levy taxes up to 15.0000 mills ($15.0000 per $1,000 of taxable valuation) for general governmental services. The operating millage had a maximum allowable millage after roll-back for the 2022 levy of 12.6364 mills. For the year ended June 30, 2023, the City levied $12.6364 per $1,000 of taxable valuation for general governmental services, $1.9930 per $1,000 for roads, and $0.4990 per $1,000 for cemetery. The total taxable value for the 2022 levy for property within the City was $51,582,971.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the applicable funds and/or activities of the financial statements as noted. The City does not have a formal capital asset policy in place but in practice the City considers capital assets as assets with an initial individual cost of $5,000 or more, depending on the type of asset, and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated acquisition cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Right to use assets of the City are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	20-40 years
Land improvements	20-25 years
Vehicles, furniture, and equipment	5-25 years
Vehicles and equipment – Right to Use	10 years
Utility systems	5-50 years
Infrastructure	20 years

Compensated Absences

City employees are granted earned time off in varying amounts according to service length. In the event of termination, an employee is paid for accumulated earned time off at a percentage governed by the applicable labor contract in effect at the time. Employees with more accumulated than allowed as of June 30 of each year have the overage paid out at a prescribed percentage by the City. All employees with accumulated earned time off at June 30, 2023, were vested and the total due to them, along with related payroll taxes, is recorded in the government-wide and proprietary fund financial statements, as applicable.

Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year are reported as current liabilities with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The City is a lessee for a noncancelable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities that are considered material and have an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Other Post-Employment Benefits

The City offers retiree healthcare benefits to its employees. The City records a net OPEB lability for the difference between the total OPEB lability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City reports deferred outflows of resources and deferred inflows of resources which correspond to the City's net OPEB liability and are related to differences, when applicable, between expected and actual experience, changes in assumptions, differences between projected and actual plan investment earnings, and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow or inflow of resources in the period to which they apply.

Tax Abatements

The City's tax revenues have been reduced by tax abatements throughout the City. Management has determined these amounts to be immaterial to the financial statements.

Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which preclude their use for unrestricted purposes.

Details of Fund Balance Classifications

Fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Details of Fund Balance Classifications (continued)

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter in which fund the deficit occurs.

Fund Balance Classification Policies and Procedures

The formal action that is required to be taken to establish a fund balance commitment is a resolution by the City Council, the highest level of decision-making authority, of the City.

For assigned fund balance, the City has not approved a policy indicating who is authorized to assign amounts to a specific purpose. In the absence of such a policy, this authority is retained by the governing body.

For the classification of fund balances, the City considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The cash and investments referred to below have been reported on the financial statements based upon criteria disclosed in Note 1. The following summarizes the categories of these amounts as of June 30, 2023.

	Primary Government	Component Unit	Fiduciary Funds	Reporting Entity
Cash and cash equivalents	$ 5,576,122	$ 146,987	$ -	$ 5,723,109
Investments - noncurrent	90,158	-	909,050	999,208
Deposits with MPPA	168,118	-	-	168,118
	$ 5,834,398	$ 146,987	$ 909,050	$ 6,890,435

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2023, the City had cash, cash equivalents, and investments summarized by the following categorization:

Deposits	
Checking	$ 5,519,005
Savings	203,654
Certification of deposit	90,158
Petty cash	450
Investment	909,050
Deposits with MPPA	168,118
	$ 6,890,435

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2023, $6,524,625 of the City's bank balance of $7,175,923 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Deposits reported on the balance sheet include $168,118 held in trust at Fifth Third bank for Michigan Public Power Agency (MPPA). The City of Hart is a participant in the joint venture that is the MPPA and is the actual asset owner of these funds held in trust. These funds are reported as Deposits with Michigan Public Power Agency on the face of the financial statements.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business.

Interest Rate Risk

In accordance with its investment policy, the City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the City's cash requirements.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of June 30, 2023, the City did not hold any investments that were subject to rating.

Concentration of Credit Risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign Currency Risk

The City is not authorized to invest in investments which have this type of risk.

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in MERS where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. MERS invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

At the year ended June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Frequency, if Eligible	Redemption Notice Period
FIDUCIARY FUNDS				
MERS total market portfolio	$ 909,050	$ -	No restrictions	None

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule details primary government interfund receivables and payables at June 30, 2023.

	Due from Enterprise Fund Sewer Fund
Due to	
Enterprise Fund Hydro Fund	$ 332,514

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (continued)

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not yet cleared as of the balance sheet date.

NOTE 4 - INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, enterprise funds, and component units have been eliminated.

	Transfer In		
	Governmental Funds		
	General Fund	Nonmajor Governmental Funds	Total
Transfer Out			
Governmental Funds			
General Fund	$ -	$ 9,800	$ 9,800
Nonmajor governmental funds	221,352	105,000	326,352
Total Governmental Funds	221,352	114,800	336,152
Enterprise Funds			
Hydro Fund	156,600	30,990	187,590
Sewer Fund	66,370	14,220	80,590
Water Fund	11,410	2,450	13,860
Total Enterprise Funds	234,380	47,660	282,040
Total	$ 455,732	$ 162,460	$ 618,192

The transfers to the General Fund were to cover administrative charges. The transfers to the nonmajor governmental fund were to reimburse operating expenses.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Restated Balance July 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 119,751	$ 77,422	$ -	$ 197,173
Construction in progress	191,689	379,515	(493,817)	77,387
Subtotal	311,440	456,937	(493,817)	274,560
Capital assets being depreciated/amortized				
Land improvements	1,343,343	-	-	1,343,343
Buildings and improvements	1,224,871	-	-	1,224,871
Vehicles and equipment	838,234	178,413	(26,318)	990,329
Vehicles and equipment - right to use	205,500	-	-	205,500
Infrastructure	4,951,483	493,817	-	5,445,300
Subtotal	8,563,431	672,230	(26,318)	9,209,343
Less accumulated depreciation/amortization for:				
Land improvements	(383,142)	(57,818)	-	(440,960)
Buildings and improvements	(629,410)	(27,752)	-	(657,162)
Vehicles and equipment	(529,851)	(64,576)	26,318	(568,109)
Vehicles and equipment - right to use	(48,750)	(17,417)	-	(66,167)
Infrastructure	(1,770,608)	(257,862)	-	(2,028,470)
Subtotal	(3,361,761)	(425,425)	26,318	(3,760,868)
Net capital assets being depreciated/amortization	5,201,670	246,805	-	5,448,475
Capital assets, net	$ 5,513,110	$ 703,742	$ (493,817)	$ 5,723,035

	Balance July 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2023
Business-type Activities				
Capital assets not being depreciated				
Land	$ 722,165	$ -	$ -	$ 722,165
Construction in progress	664,023	1,210,511	(813,786)	1,060,748
Subtotal	1,386,188	1,210,511	(813,786)	1,782,913
Capital assets being depreciated				
Land improvements	16,967	389,163	-	406,130
Furniture and equipment	1,198,078	48,082	-	1,246,160
Hydro system	11,961,865	47,756	-	12,009,621
Sewer system	15,717,822	1,668,621	-	17,386,443
Water system	4,770,054	326,393	-	5,096,447
Subtotal	33,664,786	2,480,015	-	36,144,801
Less accumulated depreciation for:				
Land improvements	(3,817)	(8,748)	-	(12,565)
Furniture and equipment	(636,542)	(80,072)	-	(716,614)
Hydro system	(7,049,485)	(264,766)	-	(7,314,251)
Sewer system	(9,664,156)	(511,833)	-	(10,175,989)
Water system	(3,352,045)	(106,328)	-	(3,458,373)
Subtotal	(20,706,045)	(971,747)	-	(21,677,792)
Net capital assets being depreciated	12,958,741	1,508,268	-	14,467,009
Capital assets, net	$ 14,344,929	$ 2,718,779	$ (813,786)	$ 16,249,922

NOTE 5 - CAPITAL ASSETS (continued)

Depreciation/amortization expense was charged to the following activities:

	Governmental Activities	Business-type Activities
General government	$ 64,153	$ -
Public safety	141,694	-
Public works	181,671	-
Community and economic development	34,564	-
Recreation and culture	3,343	-
Hydro	-	339,142
Sewer	-	522,399
Water	-	110,206
Total depreciation/amortization expense	$ 425,425	$ 971,747

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Component Unit				
Capital assets not being depreciated				
Land	$ -	$ 19,010	$ -	$ 19,010

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) of the City for the year ended June 30, 2023.

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
Notes from direct borrowings and direct placements					
Loader contract payable	$ 98,506	$ -	$ (14,793)	$ 83,713	$ 15,368
Street sweeper lease payable	142,938	-	(64,473)	78,465	67,430
Compensated absences	100,586	106,881	(76,139)	131,328	99,409
Total governmental activities	342,030	106,881	(155,405)	293,506	182,207
Business-type Activities					
Notes from direct borrowings and direct placements					
2022 SRF Water Utilities Bonds	-	507,464	-	507,464	-
Compensated absences	136,072	152,816	(144,420)	144,468	144,468
Total business-type activities	136,072	660,280	(144,420)	651,932	144,468
Total Primiary Government	$ 478,102	$ 767,161	$ (299,825)	$ 945,438	$ 326,675

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

PRIMARY GOVERNMENT

Significant details regarding outstanding long-term obligations (including current portion) are presented below:

GOVERNMENTAL ACTIVITIES

$140,984 2019 Front End Loader Obligation contract dated October 1, 2019, due in quarterly installments ranging from $4,589 to $69,000 through October 1, 2024, including interest of 3.83%. The agreement contains provisions that in an event of default the lender has various options including obtaining judgment for not less than the entire unpaid balance at time of default or redeliver any or all equipment and collateral.	$ 83,713
$195,000 2021 Elgin Street Sweeper contract dated July 23, 2021, due in monthly installments ranging of $5,800 through August 4, 2024, including interest of 4.50%. The agreement is secured by the real property purchased. The agreement contains provisions that in an event of default the lender has various options including declaring the entire unpaid balance due immediately, sue for any unpaid balance plus the purchase option of future payments and residual and interest, charge interest at a rate of 1.50% per month from the date of default until paid, and/or require immediately return of real property.	78,465
Compensated absences	131,328
	$ 293,506

BUSINESS-TYPE ACTIVITIES

$3,070,000 State Rovolving Fund Water Utilities Bonds dated September 20, 2022, due in annual installments ranging from $135,000 to $190,000 from April 1, 2024, through April 1, 2042, with interest of 1.875%, payment semi-annually. Since a final amortization schedule has not been set and the bonds have not been fully drawn down, the City has only reported the amount drawn down as long-term debt at June 30, 2023. The future annual requirements will be disclosed when a final amortization schedule has been set.	$ 507,464
Compensated absences	144,468
	$ 651,932

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

PRIMARY GOVERNMENT (continued)

The annual requirements to pay principal and interest outstanding for the long-term obligations are as follows:

Year Ending June 30,	Governmental Activities: Note from Direct Borrowing and Direct Placements — Principal	Interest
2024	$ 82,798	$ 5,158
2025	79,380	719
Total	$ 162,178	$ 5,877

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused earned time off liabilities. The dollar amounts, including related payroll taxes, of these vested rights have been recorded in the applicable financial statements.

NOTE 7 - RETIREMENT PLAN

The City provides benefits to all of its full-time employees through a defined contribution benefits plan administered by Alerus called the City of Hart 401(a) Money Purchase Plan. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Salaried and hourly employees who have obtained the age of 21 and have completed six months of service are eligible to participate in the plan. Employees are required to contribute 3% of their annual compensation. The City offers a deferred compensation 457 plan as well as the 401(a) plan and employees may contribute to the 457 plan and are fully vested immediately. The City does not contribute to the 457 plan. Employees are fully vested in the 401(a) plan after five years of service, but they cannot contribute more to the 401(a) plan than 3% of their annual compensation.

During the year ended June 30, 2023, the City's total contributions to the 401(a) plan were $115,151.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Hart Retiree Medical Plan (the "Plan") is a single employer plan established by the City of Hart. The City provides certain retiree medical benefits as other post-employment benefits (OPEB) to all eligible employees in accordance with labor agreements and/or personnel policies. Benefit provisions are established, and the plan is managed at the direction of the City Council and can be amended at their discretion. The Plan does not issue a separate stand-alone financial statement and the City does not report the trust fund within its financial statements.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Benefits Provided

The City pays the full cost of coverage for these benefits for employees up to certain limits as defined by the Plan. The employees must contribute the balance of premiums not paid by the employer in accordance with plan provisions. Expenditures for postemployment benefits are recognized when claims are paid.

Summary of Plan Participants

At the June 30, 2023 valuation date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	9
Active employees	19
Total participants	28

Contributions

For the year ended June 30, 2023, the City made payments of $132,676 for post-employment health benefits which includes $100,000 that was contributed to an irrevocable trust with MERS Retiree Health Funding Vehicle during the current year. The City of Hart Retiree Medical Plan was established and is being funded under the authority of the City Council and in accordance with labor agreements and/or personnel policies. The Plan's funding policy is that the plan sponsor will make annual contributions of $25,000. Currently, benefit payments are made from general operating funds. There are no long-term contracts for contributions to the Plan.

Summary of Significant Accounting Policies

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported for the City. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net OPEB Liability

The net OPEB liability of the City was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 valuation was determined using the following assumptions applied to all periods included in the measurement:

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Inflation	2.50%
Salary growth rate	5.00%
Investment rate of return	7.00%, including inflation, net of investment expense
20-year Aa Municipal bond rate	4.13%
Mortality	Public general and public safety 2010 employee and healthy retiree, headcount-weighted with MP-2021 improvement scale
Medical Inflation	Pre-65 is 7.25% graded 0.25% per year to 4.50% Medicare eligible is 5.50% graded 0.25% per year to 4.50%
Dental	3.00%
Vision	3.00%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	60.0%	4.50%
Global fixed income	20.0%	2.00%
Private investments	20.0%	7.00%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 7.00%.

Changes in Assumptions

Salary scale updated from 2.90% to 5.00%.
Medical trends updated.

Changes in Benefits

There were no changes in benefits during the plan year ending June 30, 2023.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the City will make annual contributions to the retirement health funding vehicle of $25,000 through 2027 while continuing to make retiree benefit payments from general operating funds. Based on this assumption, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date", not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability.

Change in Net OPEB Liability

The change in the net OPEB liability for the year ended June 30, 2023, is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2022	$ 1,151,911	$ 754,699	$ 397,212
Changes for the year			
Service cost	18,705	-	18,705
Interest on total OPEB liability	80,799	-	80,799
Changes in experience	(127,074)	-	(127,074)
Changes in assumptions	(4,424)	-	(4,424)
Employer contributions	-	100,000	(100,000)
Contributions/benefits payments made from operating funds	-	32,676	(32,676)
Net investment income	-	55,771	(55,771)
Benefit payments (including refunds)	(32,676)	(32,676)	-
Administrative expense	-	(1,420)	1,420
Net changes	(64,670)	154,351	(219,021)
Balances as of June 30, 2023	$ 1,087,241	$ 909,050	$ 178,191

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the Net OPEB liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

Discount	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 292,792	$ 178,191	$ 81,389

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

Trend	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 68,908	$ 178,191	$ 309,656

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB benefit of $313,371. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 791,366
Changes in assumptions	90,904	392,711
Investment earnings (gains)/losses	30,310	-
Total	$ 121,214	$ 1,184,077

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense
2024	$ (384,540)
2025	(364,452)
2026	(243,760)
2027	(55,603)
2028	(14,508)
	$ (1,062,863)

NOTE 9 - RISK MANAGEMENT

The City participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required in the past three years.

The City also participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property, liability, crime, bonding, data breach, sewage system overflows, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. State pool members' limits of coverage (per occurrence) are detailed in their policy agreements with the Authority. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required in the past three years.

NOTE 10 - CONTRACTUAL COMMITMENTS

The City entered into a joint venture, the Michigan Public Power Agency (MPPA), with 15 other municipal electrical systems. The MPPA was formed to undertake the planning, financing, development, acquisition, construction, improvement, operation, and maintenance of projects to supply electric power and energy for present or future needs of its members. Each MPPA member is a municipal corporation organized under the laws of the State of Michigan and owns and operates a municipal electric system. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Michigan Public Power Agency can be obtained from the administrative offices at 809 Centennial Way, Lansing MI 48917.

Under the joint venture, the City has entered into Power Sales Contracts and Project Support Contracts. These contracts provide for the City to purchase from MPPA 5.27% of MPPA's 4.8% ownership in Consumers Energy's Campbell Unit No. 3, which became operational in September 1980, and 2.74% of the energy generated by MPPA's 5.16% ownership in the American Mutual Power (AMP) Fremont Energy Center (AFEC), which became operational in June 2012. The contract required the City to purchase approximately 2.1 megawatts of power in 1995 and thereafter for the Campbell project. In addition, the contract relating to the Fremont project requires the City to purchase approximately .95 megawatts of power in 2013 and thereafter.

For the year ended June 30, 2023, the City recognized expenses totaling $3,357,391 under the terms of the contracts. Under the terms of its contracts, the City must make minimum annual payments equal to its share of debt service and its share of the fixed operating costs of Consumers Energy's Campbell Unit No. 3, and AMP's Fremont Energy Center Project (AFEC). The estimated required payments presented below assume no early calls or refinancing of existing revenue bonds and 3.0% annual inflation of fixed operating costs.

NOTE 10 - CONTRACTUAL COMMITMENTS (continued)

A summary of estimated future transactions with MPPA for debt service is as follows:

Year Ending June 30,	Fremont (AFEC) Debt Service
2024	$ 57,171
2025	57,122
2026	57,088
2027	57,136
2028	57,122
2029-2033	285,708
2034-2038	285,536
2039-2043	285,576
Total	$ 1,142,459

Debt service requirements for the Campbell project expired during the fiscal year 2023 and the Fremont project expires during the fiscal year 2043. The above amounts exclude fixed operating costs for the same period as the debt service as those cannot be estimated at year-end. The contracts for the City's commitment for fixed operating costs extend beyond these dates are dependent upon the use of the facilities.

The joint venture is a result of an ongoing financial responsibility. The City did not have an initial equity interest and does not participate in net income or loss.

NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, which was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the City's financial statement after the adoption of GASB Statement No. 96.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used by not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

NOTE 13 - SUBSEQUENT EVENTS

On August 28, 2023, the City was approved to receive $10,800,000 of eligible project costs to improve the City's sewer utility system. The amount approved is split between an American Rescue Plan State Revolving Fund (ARP-SRF) Grant for $4,005,000 and a Clean Water State Revolving Fund (CWSRF) loan for $6,175,000 with the final grant and loan amounts being determine at the completion of the project. Future anticipated user charges are expected to be sufficient to cover this commitment.

On August 28, 2023, the City was also approved to receive $2,865,000 of eligible project costs to improve the City's sewer utility system. The amount approved is spit between an American Rescue Plan State Revolving Fund (ARP-SRF) Grant for $1,432,500 and a Clean Water State Revolving Fund (CWSRF) loan for $1,432,500 with the final grant and loan amounts being determined at the completion of the projects. Future anticipated special assessments are expected to be sufficient to cover this commitment.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HART
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 939,327	$ 939,327	$ 910,972	$ (28,355)
Licenses and permits	35,200	35,200	27,596	(7,604)
Intergovernmental				
Federal	-	-	72,367	72,367
State	582,162	282,162	333,274	51,112
Local	57,652	57,652	88,530	30,878
Charges for services	221,300	221,300	219,221	(2,079)
Fines and forfeits	200	200	835	635
Interest and rents	4,000	4,000	41,841	37,841
Other				
Contributions	9,250	9,250	5,575	(3,675)
Miscellaneous	6,468	6,468	62,148	55,680
TOTAL REVENUES	1,855,559	1,555,559	1,762,359	206,800
EXPENDITURES				
Current				
General government				
City Council	20,100	20,100	15,818	4,282
Administrative	322,500	322,500	260,584	61,916
Elections	4,600	4,600	7,427	(2,827)
Assessor	37,640	37,640	33,375	4,265
Attorney	50,000	50,000	61,269	(11,269)
City hall and grounds	60,580	60,580	29,911	30,669
Total general government	495,420	495,420	408,384	87,036
Public safety				
Police	641,143	659,033	598,036	60,997
Fire Board	49,196	49,196	49,991	(795)
Total public safety	690,339	708,229	648,027	60,202
Public works				
Department of public works	547,392	512,392	470,658	41,734
Solid waste	216,000	216,000	218,921	(2,921)
Street lighting	11,526	11,526	12,383	(857)
Cemetery	12,247	12,247	8,500	3,747
Total public works	787,165	752,165	710,462	41,703

CITY OF HART
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)(CONTINUED)
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
EXPENDITURES (continued)				
Current (continued)				
Community and economic development				
Planning commission	$ 10,000	$ 10,000	$ -	$ 10,000
H.E.A.R.T.	132,679	132,679	75,745	56,934
Total community and economic development	142,679	142,679	75,745	66,934
Recreation and culture				
Parks and recreation	25,000	25,000	11,701	13,299
Capital outlay	221,320	299,346	220,335	79,011
Debt service	87,600	87,600	87,955	(355)
TOTAL EXPENDITURES	2,449,523	2,510,439	2,162,609	347,830
EXCESS OF REVENUES (UNDER) EXPENDITURES	(593,964)	(954,880)	(400,250)	554,630
OTHER FINANCING SOURCES (USES)				
Transfers in	222,380	222,380	443,732	221,352
Transfers out	-	-	(9,800)	(9,800)
TOTAL OTHER FINANCING SOURCES (USES)	222,380	222,380	433,932	211,552
NET CHANGE IN FUND BALANCE	(371,584)	(732,500)	33,682	766,182
Fund balance, beginning of year	57,729	57,729	57,729	-
Fund balance, end of year	$ (313,855)	$ (674,771)	$ 91,411	$ 766,182

CITY OF HART
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS
LAST SIX MEASUREMENT DATES (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 18,705	$ 18,640	$ 53,888	$ 100,607	$ 90,236	$ 87,235
Interest on total OPEB liability	80,799	77,870	142,747	120,637	98,801	102,916
Difference between expected and actual experience	(127,074)	(11,336)	(1,254,788)	(43,425)	(79,549)	(37,199)
Changes of assumptions	(4,424)	43,637	(274,236)	(831,621)	143,510	294,774
Benefit payments (including refunds)	(32,676)	(35,433)	(32,676)	(26,896)	(33,140)	(34,344)
Net change in total OPEB liability	(64,670)	93,378	(1,365,065)	(680,698)	219,858	413,382
Total OPEB liability, beginning	1,151,911	1,058,533	2,423,598	3,104,296	2,884,438	2,471,056
Total OPEB liability, ending	$ 1,087,241	$ 1,151,911	$ 1,058,533	$ 2,423,598	$ 3,104,296	$ 2,884,438
Plan fiduciary net position						
Contributions - employer	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 69,900
Contributions/benefits payments made from operating funds	32,676	35,433	32,676	26,896	33,140	34,344
Net investment income	55,771	(59,808)	135,329	10,189	9,555	18,252
Benefit payments (including refunds)	(32,676)	(35,433)	(32,676)	(26,896)	(33,140)	(34,344)
Administrative expense	(1,420)	(1,265)	(996)	(823)	(736)	(603)
Net change in plan fiduciary net position	154,351	38,927	234,333	109,366	108,819	87,549
Plan fiduciary net position, beginning	754,699	715,772	481,439	372,073	263,254	175,705
Plan fiduciary net position, ending	$ 909,050	$ 754,699	$ 715,772	$ 481,439	$ 372,073	$ 263,254
City's net OPEB liability	$ 178,191	$ 397,212	$ 342,761	$ 1,942,159	$ 2,732,223	$ 2,621,184
Plan fiduciary net position as a percentage of the total OPEB liability	84%	66%	68%	20%	12%	9%
Covered payroll	$ 1,883,019	$ 1,737,270	$ 1,747,903	$ 1,533,486	$ 1,616,312	$ 1,268,902
City's net OPEB liability as a percentage of covered payroll	9%	23%	20%	127%	169%	207%

CITY OF HART
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
LAST SIX FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 70,368	$ 60,978	$ 289,130	$ 398,949	$ 436,919	$ 383,902
Contributions in relation to the actuarially determined contribution	132,676	135,433	132,676	126,896	133,140	104,244
Contribution deficiency (excess)	$ (62,308)	$ (74,455)	$ 156,454	$ 272,053	$ 303,779	$ 279,658
Covered payroll	$ 1,883,019	$ 1,737,270	$ 1,747,903	$ 1,533,486	$ 1,616,312	$ 1,268,902
Contribution as a percentage of covered payroll	7%	8%	8%	8%	8%	8%

CITY OF HART
SCHEDULE OF OPEB INVESTMENTS RETURNS
LAST SIX FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expenses	6.53%	-8.31%	22.44%	2.19%	2.78%	8.04%

CITY OF HART
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In required supplementary information to the financial statements, the City's budgeted expenditures in the General Fund have been shown at the functional classification level. The approved budgets of the City have been adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds.

During the year ended June 30, 2023, the City incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	Amounts Appropriated	Amounts Expended	Variance
General Fund			
Current			
General government			
Elections	$ 4,600	$ 7,427	$ 2,827
Attorney	50,000	61,269	11,269
Public safety			
Fire board	49,196	49,991	795
Public works			
Solid waste	216,000	218,921	2,921
Street lighting	11,526	12,383	857
Debt service	87,600	87,955	355

NOTE 2 - BUDGET/GAAP RECONCILIATION

The City budgets the activities of the Hart Economic and Redevelopment Team (H.E.A.R.T.) separately from the General Fund. For financial reporting purposes and the GAAP-basis basic financial statements, however, this fund is combined with the General Fund. The budgetary perspective difference shown in the table below reconciles the change in fund balance to the GAAP-basis basic financial statements and the detail related to these amounts are as follows:

Net change in fund balance (budgetary basis)	$ 33,682
To adjust for revenues related to various activities accounted for in a separate fund	85,726
To adjust for expenditures related to various activities accounted for in a separate fund	(124,429)
To adjust for other financing sources related to various activities accounted for in a separate fund	12,000
Net change in fund balance (GAAP basis)	$ 6,979

NOTE 3 - OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial valuation information relative to the determination of contributions:

Valuation date:	June 30, 2023
Measurement date:	June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of pay
Remaining amortization period:	10 years
Investment rate of return:	7.00% (including inflation, net of investment expense)
20-year Aa Municipal Bond Rate:	4.13%
Salary increases:	5.00%
Inflation rate:	2.50%
Mortality:	Public general and public safety 2010 employee and healthy retiree, headcount weighted with MP-2021 mortality improvement
Medical Inflation:	Pre-65 is 7.25% graded 0.25% per year to 4.50% Medicare eligible is 5.50% graded 0.25% per year to 4.50%
Dental:	3.00%
Vision:	3.00%

	Plan Year	
Changes in benefits		There have been no changes in benefit terms.
Changes in assumptions	2018	Discount rate undated from 4.05% to 3.34%.
	2019	Discount rate updated from 3.34% to 3.78%. Mortality table updated from IRS table to those Based on national public employer studies.
	2020	Discount rate updated from 3.78% to 5.80%. Medical trend rates updated for post-65.
	2021	Discount rate updated from 5.80% to 7.35%. Mortality tables were updated. Medical and dental trend rates were updated.
	2022	Discount rate updated from 7.35% to 7.00%.
	2023	Salary scale updated from 2.90% to 5.00%. Medical trend rates updated.

OTHER SUPPLEMENTARY INFORMATION

CITY OF HART
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2023

	General	H.E.A.R.T.	Total
ASSETS			
Pooled cash, cash equivalents, and investments	$ (21,760)	$ 91,285	$ 69,525
Accounts receivable, net	45,982	-	45,982
Due from other governmental units	157,949	-	157,949
TOTAL ASSETS	$ 182,171	$ 91,285	$ 273,456
LIABILITIES			
Accounts payable	$ 57,244	$ 6,511	$ 63,755
Accrued liabilities	33,516	-	33,516
TOTAL LIABILITIES	90,760	6,511	97,271
FUND BALANCES			
Committed	-	84,774	84,774
Unassigned	91,411	-	91,411
TOTAL FUND BALANCES	91,411	84,774	176,185
TOTAL LIABILITIES AND FUND BALANCES	$ 182,171	$ 91,285	$ 273,456

CITY OF HART
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	General	H.E.A.R.T.	Total
REVENUES			
Taxes	$ 910,972	$ -	$ 910,972
Licenses and permits	27,596	-	27,596
Intergovernmental	494,171	56,777	550,948
Charges for services	219,221	-	219,221
Fines and forfeits	835	-	835
Interest and rents	41,841	29	41,870
Other	67,723	28,920	96,643
TOTAL REVENUES	1,762,359	85,726	1,848,085
EXPENDITURES			
Current			
General government	408,384	-	408,384
Public safety	648,027	-	648,027
Public works	710,462	-	710,462
Community and economic development	75,745	124,429	200,174
Recreation and culture	11,701	-	11,701
Capital outlay	220,335	-	220,335
Debt service	87,955	-	87,955
TOTAL EXPENDITURES	2,162,609	124,429	2,287,038
EXCESS OF REVENUES (UNDER) EXPENDITURES	(400,250)	(38,703)	(438,953)
OTHER FINANCING SOURCES (USES)			
Transfers in	443,732	12,000	455,732
Transfers out	(9,800)	-	(9,800)
TOTAL OTHER FINANCING SOURCES (USES)	433,932	12,000	445,932
NET CHANGE IN FUND BALANCES	33,682	(26,703)	6,979
Fund balances, beginning of year	57,729	111,477	169,206
Fund balances, end of year	$ 91,411	$ 84,774	$ 176,185

CITY OF HART
NONMAJOR GOVERMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Special Revenue										Debt Service	
	Major Streets	Local Streets	Street Improvements	Park	Cemetery	Hart Lake Improvement	Hart-Montague Trail	ARPA	Historic District Commission	Historic District Operations	Library Building Authority	Total
ASSETS												
Pooled cash and cash equivalents	$ 998,905	$ 11,190	$ 1,154	$ 16,811	$ 3,847	$ 63,082	$ 8,362	$ -	$ 20,313	$ 123,909	$ -	$ 1,247,573
Accounts receivable	7,325	54,937	-	-	-	-	-	-	-	-	-	62,262
Due from other governmental units	35,809	14,930	-	-	-	-	-	-	-	-	-	50,739
TOTAL ASSETS	$ 1,042,039	$ 81,057	$ 1,154	$ 16,811	$ 3,847	$ 63,082	$ 8,362	$ -	$ 20,313	$ 123,909	$ -	$ 1,360,574
LIABILITIES												
Accounts payable	$ -	$ 7,801	$ -	$ 4,409	$ -	$ 6,188	$ -	$ -	$ -	$ 180	$ -	$ 18,578
Accrued liabilities	-	-	-	75	-	-	-	-	-	859	-	934
TOTAL LIABILITIES	-	7,801	-	4,484	-	6,188	-	-	-	1,039	-	19,512
FUND BALANCES												
Restricted												
Streets	1,042,039	73,256	1,154	-	-	-	-	-	-	-	-	1,116,449
Cemetery	-	-	-	-	3,847	-	-	-	-	-	-	3,847
Historic district	-	-	-	-	-	-	-	-	20,313	122,870	-	143,183
Committed												
Public works	-	-	-	-	-	56,894	8,362	-	-	-	-	65,256
Parks	-	-	-	12,327	-	-	-	-	-	-	-	12,327
TOTAL FUND BALANCES	1,042,039	73,256	1,154	12,327	3,847	56,894	8,362	-	20,313	122,870	-	1,341,062
TOTAL LIABILITIES AND FUND BALANCES	$ 1,042,039	$ 81,057	$ 1,154	$ 16,811	$ 3,847	$ 63,082	$ 8,362	$ -	$ 20,313	$ 123,909	$ -	$ 1,360,574

CITY OF HART
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	Special Revenue										Debt Service	
	Major Streets	Local Streets	Street Improvements	Park	Cemetery	Hart Lake Improvement	Hart-Montague Trail	ARPA	Historic District Commission	Historic District Operations	Library Building Authority	Total
REVENUES												
Taxes	$ -	$ -	$ 95,527	$ -	$ 24,188	$ -	$ -	$ -	$ -	$ -	$ -	$ 119,715
Special assessments	-	-	-	-	-	30,022	-	-	-	-	-	30,022
Intergovernmental												
Federal	-	-	-	-	-	-	-	217,323	-	-	-	217,323
State	216,149	92,979	10,982	-	2,750	-	-	-	-	-	-	322,860
Charges for services	-	-	-	115,682	-	-	-	-	-	-	-	115,682
Interest	-	-	-	5,365	-	12	-	-	-	-	-	5,377
Other	-	-	-	9	-	-	-	-	-	-	-	9
TOTAL REVENUES	216,149	92,979	106,509	121,056	26,938	30,034	-	217,323	-	-	-	810,988
EXPENDITURES												
Current												
Public works	43,087	9,093	1,000	-	28,343	29,350	-	-	-	-	-	110,873
Recreation and culture	-	-	-	173,310	-	-	-	-	-	27,646	-	200,956
Capital outlay	58,096	116,420	205,000	-	-	-	-	-	-	-	-	379,516
TOTAL EXPENDITURES	101,183	125,513	206,000	173,310	28,343	29,350	-	-	-	27,646	-	691,345
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	114,966	(32,534)	(99,491)	(52,254)	(1,405)	684	-	217,323	-	(27,646)	-	119,643
OTHER FINANCING SOURCES (USES)												
Transfers in	-	105,000	-	-	-	-	-	-	-	57,460	-	162,460
Transfers out	(105,000)	-	-	-	-	-	-	(217,323)	-	-	(4,029)	(326,352)
TOTAL OTHER FINANCING SOURCES (USES)	(105,000)	105,000	-	-	-	-	-	(217,323)	-	57,460	(4,029)	(163,892)
NET CHANGE IN FUND BALANCES	9,966	72,466	(99,491)	(52,254)	(1,405)	684	-	-	-	29,814	(4,029)	(44,249)
Fund balances, beginning of year	1,032,073	790	100,645	64,581	5,252	56,210	8,362	-	20,313	93,056	4,029	1,385,311
Fund balances, end of year	$ 1,042,039	$ 73,256	$ 1,154	$ 12,327	$ 3,847	$ 56,894	$ 8,362	$ -	$ 20,313	$ 122,870	$ -	$ 1,341,062

CITY OF HART
COMPONENT UNIT FUND - TAX INCREMENT FINANCE AUTHORITY
BALANCE SHEET
JUNE 30, 2023

ASSETS	
Cash and cash equivalents	$ 146,987
LIABILITIES	
Accounts payable	$ 8,207
FUND BALANCE	
Unassigned	138,780
TOTAL LIABILITIES AND FUND BALANCES	$ 146,987

CITY OF HART
RECONCILIATION OF THE COMPONENT UNIT BALANCE SHEET TO
THE STATEMENTOF NET POSITION - TAX INCREMENT FINANCE AUTHORITY
JUNE 30, 2023

Total fund balance - component unit	$	138,780
Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
The cost of capital assets is		19,010
Net position of governmental activities	$	157,790

CITY OF HART
COMPONENT UNIT FUND - TAX INCREMENT FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2023

REVENUES	
Taxes	$ 99,268
Interest	85
Other	700
TOTAL REVENUES	100,053
EXPENDITURES	
Current	
Community and economic development	245,439
Capital outlay	19,010
TOTAL EXPENDITURES	264,449
NET CHANGE IN FUND BALANCE	(164,396)
Fund balance, beginning of year	303,176
Fund balance, end of year	$ 138,780

CITY OF HART
RECONCILIATION OF THE COMPONENT UNIT STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES - TAX INCREMENT FINANCE AUTHORITY
YEAR ENDED JUNE 30, 2023

Net change in fund balance - governmental fund	$ (164,396)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Capital outlay	19,010
Change in net position of governmental activities	$ (145,386)

CITY OF HART
OCEANA COUNTY, MICHIGAN

ADDITIONAL REPORTS REQUIRED BY UNIFORM GUIDANCE

YEAR ENDED JUNE 30, 2023

Maner Costerisan

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Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and
Members of the City Council
City of Hart, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Hart's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Hart's major federal programs for the year ended June 30, 2023. City of Hart's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Hart complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Hart and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Hart's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Hart's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Hart's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Hart's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Hart's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of City of Hart's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Hart's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hart as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hart's basic financial statements. We issued our report thereon dated December 21, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maner Costerisan PC

December 21, 2023

CITY OF HART
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantors Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct			
Rural Business Development Grant	10.351	N/A	$ 72,367
TOTAL U.S. DEPARTMENT OF AGRICULTURE			72,367
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Michigan Strategic Fund			
Community Development Block Grants	14.228	MSC 221008-WRI	824,615
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			824,615
U.S. DEPARTMENT OF TREASURY			
Coronavirus State and Local Fiscal Recovery Funds	21.027		
Direct		N/A	217,323
Passed through Michigan Department of Environment, Great Lakes, and Energy			
Loan		5722-01	390,554
TOTAL U.S. DEPARTMENT OF TREAUSRY			607,877
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,504,859

CITY OF HART
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City of Hart under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Hart, it is not intended to and does not present the financial position or changes in net position of City of Hart.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. City of Hart has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - SUBRECEIPEINTS

No federal awards were passed through by the City to any subrecipients during the year.

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the City Council
City of Hart, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Hart, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Hart's basic financial statements, and have issued our report thereon dated June 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion of the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 2023-003 and 2023-004.

City of Hart's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

December 21, 2023

CITY OF HART
SCHEDULE OF FINDINGS AND QUESTION COSTS
YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X Yes ____ No
- Significant deficiency(ies) identified? X Yes ____ No

Noncompliance material to financial statements noted? ____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ____ Yes X No
- Significant deficiency(ies) identified? ____ Yes X None reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ Yes X No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ____ Yes X No

CITY OF HART
SCHEDULE OF FINDINGS AND QUESTION COSTS
YEAR ENDED JUNE 30, 2023

Section II - Financial Statement Findings

2023-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Finding Type: Material Weakness

Condition: Material journal entries to properly adjust the due from other governmental units, net OPEB liability and related deferrals, long-term debt, and other post-employment benefits trust activity were proposed by the auditors. These entries were prepared by the auditors and provided to management, who agreed to them and were subsequently recorded in the City's general ledger. A similar issue was originally noted in 2014.

Criteria: Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the recording of all appropriate journal entries so that the trial balances, from which the audited financial statements are prepared, reflect amounts that are in conformity with U.S. generally accepted accounting principles.

Cause: These misstatements were not identified as part of the City's internal control procedures.

Effect: Without the recording of these journal entries the financial statements would have been materially misstated.

Recommendation: We recommend that the City take steps to assure that material journal entries are not necessary at the time future audit analysis is performed.

View of Responsible Officials: Management concurs with the finding.

2023-002 SEGREGATION OF DUTIES AND LACK OF CONTROLS IN CERTAIN ACCOUNTING AREAS

Finding Type: Significant Deficiency

Condition: During our review of the City's internal controls and assessment of fraud risk, we noted that critical duties of cash reconciliations do not have a formal proof of review in place. A similar issue was originally noted in 2008.

While this is a common occurrence in many smaller organizations due to the limited number of employees, the City should realize that a greater risk in safeguarding assets exists if duties and responsibilities are not appropriately arranged and separated and if controls that are in place are not formally documented. In entities where the number of individuals is limited and duties cannot be adequately separated, management or City Council must provide a greater review and supervision of accounting functions. Segregation of duties and appropriate supervisory review of activities would greatly strengthen internal controls.

We noted that there is no independent review of bank reconciliations that documents approval of the reconciliation.

Criteria: The intent of internal control is to assure that no one individual is able to control all aspects of a transaction cycle (i.e., receipts, disbursements, payroll, reconciling bank accounts, access to general ledger, etc.) and the controls that are being utilized should be formally documented as proof of the control.

Section II - Financial Statement Findings (continued)

2023-002 SEGREGATION OF DUTIES AND LACK OF CONTROLS IN CERTAIN ACCOUNTING AREAS (continued)

Cause: The City has a limited number of staff that could assist in certain accounting functions to mitigate these segregation of duties issues.

Effect: There is a greater risk of general errors, losses, or misappropriation of assets that could occur, and those issues go undetected if duties and responsibilities are not appropriately arranged, separated, and documented as they are conducted.

Recommendation: We recommend that the City review various areas of operation and consider additional segregation of duties and the controls that are put in place should be formally documented in writing and retained for audit purposes. If duties cannot be adequately segregated due to the limited number of employees, we suggest that management consider other procedures to provide a greater review and supervision of employees.

View of Responsible Officials: Management concurs with the finding.

2023-003 UNFAVORABLE BUDGET VARIANCES

Finding Type: Immaterial Noncompliance

Condition: During our review of the City's compliance with the budgeting act, we noted that expenditures had exceeded the amounts appropriated for various activities in the General Fund. A similar finding was originally noted in 2016.

Criteria: The Uniform Budgeting and Accounting Act requires the City to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined." The Act also states that "an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body."

Cause: The City did not adequately monitor expenditures in relation to budgeted amounts in the areas where the overages occurred.

Effect: The City adopted the budget for the General Fund at the activity level. Having unfavorable budget variances as described above, the City is not in compliance with Public Act 621 of 1978, as amended.

Recommendation: We recommend the City monitor expenditures against adopted budgets in all applicable funds and make appropriate budget amendments as needed.

View of Responsible Officials: Management concurs with the finding.

2023-004 BUDGETING FOR A FUND BALANCE DEFICIT

Finding Type: Immaterial Noncompliance

Condition: During our review of the City's compliance with the budgeting act, we noted that the City budgeted for a fund deficit in the General Fund. A similar finding was originally noted in 2022.

Section II - Financial Statement Findings (continued)

2023-004 BUDGETING FOR A FUND BALANCE DEFICIT (continued)

Criteria: The Uniform Budgeting and Accounting Act requires the City to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined." The Act also states that "an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body."

Cause: Unknown.

Effect: Budgeting for fund deficits as described above, the City is effectively planning not to comply with Public Act 621 of 1978, as amended.

Recommendation: We recommend the City adopt and amend budgets that do not result in a deficit fund balance.

View of Responsible Officials: Management concurs with the finding.

Section III - Federal Award Findings

None noted.

City of Hart
407 State Street
Hart, MI 49420

CORRECTIVE ACTION PLAN

2023-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

City personnel responsible for resolution: City Manager & City Treasurer

Corrective action plan response: The City of Hart is continually reviewing and updating standard operating procedures. Staff works closely with accounting consultants and industry professionals to help identify and close gaps in office policies. In coming months, staff will engage our consultants to review the material journal entries as proposed by auditors and seek to implement new policies to avoid similar future occurrences.

Anticipated completion date: June 30, 2024

2023-002 SEGREGATION OF DUTIES AND LACK OF CONTROLS IN CERTAIN ACCOUNTING AREAS

City personnel responsible for resolution: City Manager

Corrective action plan response: The small size of the City of Hart leaves city hall being staffed by 4 personnel, creating challenges in segregating duties. New policies will be discussed internally and with city council to attempt to add controls through new organizational policy. New policies may include appointed or elected officials as new checks and balances measures.

Anticipated completion date: June 30, 2024

2023-003 UNFAVORABLE BUDGET VARIANCES

City personnel responsible for resolution: City Manager

Corrective action plan response: The City intends to institute quarterly council reviews of adopted budgets in 2024. This will include proposed budget amendments as necessary to allow for unplanned variances.

Anticipated completion date: June 30, 2024

2023-004 BUDGETING FOR A FUND DEFICIT

City personnel responsible for resolution: City Manager

Corrective action plan response: Training provided by the City's financial software provider in early 2023 helped to identify new procedures to screen for fund deficits. This was implemented during fiscal year 23-24 budgeting. Future fund deficit budgeting will be eliminated in following the new procedure.

Anticipated completion date: June 30, 2024

CITY OF HART
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

FINDINGS/NONCOMPLIANCE

Control Deficiencies Related to Internal Controls Over the Basic Financial Statements.

2022-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries to properly adjust the other post-employment benefits (OPEB) related deferrals were proposed by the auditors. These entries were prepared by the auditors and provided to management, who agreed to them and were subsequently recorded in the City's general ledger.

Resolution: Issues such as this are reevaluated each year, and if there are entries necessary, it is noted at that time. A similar issue was noted during the current audit and reported in the schedule of findings and questioned costs as finding 2023-001.

2022-002 SEGREGATION OF DUTIES AND LACK OF CONTROLS IN CERTAIN ACCOUNTING AREAS

Condition: During our review of the City's internal controls and assessment of fraud risk, we noted that critical duties in the areas of payroll, cash receipting, and cash disbursing are either not segregated or formal proof of controls are not in place.

Resolution: Issues such as this are reevaluated each year. A similar issue was noted during the current audit and reported in the schedule of findings and questioned costs as finding 2023-002.

Findings Related to Compliance with Requirements Applicable to the Basic Financial Statements.

2022-003 UNFAVORABLE BUDGET VARIANCES

Condition: During our review of the City's compliance with the budgeting act, we noted that expenditures had exceeded the amounts appropriated for various activities in the General Fund.

Resolution: Issues such as this are reevaluated each year. A similar issue was noted during the current audit and reported in the schedule of findings and questioned costs as finding 2023-003.

2022-004 BUDGETING FOR A FUND BALANCE DEFICIT

Condition: During our review of the City's compliance with the budgeting act, we noted that the City budgeted for a fund deficit in the General Fund.

Resolution: Issues such as this are reevaluated each year. A similar issue was noted during the current audit and reported in the schedule of findings and questioned costs as finding 2023-004.

Findings Related to Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance.

No prior audit findings noted.

CITY OF HART
407 S. STATE ST.
HART, MI 49420
REGULAR MEETING OF CITY COUNCIL - COUNCIL PROCEEDINGS
DECEMEBER 12th,2023
MINUTES –Draft

PRESENT: Councilors: Mayor Vicki Platt, Catalina Burillo, Dean Hodges, Amanda Klotz, and Kris Trygstad
ABSENT: Justin Adams, and Jim Evans
OTHERS PRESENT: City Manager – Rob Splane, City Clerk – Karla Swihart, BioPure Superintendent – Paul Cutter, Hart Police Chief – Juan Salazar, Linda Foster, Sharon Hallack, Dick Huntington, Emily Olsen, Eric, and Karen Owen, Pat Schaner, and John Williams

Mayor Platt called the meeting to order; following the roll call, then led the Council in the pledge of allegiance.

APPROVAL OF AGENDA:

- C. Burillo motioned to approve the agenda and was supported by A. Klotz
  - Ayes: 5 Nays: 0 Absent: 2

PUBLIC COMMENTS:

- Sharon Hallack – Invites everyone to attend the live Nativity at the Commons this weekend, there will be a stable with animals, live music every half hour.
- Eric and Karen Owen – Just wondering about the full price offer we put on the 3 lots in the commons 9 weeks ago. Would like to know if the City Council will accept the offer before the end of the year?

CORRESPONDENCE, EVENTS, PRESENTATIONS:

- Dich Huntington, Chairman – Creeks Homeowners Association
  Thank you to the Council Members that the HOA has been working with and, also disappointed with the adgenda action item as there is the same resolution that was tabled at the last council meeting, basicly looks like another effort to try and have control over the creeks. The HOA has been working with three counicl members and have been in agreement to change the triplexes and quadplexes to duplexes, aslo in agreement to consolidate the three lots that the Owen's are intrested in buying. The only reason I can see that Council is holding out on this is for some reason or other to have control. The HOA is very happy with the way things are going. I feel this could all be resolved like talked about if lots are sold and continue with duplexes. I encourage you to vote down the Resolution you have in front of you today and give the committee the go ahead to come back with a recommendation.

CONSENT AGENDA:

- Approval of minutes from November 28th, 2023.
- Bills, Claims, Payroll
- Reports of Boards, Commissions, and Committees
- Department Reports – Police/BioPure/Public Works/Energy/C&E Dvlp

- C. Burillo motioned to approve Consent Agenda and supported by A. Klotz
  - Ayes: 5 Nays: 0 Absent: 2

ACTION ITEMS:

- Resolution 2023-50a Modification to Creeks Condominium Documents
  WHEREAS, beginning in 2003, the City of Hart entered into a public-private partnership with a local developer in pursuit of constructing new housing; and
  WHEREAS, the City authorized $632,799 in debt to build infrastructure for the new development to be repaid through Special Assessment District while also creating new tax revenue; and
  WHEREAS, the City, comprised of residents and business owners, suffered a loss of that repayment following the 2008 housing market crisis and subsequent bankruptcy of the private developer; and

WHEREAS, in years following, Shelby State Bank assumed ownership of the property through the developer's defaulted construction loan and afterwards attempted to sell the property for several years to recoup loss; and
WHEREAS, the City of Hart purchased the property in 2017 for $61,500 from Oceana County following tax default and has sought new parties to purchase and develop the stagnant project, finding little to no interest as it was originally designed; and
WHEREAS, in order to secure the benefits of efficient self-government and to promote and protect our common interest and welfare:
NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL
Appoints and certifies the Hart City Manager, 407 State Street, Hart Mi 49420, as the voting representative and person to receive all notices and communications for the 42 units, specifically units 9-12,21-56,59,&62 owned by the City of Hart comprising a 67.62 percentage of total units and value owned as defined in the Master Deed "Exhibit A – Schedule A" of the Creeks Condominium.
*Directs the City Manager to work with the City Planner and City Attorney [**with input from the Creeks Condominium Association**] to develop an amendment to the condominium documents for future approval by City Council to either withdrawal the remaining City units from the condominium or amend the condominium enabling the remaining units to attract future development interest.*

- C. Burillo motioned approve to Resolution 2023-50a and supported by A. Klotz
  - Ayes: 5 Nays: 0 Absent: 2

- Resolution 2023-51 Accept bids and award contract for Water Service Line Verification
  WHEREAS, the City of Hart has been awarded a $406,950 grant by the Michigan Department of Environment, Great Lakes, and Energy to assist the City in Drinking Water Asset Management Planning specifically focusing on Lead Service Investigation; and
  WHEREAS, the City to has sought bids from qualified firms to perform verification work covered by the DWAM grant which includes verifying water service line materials both in the City's right-of-way as well as at the service entrance into randomly selected properties throughout the City;
  WHEREAS, it is necessary for the City to obtain a qualified entity to properly oversee survey work, documentation, and reporting to meet State of Michigan requirements; and
  WHEREAS, in order to secure the benefits of efficient self-government and to promote and protect our common interests and welfare, the City Council hereby declares:
  NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL
  Accepts the seven (7) bids opened publicly on December 6th, 2023.
  Awards the contract to low bidder, Plummer's Environmental Services in the amount of $67,510.00 to provide water service line verification services in reference to the Drinking Water Asset Management Grant. The council authorizes the City Manager to sign And execute said agreement and related documents.
  - A. Klotz motioned to approve Resolution 2023-51 and supported by K. Trygstad
    - Ayes: 5 Nays: 0 Absent: 2

- Ordinance 23-04 Request to Rezone 64th Ave Parcel from B-2 to C-2 (2nd Reading)
  An Ordinance to Rezone 007-018-300-10 from B-2 General Business to C-2 Limited Commercial
  First Reading 11/14/2023
  Second Reading & Adoption: 12/12/2023
  Publication: 12/21/2023
  Effective Date: Ten days after publication
  The City of Hart Ordains:
  The rezoning of 2566 N 64th Avenue parcel ID #007-018-300-10 with frontage on North 64th Avenue from B-2 General Business District to C-2, Limited Commercial. The properly proposed for rezoning is legally described as follows:
  SPL FR 7 IN 96 PER DK SEC 18 T15N R17W – S 400 FT OF SW ¼ OF SW ¼ LYG W'LY OF US 31 ROW. 5.37 A M/L
  STATE OF MICHIGAN))SS.
  COUNTY OF OCEANA)

I, the undersigned, the duly qualified City Clerk of the City of Hart, Oceana County, Michigan, do hereby certify that the foregoing Ordinance amendment was adopted by City of Hart at a regular City Council meeting duly held on the ___ day of ___, 2023; and that the meeting with held in compliance with notice provisions and all other requirements of Act 267 of the Public Acts of 1976, as amended, I hereby certify that I published the Ordinance amendments and additions in the _____on the ___day of __, 2023.

Karla Swihart
Hart City Clerk

DISCUSSION ITEMS:

- NONE

CITY MANAGER'S REPORT:

Updates:

- Met with City Auditors and accounting staff to finish up last audit questions. Maner Costerisan will be presenting the report to Council in January.
- The City completed the annual County, Village, Township, Revenue Sharing (CVTRS) Compliance filing. (The report can be found on the City of Hart's Financial Guide-Citizens Dashboard under the forms and publications tab.) The City's retirement (OPEB) liability is very positive, while the Unrestricted General Fund Balance continues to be difficult to grow. This is due to the reorganized TIFA tax capture and increasing expenditures. A strategic plan will be developed and presented to the council to correct this trend in early 2024.
- A payroll issue occurred again this past week. In an ongoing effort to eliminate future payroll problems, City staff will be meeting with BS&A staff in the next few weeks to identify how to seek satisfactory results from their software. Confidence in our software is critical.
- Met with the Michigan Public Power Agency yesterday to review the City's Net metering policy to ensure it is up to date. This policy governs private power generation like solar cells roofs and how they connect to Hart Energy Infrastructure. Discussion was also had on the status of the Hart Solar Project; concerns are building over the lack of available contractors and the inflationary spike to deploy similar projects driving up energy costs.
- Meeting with HydroCorp Thursday to discuss residential water cross-connection and water meter AMI (automated meter reading) program deployment.
- The Starting Block Strategic Planning Session and SWOT analysis – December 28th 1pm – 4pm at the Starting Block on Industrial Drive.
- City Council Members will need to do an online personality assessment (5-10 Minutes) and schedule time to meet remotely with Matt Lehrman (30 Minutes) prior to the Council Retreat.

Legacy Topics:

- The City Attorney is working on City Charter amendment verbiage to be approved by Council, the attorney general, and the governor. The amendments will be processed for ballot approval at the next general election.
- Safe Routes to School trail project – pending state approval projected start date June 2024.

Upcoming Topics:

- Adoption of 2022-2026 Park and Rec Master Plan
- Veteran's Memorial Park project bid request advertised in November.
- Council review of rental inspection policies, procedures, and implementation.

COMMUNICATIONS FROM THE MAYOR AND COUNCIL:

- C. Burillo, This Thursday Hart Public Schools Christmas band concert at 6:30pm for grades 6-12 also will be holding annual Christmas raffle, we encourage everyone to come support if they can.

ADJOURN:

- There being no further business to come before the Council, the meeting adjourned upon a motion by C. Burillo and supported by A. Klotz. The next regularly scheduled meeting will be on January 9th, 2024, at 7:30 pm.

Respectfully Submitted

Karla Swihart

Karla Swihart, City Clerk

Payables Date 12.26.2023	Description	Total	General +	DPW	Energy	BPTF	Water
Amsoil	BioPure	$ 395.43				$ 395.43	
ASCAP	Music License Fee (FERC)	$ 434.00			$ 434.00		
Blue Cross Blue Sheild	Retire Health Care	$ 2,125.08	$ 1,416.72		$ 708.36		
Boss, Laura	MPPA Appliance Recycle	$ 50.00			$ 50.00		
Butler, Zachary	MPPA Appliance Recycle	$ 50.00			$ 50.00		
Charter Communications	Hart Commons internet	$ 114.99	$ 114.99				
Crossroads	Mobile Maintance Energy Dept	$ 700.00			$ 700.00		
ETNA	Parts/Supplies	$ 440.00					$ 440.00
Fischer LP Gas	Energy Dept Propane	$ 710.18			$ 710.18		
Frontier	Hydro Dam	$ (15.40)			$ (15.40)		
Hager Consulting LLC	CDBG Grant Admin	$ 3,624.00	$ 3,624.00				
Hart Cemertery Commission	Tax Disbursement	$ 29.49	$ 29.49				
Hodges, Dean	Board Of Review	$ 25.00	$ 25.00				
Jons To Go	Portable Restrooms Dam	$ 110.00			$ 110.00		
Jons To Go	Portable Restrooms Vets Park	$ 110.00			$ 110.00		
Larson, Travis	Board Of Review	$ 25.00	$ 25.00				
LEAF	Police Copier	$ 39.00	$ 39.00				
Mears Service Center	DPW Truck Plow repair	$ 663.10		$ 663.10			
Mears Service Center	Energy 2500 3/4 repair	$ 401.60			$ 401.60		
Mika Meyer	Attorney Fees	$ 708.00	$ 708.00				
Mika Meyer	Attorney Fees	$ 2,107.00	$ 2,107.00				
Mika Meyer	Attorney Fees	$ 1,162.44	$ 1,162.44				
MPPA	Purchased Power	$ 19,015.16			$ 19,015.16		
NYE Uniform	Police Uniform	$ 169.50	$ 169.50				
NYE Uniform	Police Uniform	$ 82.47	$ 82.47				
Oceana County Animal Friends	Spay/neutering stray cats	$ 135.60	$ 135.60				
Pitney Bowes	Postage	$ 500.00	$ 125.00		$ 125.00	$ 125.00	$ 125.00
Pitney Bowes	Postage/Lease	$ 162.00	$ 162.00				
Power Line Supply	Parts/Supplies	$ 558.00			$ 558.00		
Power Line Supply	Parts/Supplies	$ 1,632.00			$ 1,632.00		
Power Line Supply	Parts/Supplies	$ 45.92			$ 45.92		
Power Line Supply	Parts/Supplies	$ 222.51			$ 222.51		
Power Line Supply	Parts/Supplies	$ 100.96			$ 100.96		
Power Line Supply	Parts/Supplies	$ 44.63			$ 44.63		
Power Line Supply	Parts/Supplies	$ 56.44			$ 56.44		
Power Line Supply	Parts/Supplies	$ 919.32			$ 919.32		
Power Line Supply	Parts/Supplies	$ 3.72			$ 3.72		
Power Line Supply	Parts/Supplies	$ (119.29)			$ (119.29)		
Power Line Supply	Parts/Supplies	$ 1,891.02			$ 1,891.02		
Power Line Supply	Parts/Supplies	$ 101.70			$ 101.70		
Power Line Supply	Parts/Supplies	$ 2,460.00			$ 2,460.00		
Power Line Supply	Parts/Supplies	$ 306.57			$ 306.57		
Power Line Supply	Parts/Supplies	$ 302.26			$ 302.26		
Pranger Property Management	CH/CC/HC Cleaning Services	$ 228.00	$ 228.00				
Quill	Office Supplies	$ 69.99	$ 69.99				
Quill	Office Supplies	$ 292.54	$ 292.54				
State Of Michigan EGLE	2024 Biosolids Application Fee	$ 15,170.89				$ 15,170.89	
Tri-Berry	Energy Depart Aluminum weld	$ 53.00			$ 53.00		

Tri-Berry	BioPure Diesel Pump Repair	$	420.00						$	420.00	
Van Hydraulics Inc	DPW Dump Trucks cylinder repairs	$	828.00			$	828.00				
Vanagtmael, Scott	Reim For DOT Physical	$	75.67					$	75.67		
VanZoeren, Andrew	Reim For DOT Physical	$	75.67					$	75.67		
Vargas, Enrique	Meter Deposit refund	$	6.55					$	6.55		
Verizon Wireless	City Phones	$	448.21	$	360.49	$	29.24	$	29.24	$ 29.24	
West Lake Homes Inc	Meter Deposit refund	$	4.69					$	4.69		
	Sub-total	**$**	**60,272.61**	**$**	**10,877.23**	**$**	**1,520.34**	**$**	**31,169.48**	**$ 16,140.56**	**$ 565.00**
HAND CHECKS/ACH/EFT											
Alerus	City Share 401 Retirement - PR 186	$	-								
US Postmaster	Postage/Tax Bills	$	507.16	$	-			$	329.65	$ 152.15	$ 25.36
AFLAC	Insurance Premium	$	-								
Guardian	Insurance Premium	$	-								
Delta Dental	Insurance Premium	$	-								
MWG/Amfirst	Insurance Premium	$	-								
Blue Cross Blue Shield	Insurance Premium	$	-								
	TOTAL HAND CHECKS	**$**	**507.16**	**$**	**-**	**$**	**-**	**$**	**329.65**	**$ 152.15**	**$ 25.36**
	Sub-Total Regular Bills/Hand Checks	***$***	***60,779.77***	***$***	***10,877.23***	***$***	***1,520.34***	***$***	***31,499.13***	***$ 16,292.71***	***$ 590.36***
Gross Payroll	PR 192	$	74,436.81								
	Sub-Total	**$**	**74,436.81**								
	GRAND TOTAL	***$***	***135,216.58***	**$**	**10,877.23**	**$**	**1,520.34**	**$**	**31,499.13**	**$ 16,292.71**	**$ 590.36**

Grand Totals for Payroll:

Pay Code Id	Hours	OT Hours	Cur. Amnt.	YTD Amnt.
15X	0.00	46.00	2,426.63	26,698.11
2X	0.00	1.50	90.18	2,874.43
BACK PAY	1.00	0.00	17.60	334.52
COMP	24.00	0.00	827.01	4,687.83
ETO	230.50	0.00	8,246.94	109,432.59
FAIR - POL	1.00	0.00	417.17	417.17
FUNERAL	8.00	0.00	178.93	178.93
HOL	16.00	0.00	480.96	2,577.76
HOURLY	643.00	0.00	22,290.49	599,948.84
LONG	2.00	0.00	4,186.60	15,436.60
SALARY	902.70	0.00	34,517.58	679,544.74
STANDBY	22.00	0.00	756.72	9,342.61

Ded/Exp Id	Cur. Amnt.	YTD Amnt.
AF-STD	42.66	597.24
ALERUS 401	2,209.91	56,861.42
ALERUS 401 AD	8.00	208.00
ALERUS 457	775.00	18,000.00
ALERUS 457P	1,150.52	26,233.00
ALERUS R 457%	1,647.35	37,051.12
CHILD SUPPORT	414.94	8,473.99
DENTAL_EE	109.93	2,532.24
DENTAL_ER	439.69	10,128.58
FITW	8,035.39	204,800.67
GAP_EE	390.42	8,657.95
GAP_ER	1,561.67	32,699.33
GUARDIAN_EE	21.43	474.71
GUARDIAN_ER	212.03	4,853.29
INS REIM	0.05	883.02
LOAN	330.05	4,496.74
MED_EE	1,445.01	32,549.41
MED_ER	5,780.02	130,196.15
MEDICARE_EE	1,612.70	27,470.21
MEDICARE_ER	1,612.70	27,470.21
SITW	2,907.70	74,289.55
SOCSEC_EE	5,113.15	117,458.83
SOCSEC_ER	5,113.15	117,458.83
UNI46	264.96	3,150.08
UNIFM	4.95	128.70
VOL. LIFE	203.95	2,010.80
VOL. LIFE - CH	24.50	241.50
VOL. LIFE - SPO	92.87	751.63

Gross Pay This Period	Deduction Refund	Ded. This Period	Net Pay This Period	Gross Pay YTD	Dir. Dep.	Expense This Period
74,436.81	0.00	26,805.44	47,631.37	1,944,563.29	46,353.34	14,719.26

* = Check Adjustment

Payables Date 01.10.2024	Description	Total	General +	DPW	Energy	BPTF	Water
Brickley Delong	Accounting Assistance	$ 2,600.00	$ 650.00		$ 650.00	$ 650.00	$ 650.00
City of Hart	Utility Bills	$ 34,364.70	$ 1,104.03	$ 1,102.51	$ 2,140.12	$ 25,441.34	$ 4,576.70
Custom Tree Service	Stump Removal	$ 150.00			$ 150.00		
Dacott	Power Purchase Report	$ 650.00			$ 650.00		
Daves Part Store	Fuel	$ 74.13		$ 74.13			
DTE	Natural Gas	$ 2,434.51	$ 623.04	$ 648.31	$ 742.90	$ 307.37	$ 112.89
Election Source	Annual Maintenance Contract	$ 615.00	$ 615.00				
Firstnet	Police Phone/Pagers	$ 88.46	$ 88.46				
Frontier	Hart Hydro Phone	$ 118.02			$ 118.02		
Hach Company	Lab Supplies	$ 207.00				$ 207.00	
Hart Area Fire Board	2nd quarter Oct,Nov, Dec fire protection	$ 12,895.50	$ 12,895.00				
Hart Cemetery Commission	1st Quarter Of 2024 pymt	$ 4,250.00		$ 4,250.00			
Hart Cemetery Commission	Winter Tax Disbursement 12	$ 118.48	$ 118.48				
Heritage Preservation Group	Maintenance/Repairs Historic Dist	$ 443.61	$ 443.61				
HydroCorp	Cross Connection Control Program	$ 707.00					$ 707.00
Jons to Go	300 Griswold JGP	$ 110.00	$ 110.00				
Klotz Auto Parts	Auto Parts/Supplies	$ 746.47		$ 381.82	$ 128.61	$ 236.04	
Larson and Sons Hardware	Operating supplies	$ 945.26	$ 178.44	$ 456.42	$ 110.89	$ 199.51	
Lighthouse Car Care	Tire Repair/Oil Change	$ 178.00	$ 48.00		$ 130.00		
Linde	Cylinder Gas	$ 203.32		$ 86.30	$ 117.02		
McKenna	Planning Consultant/Creeks Site Plan	$ 1,000.00	$ 1,000.00				
Michigan Assoc. Municipal Clerks	Member Renewal Kswihart	$ 85.00	$ 85.00				
Model Coverall Service	Uniforms/Cleaning	$ 215.02			$ 50.20	$ 164.82	
MPA	Purchased Power	$ 11,572.59			$ 11,572.59		
MPPA	Purchased Power	$ 16,832.74			$ 16,832.74		
NCL Labs	Lab Supplies	$ 2,441.49				$ 2,441.49	
Oceana County Admin	3 Month Property Assessment	$ 9,100.00	$ 9,100.00				
Pitney Bowes	Postage/Lease Pmt	$ 500.00	$ 125.00		$ 125.00	$ 125.00	$ 125.00
Power line Supply	Parts/Supplies	$ 2,190.00			$ 2,190.00		
Pranger Property Management	City Hall Cleaning/Community Center	$ 381.00	$ 381.00				
Republic Services	Garbage Service/Dumpsters	$ 18,760.84	$ 289.84	$ 18,013.88	$ 457.12		
Ricoh	Copy Overage Fees	$ 73.41	$ 73.41				
Social Prosperity	CITY COUNCIL RETREAT 2024	$ 8,220.00	$ 8,220.00				
SyncWave	City Internet	$ 468.14	$ 107.66	$ 84.27	$ 84.27	$ 191.94	
T&R Electric	Meters	$ 10,725.38			$ 10,725.38		
Tanner Plumbing and Heating	Operating supplies	$ 29.33		$ 10.34		$ 18.99	
Thomasson Company	Poles	$ 21,326.00			$ 21,326.00		
Trace Analytical Labs	Water Testing	$ 852.59				$ 852.59	
	Sub-total	**$ 166,672.99**	**$ 36,255.97**	**$ 25,107.98**	**$ 68,300.86**	**$ 30,836.09**	**$ 6,171.59**

HAND CHECKS/ACH/EFT

Alerus	City Share 401 Retirement - PR 186	$ -					
US Postmaster	Postage/Tax Bills		$ -				
AFLAC	Insurance Premium	$ -					
Guardian	Insurance Premium	$ -					
Delta Dental	Insurance Premium	$ -					

MWG/Amfirst	Insurance Premium	$	-										
Blue Cross Blue Shield	Insurance Premium	$	-										
	TOTAL HAND CHECKS	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
	Sub-Total Regular Bills/Hand Checks	***$***	***166,672.99***	***$***	***36,255.97***	***$***	***25,107.98***	***$***	***68,300.86***	***$***	***30,836.09***	***$***	***6,171.59***
Gross Payroll	PR 193	$	168,845.33										
	Sub-Total	**$**	**168,845.33**										
	GRAND TOTAL	***$***	***335,518.32***	**$**	**36,255.97**	**$**	**25,107.98**	**$**	**68,300.86**	**$**	**30,836.09**	**$**	**6,171.59**

Payroll ID: 193

Pay Period End Date: 12/31/2023 Check Post Date: 01/04/2024 Bank ID: GEN

Grand Totals for Payroll:

	Pay Code Id	Hours	OT Hours	Cur. Amnt.	YTD Amnt.
**	ETO	0.00	0.00	0.00	
**	ETO BUYOUT	0.00	0.00	0.00	
**	SALARY	236.00	0.00	8,054.84	
	15X	0.00	15.50	624.64	624.64
	225X	0.00	52.00	3,812.60	3,812.60
	2X	0.00	7.50	475.62	475.62
	COMP	60.75	0.00	2,206.18	2,206.18
	ETO	434.00	0.00	14,051.86	14,051.86
	HOL	408.00	0.00	14,890.07	14,890.07
	HOURLY	501.00	0.00	17,311.48	17,311.48
	OPT OUT	0.00	0.00	93,671.32	93,671.32
	SALARY	527.50	0.00	13,506.24	20,243.08
	STANDBY	8.00	0.00	240.48	240.48

Ded/Exp Id	Cur. Amnt.	YTD Amnt.
AF-ACC	137.77	137.77
AF-CANCER	76.70	76.70
AF-DENTAL	14.46	14.46
AF-LIFE	32.96	32.96
AF-PSI	46.01	46.01
AF-STD	214.45	214.45
ALERUS 401	2,362.68	2,362.68
ALERUS 401 AD	8.00	8.00
ALERUS 457	775.00	775.00
ALERUS 457P	3,225.30	3,225.30
ALERUS R 457%	2,573.35	2,573.35
CHILD SUPPORT	414.94	414.94
DENTAL_EE	109.93	109.93
DENTAL_ER	439.69	439.69
FITW	23,235.79	23,235.79
GAP_EE	390.42	390.42
GAP_ER	1,561.67	1,561.67
GUARDIAN_EE	21.43	21.43
GUARDIAN_ER	212.03	212.03
LIFE	36.50	36.50
LOAN	330.05	330.05
LU465	264.96	264.96
MED_EE	1,445.01	1,445.01
MED_ER	5,780.02	5,780.02
MEDICARE_EE	2,415.77	2,415.77
MEDICARE_ER	2,415.77	2,415.77
SITW	5,423.06	5,423.06
SOCSEC_EE	10,329.42	10,329.42
SOCSEC_ER	10,329.42	10,329.42
UNI45	251.25	251.25
UNIFM	4.95	4.95

Gross Pay This Period	Deduction Refund	Ded. This Period	Net Pay This Period	Gross Pay YTD	Dir. Dep.	Expense This Period
168,845.33	0.00	54,140.16	114,705.17	168,845.33	114,494.39	20,738.60

* = Check Adjustment

City of Hart Police Department

407 State Street Ph. (231)873-2488 Fax (231)873-0100 Hart, MI 49420-1259

Juan Salazar, Chief

TO: City of Hart Mayor, City Council, and City Manager
FROM: Juan Salazar, Chief of Police
DATE: December 26th, 2023

RECENT EVENTS

From Thursday, December 7th, 2023, through Wednesday, December 20th, 2023, the Hart Police Department received 75 Complaints ranging from Medical Assists, Warrant Arrests, Larcenies, Vehicle Violations, Fraud Complaints, Family Troubles, Assault & Batteries, Assist to Other Agencies, Harassment Complaints, Property Damage Crashes, Truancies, Suspicious Situations and Animal Complaints.

On Thursday, December 7th, 2023, the Hart Police Department was dispatched to the 300 block of Washington Street referencing a Domestic Assault. A 39-year-old Hart woman confronted her son, a 17-year-old Hart boy, with allegations of using marijuana. During the conversation, the boy came within arm's reach of the woman. The woman put her hands up to keep the boy away, at which time the boy shoved the woman and struck the woman in the face area. The boy left prior to the officer's arrival. The woman had obvious injuries as a result of this altercation. On Friday, December 8th, 2023, the boy was interviewed by officers with the permission of the woman. The boy was turned over to the woman without incident, and a report will be submitted to the Oceana County Prosecutor's Office for his review.

On Saturday, December 9th, 2023, the Hart Police Department received a State of Michigan Forensic Laboratory report from an investigation conducted on Wednesday, November 1st, 2023, regarding possession of suspected illegal substances. Officers were dispatched to the 4000 block of Polk Road regarding a 30-year-old Walkerville man noted "slumped over" in the driver seat area of his vehicle. Officers were allowed to search the vehicle, and multiple pieces of foil and a glass/plastic pipe were located. The contents of the foil contained a white and powdery/rock-like substance. The laboratory report revealed this substance to be cocaine. A report will be submitted to the Oceana County Prosecutor's Office for his review.

On Monday, December 11th, 2023, the Hart Police Department was dispatched to the 300 block of Johnson Street regarding a Fraud Complaint. On Saturday, October 21st, 2023, performers from New York completed a performance in the area. After completing the performance, the performers received a check for payment, which was payable for approximately $4,500.00. The performers then mailed the check-in question to the performer's management in New York. The check between being mailed and arriving at its destination was infiltrated and "washed out." Check washing is when thieves steal checks from the mail and wash away the payee and amount. They can then sell the blank signed check or make it out to themselves and deposit the money into an account they control. The check-in question was made payable to an individual who resides in New York. An investigation is ongoing.

On Wednesday, December 13th, 2023, D/Sgt. Skipski conducted two (2) separate instructional classes covering topics in sexting and internet safety. The classes were taught to Mrs. Hlady's health students, which provided information on both topics via PowerPoint and also allowed for an answer and question session.

On Wednesday, December 13th, 2032, the Hat Police Department was dispatched to the 200 block of State Street referencing a Fraud Complaint. A 33-year-old Hart man allegedly passed a counterfeit $100.00 bill at a local business on Tuesday, December 12th, 2023. The man was interviewed and claimed to have received the bill from a bank. A report will be submitted to the Oceana County Prosecutor's Office for Uttering Counterfeit Note as True.

On Thursday, December 14th, 2023, D/Sgt. Skipski presented a bleeding control class to Mrs. Jazwinski's morning health class. Students received a lecture on various bleeding and bleeding control efforts and were also certified by hands-on testing with the bleeding control device acquired through a donation through the Hart Rotary. Additionally, all students will receive a certificate of completion at a later date.

On Thursday, December 14th, 2023, Hart Public Schools had a K9 conduct a search of the interior and exterior of Hart High School and Hart Middle School, locating no illegal substances in the areas. D/Sgt. Skipski assisted with the search of the facilities.

On Saturday, December 16th, 2023, Chief Salazar participated in the Roy's Kids program, established in 1996, to assist families in Oceana and Muskegon Counties. As part of this program, families can receive additional help providing Christmas gifts and food for their children. In addition, Roy's Kids volunteers take Santa to area houses. The program has grown yearly because of the generosity of so many people in Oceana County. Roy's Kids program assisted Santa in bringing presents and food to over 240 children this year due to the ongoing support and assistance of the volunteers.

On Tuesday, December 19th, 2023, the Hart Police Department was dispatched to Trinity Health Mercy Hospital in Muskegon referencing a Criminal Sexual Conduct complaint. A 28-year-old Hart man alleges to have been sexually assaulted by a 50-year-old Hart man and 47-year-old Hart man between December 15th, 2023, and December 17th, 2023, while within the City of Hart. An investigation is ongoing.

Respectfully,

J. Salazar,
Chief of Police

City of Hart Police Department

407 State Street Ph. (231)873-2488 Fax (231)873-0100 Hart, MI 49420-1259

Juan Salazar, Chief

TO: City of Hart Mayor, City Council, and City Manager
FROM: Juan Salazar, Chief of Police
DATE: January 9th, 2024

RECENT EVENTS

From Thursday, December 21st, 2023, through Wednesday, January 3rd, 2024, the Hart Police Department received 63 Complaints ranging from Medical Assists, Mental Health Complaints, Breaking & Entering's, Larcenies, Animal Complaints, Trespassing, Assist to Other Agencies, Suspicious Situations, Vehicle Violations, Fraud Complaints and Well-Being Checks.

The Hart Police Department would like to thank the many businesses and residents for their continued community support by providing our officers with a wide array of baked goods. We appreciate the businesses and residents thinking of our officers during the holiday season and the kind gesture.

On Monday, December 25th, 20023, the Hart Police Department was dispatched to the 10 block of West Main Street, referencing a Breaking & Entering. A 23-year-old Hart man stated that between 12:00 p.m. and 4:10 p.m. on this date, someone had forcibly gained entry into his apartment. The man reported a GoPro being taken/stolen from the home. An investigation is ongoing.

On Monday, December 25th, 2023, the Hart Police Department arrested a 43-year-old Holton man in the 400 block of State Street. The man was arrested on an outstanding warrant for his arrest out of the Hart Police Department for Attempted Resisting and Opposing a Police Officer. The man was lodged at the Oceana County Jail.

On Tuesday, December 26th, 2023, the Hart Police Department was dispatched to assist the Oceana County Sheriff's Office and LIFE EMS with a Medical Assist in the 3000 block of Melody Lane in Hart Township. A 63-year-old Hart man was reported to be unresponsive. Officers arrived on scene before LIFE EMS and began lifesaving efforts. LIFE EMS and Hart Fire Department First Responders later arrived on scene and continued with lifesaving efforts. Unfortunately, the man was later pronounced deceased.

On Thursday, December 28th, 2023, the Hart Police Department was dispatched to the 400 block of Church Street referencing a Disturbance. A 50-year-old Hart man alleges to have been strangled and assaulted by a 44-year-old Hart woman. The man had obvious injuries to his face area. The man was evaluated by LIFE EMS and transported by officers to an alternative location to avoid further issues. The officers on scene attempted to speak with the woman, but the woman refused to speak with them. The woman continued to contact Mason/Oceana Central Dispatch, alleging to have been assaulted, but each time the officers attempted to speak with the woman, the woman refused to speak with the officers. The man and woman were highly intoxicated at the time of contact. A report will be submitted to the Oceana County Prosecutor's Office referencing Domestic Assault and Strangulation.

On Friday, December 29th, 2023, the Hart Police Department conducted a traffic stop on Polk Road near State Street referencing an equipment violation. A passenger, a 36-year-old Hart man, was run in LEIN, Law Enforcement Information Network, and showed to have a valid/active warrant for his arrest out of the Muskegon County Friend of the Court. The man was arrested and lodged at the Oceana County Jail.

On Saturday, December 30th, 2023, the Hart Police Department was in the 4000 block of Polk Road when a 52-year-old Hart man was noted as a passenger in a vehicle. The officer knew that the man had a valid/active warrant for his arrest out of the Hart Police Department; Bench Warrant for Failure to Appear with the Original Charge being Driving While License Suspended. The officer verified the warrant with Mason/Oceana Central Dispatch to be still valid. The man was subsequently arrested and lodged at the Ocean County Jail.

On Sunday, December 31st, 2023, the Hart Police Department was dispatched to the 400 block of Jefferson Street regarding an Unlawfully Driving Away of an Automobile. A 32-year-old Hart woman had started her vehicle to allow it to warm up outside of her residence. As the woman exited her home, she noted that her vehicle was missing. Officers verified via a witness that a black male wearing a hoodie-style sweatshirt, black in color, with the hoodie over his head, was seen entering the vehicle and leaving the area. Officers searched the surrounding area and were unable to locate this stolen vehicle. The stolen vehicle was entered into LEIN, Law Enforcement Information Network, as stolen from the City of Hart.

On Monday, January 1st, 2024, the Hart Police Department was dispatched to the 4000 block of Polk Road, referencing a 43-year-old Shelby man running in and out of traffic. As the officer was canvassing the area, the officer noted several damaged windows to a local business. Officers searched the interior of the business and noted further damage. The man was later located to the East of the officer's location at another local business. The man was noted to be highly intoxicated. Officers reviewed surveillance footage of the local business and noted that the man had damaged a door and several windows with a snow shovel. The man was also noted damaging items in the business via the surveillance footage. The man was arrested and lodged at the Oceana County Jail for Breaking & Entering and Malicious Destruction of Damage. The man was also run in LEIN, Law Enforcement Information Network, and had a valid/active warrant for his arrest out of the Tyler Police Department in Texas for Evading Arrest Detention with Vehicle, which showed a $50,000 bond. Tyler Police Department placed a hold on the man for extradition. The department was assisted by the Oceana County Sheriff's Office and the Michigan State Police.

Respectfully,

J. Salazar,
Chief of Police

RESOLUTION 2024-01
City Council
City of Hart, Michigan

APPROVE 2024-2034 JOINT FIRE ADMINISTRATIVE BOARD AGREEMENT

WHEREAS, the City of Hart participates in an interlocal multi-party agreement for the provision of fire protection services; and

WHEREAS, The Hart Area Joint Fire Administrative Board has identified that the existing operating agreement will expire on June 30, 2024; and

WHEREAS, a new agreement has been drafted to begin on July 1 2024 and remain in effect through June 30, 2034. The new agreement is materially similar to the existing agreement;

WHEREAS, The proposed new agreement allows budget shares of each party equivalent to a millage which shall not exceed 2 mils of taxable value, to be approved through an annual budget;

WHEREAS, in order to secure the benefits of efficient self-government and to promote and protect our common interests and welfare:

NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL:

Accepts and approves July 2024 proposed Hart Area Joint Fire Administrative Board Agreement and directs the Mayor and City Clerk to sign on behalf of the City of Hart.

Allocates the equivalent of up to two (2) mills of property taxes to the Hart Area Fire Department beginning in FY24 budget year.

Moved by _____, supported by _____, and thereafter adopted by the Hart City Council at a regularly scheduled council meeting held on Tuesday, January 9, 2024.

Ayes __ Nays __ Absent __

HART AREA FIRE DEPARTMENT

808 S. STATE STREET
P.O. BOX 125
HART, MI 49420
PH. (231) 873-3378
FAX (231) 301-8150
WWW.HARTFIREDEPARTMENT.ORG

TO: Golden Township, City of Hart, Hart Township and Weare Township.

FROM: Hart Area Fire Administrative Board
P. O. Box 125
Hart, MI 49420

DATE: December 5, 2023

SUBJECT: Agreement Renewal for July 2024 to June 30, 2034.

The agreement that Hart Area Fire Administrative Board has been operating under is set to expire on June 30, 2024. Attached is a new agreement for your review and approval. Please send correpondence to the Hart Area Fire Administrative Board as to the approvl of this new agreement. Arangements for the necessary signatures can then be made in a timely manor. Once a copy of all the necessary signatures is completed a copy will be sent to each of the parties in the agreement.

If there are any questions or concerns please contact Chairman Gary Beggs or Vice Chairment Jay McGhan.

Sincerely,

Daniel Leimback
Sec/Treasurer

HART AREA JOINT FIRE
ADMINISTRATIVE BOARD AGREEMENT
JULY 2024

This Joint Fire Administrative Board Agreement (hereinafter the "Agreement"), made and entered into the 1st day of July, 2024 (The "Effective Date"), by and between the City of Hart, a municipal corporation of the State of Michigan, the Township of Golden, a statutory unit of local government, the Township of Hart, a statutory unit of local government, and the township of Weare, a statutory unit of local government (hereinafter collectively referred to as the "Parties" and individually referred to as the "Party").

WHEREAS, the Parties have jointly operated a fire department under the direction of a joint fire administrative board known as the Hart Area Fire Command Board.

WHEREAS, the Parties participated in that fire Administrative Board pursuant to the "Hart Area Fire Protection Agreement" of 1966.

WHEREAS, the Parties wish to enter into this Agreement to replace the 1966 Hart Area Fire Protection Agreement, to replace any amendments to that 1966 Fire Protection Agreement, and to replace any prior or contemporaneous written or oral agreements between the Parties concerning the same subject matter in their entirety (herein after all these prior or contemporaneous agreements and/or amendments shall be referred to as the "1966 Fire Protection Agreement').

WHEREAS, the Parties have mutually agreed to operate and maintain a community fire department under statutory authority, and have agreed that such operation and maintenance is for the common interest and benefit of the City and the Townships.

NOW THEREFORE, pursuant to Public Act 33 or 1951, being MCL 41.801 et seq., amended the Parties agree as follows:

FORMATION

1. Term of Agreement: this Agreement shall terminate on July 1, 2034 unless all four (4) Parties agree to renew the Agreement prior to its termination. This Agreement may be amended from time-to-time by written consent of all the Parties.

2 Joint Fire Department: The Fire Department governed by this Agreement shall be known as the 'Hart Area Fire Department" herein after the ("Department"). The Parties hereby agree, pursuant to authorizing resolutions, to form the Department.

3. Administrative Board: The Department shall be administered by the Hart Area Fire Administrative Board (hereinafter the "Board").

4. Fire Equipment: The Parties agree that all of the fire equipment and other property previously held under legal title, or by possessory interest, by the administrative board and /or fire department created by the 1966 Fire Protection Agreement (the "1966 Board/Department") and all liabilities shall be transferred to and held by the Department and or the Board pursuant to this agreement, and the Parties agree to cooperate in execution of any documents, necessary to effectuate such transfer. Parcels 64-020-739-001-30, 64-020-739-002-60, and 64-020-739-002-10 are owned by the Department.

FINANCING

5. Fiscal Year: The fiscal year of the Department shall be from July 1 through June 30.

6. Proposed Budget: By the February meeting of each year, the Board shall submit a proposed Budget for expenses for the following fiscal year to the Parties. The Parties shall adopt, amend, or reject the proposed budget.

7. Adoption of the Budgets: The Parties shall approve their budget share on or before April 30 of each year and submit proof of adoption to the Board which shall adopt the budget at their May Meeting. The Annual Budget shall be allocated to the Parties in accordance with the schedule contained herein. The Board shall designate 15% or more of the annual revenue from the Parties for Capital Improvement and shall maintain these funds in a separate and designated Capital Improvement Fund. Capital Improvement shall be defined as real property and equipment purchases of $10,000 or greater or as amended by the board.

8. Budget shares will be allocated to each Party equivalent to a millage which shall not exceed 2 mils of taxable value.

9. Appropriations: The Parties shall, beginning July 1st, of each year after adoption of the Budget pursuant to Paragraph 8, make quarterly payment to the Treasurer of the Board for their individual shares of the Budget.

10. Accounting: Payments for expenses and other obligations shall be made by the Treasurer on order of the Board. The Treasurer shall set up a convenient system of accounting for this fund, consistent with the agreement. An Audit shall be performed annually by a certified public accountant. The audit report shall be sent to each of the Parties.

ADMINISTRATIVE BOARD

12. Duties: The board shall be the administrative body responsible for and authorized to control all fire protection activities of the Department in addition to all duties set forth in this Agreement and all duties necessary and proper to administer the Department. The Board shall authorize the expenditures incurred in making the Capital Improvements and operating the Department as set forth in the Agreement, provided there shall be an unencumbered balance in the appropriate budget to pay the same. The Treasurer shall only make such payments on bills and or invoices as certified and directed by the Board. The Board shall purchase and maintain liability and property damage insurance policies. All Parties shall be individually named as insured parties on any such insurance policies.

13. Powers: The Fire Command Board shall have the full responsibility for the management and operation of the Fire Department, including, without limitation hiring, disciplining, promoting and dismissing of the department officers and employees, taking into consideration the Fire Chief's recommendation (which recommendation shall not be required for any personnel actions taken by the Board relative to the Fire Chief); determining officer and employee wages and benefits within budget appropriations approved by the members units through their respective legislative bodies; approving job descriptions and duties; approving standard operating procedures and guidelines for the operation and maintenance of the department and its physical assets.

14. Selection of Board Members: The Board shall consist of nine (9) members. Each of the Parties shall appoint two (2) members of the Board. Members of the Board shall approve by resolution the 9th Board member. A Party may remove any member it has appointed for any reason. Vacancies that occur for any reason will be filed by appointment of the Party that originally appointed the member that vacated the seat.

15. Terms of Office: Each member of the Board shall serve a term of Six (6) years except that of the first two members so appointed by any Party, one shall serve a term of four (4) years. The Board appointed member will serve a term of four (4) years.

16. Board Meetings: The Board shall conduct its business at public meeting, and shall meet at least six times per year. Reasonable dates and times of any such meetings shall be set by the Chairperson, however, additional meetings shall be scheduled at dates and times as may be requested by the Chairperson, or as may be requested by two or more members of the Board. Any meeting of the Board shall be conducted in compliance with the Open Meetings Act, being MCL 15.261 to 15.275.

17: Board Documents: A writing prepared, owned, used, in the possession of or retained by the Board in the performance of an official function shall be made available to the pubic in compliance with the Freedom of Information Act, being MCL 15.231 to 15.246. The Board shall appoint a FOIA coordinator.

18: Officers: The Board, at the August meeting of each even numbered year, shall elect from the membership a Chairperson and a Vice Chairperson. The Secretary and the Treasurer shall also be elected however, they do not need to be members of the Board. The term of office shall be two (2) years for any of the offices. The Board may remove an officer from office prior to the end of the two years. The first officers elected under this Agreement shall serve until the next even numbers year.

19: Voting: The Board shall decide all issues coming before it by a majority vote of its members with five (5) votes needed to approve all matters being considered by the Board.

TERMINATION OF AGREEMENT

20. Agreement of All Parties: Should all Parties then participating in the Agreement decide by written resolution to withdraw from it, it shall terminate. Upon termination all assets shall be dispersed to the Parties on a percentage basis determined by Party contributions for the prior three (3) years.

21. Notice: A Party may only withdraw from this Agreement by giving one (1) year advanced written notice to the other Parties and to the Board. Parties shall continue making full quarterly payments during the withdrawal period.

22. Distribution: There will be no disbursement of assets to the withdrawing party.

AMENDMENT OF THIS AGREEMENT

23. This agreement may be amended by resolution of all and each of the Parties then participating in it.

SAVINGS CLAUSE

24. Continuing Nature: Should any portion of this Agreement by declared unenforceable by any court of competent jurisdiction, the remaining portions of the Agreement shall remain in full force and effect to the extent practicable.

ENTIRETIES CLAUSE

25. Entire Agreement: The Parties hereto agree that this Agreement contains the entire understanding of the Parties and that all other prior or contemporaneous agreements, written or oral, including, but not limited to, the 1966 Fire Protection Agreement are merged and integrated herein, and are without force and /or effect.

IN WITNESS WHEREOF, after approval by their respective governing bodies, the Parties have caused this Agreement to be executed by their duly authorized agents of the dates written below, with the intent that the effective date of this Agreement is the date written above.

TOWNSHIP OF GOLDEN

Supervisor

Clerk

Dated:

Dated:

TOWNSHIP OF HART

Supervisor

Clerk

Dated:

Dated:

CITY OF HART
Mayor

Clerk

Dated:

Dated:

TOWNSHIP OF WEARE
Supervisor

Clerk

Dated:

Dated:

RESOLUTION 2024-02
City Council
City of Hart, Michigan

DIRECT CITY MANAGER AND CITY STAFF TO EXECUTE WORK FOLLOWING CITY ORDINANCE CHAPTER 1048 [WATER]

WHEREAS, the City of Hart operates and maintains a fresh drinking water system; and

WHEREAS, the State of Michigan Department of Environment, Great Lakes, and Energy oversee state statues which establish safe drinking water standards; and

WHEREAS, cuttent standards are adopted in city ordinance 1048, most recently reviewed in 2016; and

WHEREAS, current standards include language pursuant to Michigan Administrative Code R325.11401 through R325.11407 requiring regular inspection of commercial and residential water cross connections; and

WHEREAS, a 2024 water system project in the City of Hart includes the additional of automated meter reading technology, replacement of aging water meters, cross-connection inspections; and

WHEREAS, in order to secure the benefits of efficient self-government and to promote and protect our common interests and welfare:

NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL:

Has reviewed existing city ordinance 1048 and reaffirms the City Manager and Water Departments responsibility to follow the state mandates as referenced by the ordinance.

Directs the City Manager, City Staff, and third party contractors to execute work pursuant to meet safe drinking water standards.

Moved by _____, supported by _____, and thereafter adopted by the Hart City Council at a regularly scheduled council meeting held on Tuesday, January 9, 2024.

Ayes __ Nays __ Absent __

CHAPTER 1048

Water

1048.01 Supervision and control.

1048.02 Connection charges.

1048.03 User charges.

1048.04 Billing of charges.

1048.05 Water charges a lien.

1048.06 No free service.

1048.07 Operating year.

1048.08 State cross connection rules adopted.

1048.99 Penalty.

CROSS REFERENCES

Water supply generally - see Mich. Const. Art. 7, Sec. 24; M.C.L.A. Secs. 46.171 et seq., 123.111 et seq., 486.51 et seq., 486.101 et seq.

Fluoridation of water system - see CHTR. Ch. XVI

Water quality - see M.C.L.A. Secs. 67.38, 323.1 et seq.

Water supply in home rule cities - see M.C.L.A. Secs. 117.4b, 117.4e, 117.4f, 117.35, 123.115

Water pollution - see GEN. OFF. 670.05, 670.06; S.U. & P.S. 1040.03

Water in subdivisions - see P. & Z. 1222.03

Water connections - see P. & Z. 1260.11

1048.01 SUPERVISION AND CONTROL.

The construction, alteration, repair and management of the waterworks system shall be under the supervision and control of the City Manager, subject to the overall supervision and control of the City Council of the City of Hart. The City Council may make such rules, orders and regulations as it deems advisable and necessary to assure the efficient management and operation of the waterworks system.

(Ord. 56. Passed 6-3-58.)

1048.02 CONNECTION CHARGES.

The connection charge for all connections to the waterworks system shall be as provided by the City Council from time to time.

1048.03 USER CHARGES.

(a) Property Located Inside City. All property located within the City of Hart connected with the City waterworks system shall pay the following rates per month:

Amount Used (gallons)	Rate
First 3,000 or fraction thereof	$3.30
Next 10,000 or fraction thereof	.60 per thousand gallons or fraction thereof
All over 13,000 gallons	.35 per thousand gallons or fraction thereof

(Ord. 165. Passed 2-27-90.)

(b) Property Located Outside City. All property located outside the City limits and connected with the City waterworks system shall pay at the rate of 200 percent of the rates charged to property located within the City.

(Ord. 148. Passed 9-13-83.)

(c) Special Rates. For miscellaneous services for which a special rate shall be established, such rates shall be fixed by the City Council.

(d) Turn-on charges. There will be imposed a charge of seven dollars and fifty cents ($7.50) whenever the City is requested to turn on or off water services, provided, however, that whenever the City is requested to provide turn on or off service at times other than the regular business hours of the City, there will be imposed an additional charge of time and material plus ten percent.

(e) Revisions Authorized. The City Council, pursuant to Act 94 of the Public Acts of 1933, as amended (M.C.L.A. 141.011 et seq.), may, from time to time, by resolution, revise the water rate charges to meet the financial needs of the waterworks system.

(Ord. 138. Passed 9-8-81.)

1048.04 BILLING OF CHARGES.

The City Clerk shall render bills for water service and all other charges in connection therewith and shall collect all moneys due therefrom. Bills for the rates and charges as established by the City shall be sent monthly. All bills shall be payable on the tenth day of the month following the receipt of the bill, and shall be paid at the office of the Clerk of the City of Hart. If any charge for the services of the waterworks system shall not be paid by the tenth day of the month in which it shall become due and payable, a delayed payment charge of ten percent of the amount of the bill shall be added thereto and collected therewith. If any bills for the service of the waterworks system shall remain unpaid after sixty days following the rendition of the bill therefore, the water supply for the lot, parcel of land or premises affected shall be cut off and shall not be turned on again except on payment in full of the delinquent charges therefore, in addition to the payment of a charge of ten dollars ($10.00).

(Ord. 138. Passed 9-8-81.)

1048.05 WATER CHARGES A LIEN.

The City does hereby adopt the Revenue Bond Act, being Public Act No. 94 of 1933 (MCL 141.101 et seq.). Charges for services, as defined in said Act, furnished to a premises shall be a lien on the premises, and those charges delinquent for six months or more shall be certified by the City Council on or before April 1 each year to the City tax assessing officer who shall enter the lien on the next tax roll against the premises to which the service shall have been rendered, and the charges shall be collected and the lien shall be enforced in the same manner as provided for the collection of taxes assessed upon the roll and the enforcement for the lien for the taxes. However, that the charges shall not become a lien against the premises from and after the date of written notice to the City that a tenant is responsible for the charges in accordance with Section 21 of said Act (MCL 141.121), except that, in the event of filing of the notice, no further service shall be rendered to such premises until a cash deposit, as established by the City shall have been paid to the City as security for the payment of such charges. The cash deposit shall be in an amount of the projected billing for not less than a one-month period and not more than a three-month period, said determination of deposit to be solely at the discretion of the City. In the event that more than one residential unit or apartment unit will be served from one meter, the applicant will deposit the applicable amount, as provided by the City for each residence or apartment unit to be served through one meter. In addition to other remedies provided, the City shall have the right to shut off and discontinue the supply of water to any premises for the nonpayment of water charges when due. In the event water charges for services furnished to any premises are not paid on or before the shutoff date indicated on the regular utility billing statement, water service shall be shut off and discontinued and shall not be restored until all such charges and fees have been paid.

(Ord. 2016-02. Passed 3-22-16.)

1048.06 NO FREE SERVICE.

No free service shall be furnished by said system to any person, firm or corporation, public or private, or to any public agency or instrumentality.

(Ord. 56. Passed 6-3-58.)

1048.07 OPERATING YEAR.

The waterworks system shall be operated on the basis of an operating year beginning July 1 and ending on June 30 of the following year.

(Ord. 56. Passed 6-3-58.)

1048.08 STATE CROSS CONNECTION RULES ADOPTED.

(a) The City hereby adopts by reference the Water Supply Cross Connection Rules of the Michigan Department of Environmental Quality, being R325.11401 through R325.11407 of the Michigan Administrative Code as it presently exists.

(b) The City or authorized representative shall cause inspections to be made of all properties served by the public water supply where cross connection with the public water supply is deemed possible for the purpose of enforcing this section. The frequency of inspections and re-inspections based on potential health hazards involved shall be as established by the City and as approved by the Michigan Department of Environmental Quality.

(c) All testable backflow prevention devices shall be tested, at owner's expense, upon installation to be sure that the device is working properly. Subsequent inspection, testing and/or repair of devices shall be conducted, at owner's expense, on an annual basis or as required by the City and in accordance with the Michigan Department of Environmental Quality requirements. Only individuals that are approved and State of Michigan certified shall be qualified to perform such testing. Individual(s) shall certify the results of his or her testing and forward said results to the City.

(d) On request, the owner, lessee or occupant of any property served by the public water system of the City shall furnish to the inspection agency any pertinent information regarding the piping system or systems on such property. The refusal of such information or refusal to access, when requested, shall be prima-facie evidence of the presence of a cross connection.

(e) Upon refusal of access or the unavailability of the owner, lessee or occupant, the City, or authorized representative, may obtain a search warrant through the City Attorney to enter any property served by a connection to the public water system of the City for the purpose of inspecting the piping systems thereof for cross connections. However, a warrant need not be obtained in cases where there is imminent danger of contamination to the public water system.

(f) The City is hereby authorized and directed to discontinue water service, after reasonable notice, to any property wherein any connection in violation of this section exists, and to take such other precautionary measures deemed necessary to eliminate any danger of contamination of the public water supply system. However, said notice shall inform the owner, lessee or occupant of the property of his or her right, if he or she so elects in writing within five days from receipt of said notice, to a hearing at the next regularly scheduled City Council meeting to determine whether or not his or her water service should be terminated. Further, water service may be terminated without notice and/or hearing in cases where there is imminent danger to the public water system. Water service to such property shall not be restored until the cross connection has been eliminated in compliance with the provisions of this section.

(g) The potable water supply made available on the properties served by the public water supply shall be protected from possible contamination as specified by this section and by the State of Michigan Plumbing Code. Any water outlet which could be used for potable or domestic purposes and which is not supplied by the potable system must be labeled in a conspicuous manner as: "Water Unsafe for Drinking."

(h) This section does not supersede the State of Michigan Plumbing Code or any City ordinance, but is supplementary to them.

(i) No person shall violate any of the provisions of this section, or any written order of the City in pursuance thereof.

(j) Any person found guilty of violating any of the provision of this section or any written order of the City, in pursuance thereof shall be punished as a civil infraction by a fine of not less than five hundred dollars ($500.00) nor more than one thousand five hundred dollars ($1,500) for each violation. Each day upon which a violation of the provisions of this act shall occur shall be deemed a separate and additional violation for the purpose of this section.

(Ord. 2005-2. Passed 3-21-05.)

1048.99 PENALTY.

(EDITOR'S NOTE: See Section 202.99 for general Code penalty if no specific penalty is provided.)

2024 Hart City Council Regular Meeting Schedule

January

Su	Mo	Tu	We	Th	Fr	Sa
31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3

February

Su	Mo	Tu	We	Th	Fr	Sa
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	1	2

March

Su	Mo	Tu	We	Th	Fr	Sa
25	26	27	28	29	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

April

Su	Mo	Tu	We	Th	Fr	Sa
31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	1	2	3	4

May

Su	Mo	Tu	We	Th	Fr	Sa
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1

June

Su	Mo	Tu	We	Th	Fr	Sa
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	1	2	3	4	5	6

July

Su	Mo	Tu	We	Th	Fr	Sa
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3

August

Su	Mo	Tu	We	Th	Fr	Sa
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	1	2	3	4	5

October

Su	Mo	Tu	We	Th	Fr	Sa
29	30	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31	1	2

November

Su	Mo	Tu	We	Th	Fr	Sa
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

December

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

Calendar-12.com

Name	Title
Justin Adams (Appointed)	Councilor
Parks and Recreation	
HEART	
Catalina Burillo (Elected)	Councilor
HEART	
Dean Hodges (Elected)	Councilor
HEART	
Lake Board	
Powerboard	
Zoning Board of Appeals	
Board of Review - Mayoral Designee	
Jim Evans (Elected)	Councilor
Planning	
Cemetary Board	
Historic District	
Kris Trygstad (Elected)	Councilor
Finance/Personnel Committee	
Vicki Platt (Mayor - Elected)	Mayor
All Committees/Boards/Commissions	
Amanda Klotz (Elected) Mayor Pro-Tem	Mayor Pro-Tem
Library	
Finance/Personnel Committee	
Mayor - 2 year term / Council 4 year term	