



City Council Agenda

December 19, 2022
7:00 p.m.

City Council Chambers
97 N. Broad Street
Hillsdale, MI 49242

- I. Call to Order and Pledge of Allegiance**
- II. Roll Call**
- III. Approval of Agenda**
- IV. Public Comments on Agenda Items**
- V. Consent Agenda**
 - A. Approval of Bills
 - 1. City and BPU Claims of December 1, 2022: \$243,228.64
 - 2. Payroll of November 10, 2022: \$185,883.64, November 24, 2022: 186,965.99
 - B. City Council Minutes of December 5, 2022
 - C. Public Safety Committee Minutes of December 13, 2022
 - D. 2023 Committee Meeting Dates
 - E. Vested Risk Strategies Insurance Services Agreement
 - F. Trident Property and Casualty Insurance
- VI. Communications/Petitions**
 - A. Keefer House Hotel Construction Update
 - B. Prosecuting Attorney Letter regarding Homeless Population
 - C. Ted Jansen Letter
- VII. Introduction and Adoption of Ordinances/Public Hearing**
- VIII. Old Business**
- IX. New Business**
 - A. 2022 Audit Presentation
 - B. Roberta Hill Memorial Pavilion Purchase Approval
 - C. Budget Amendments for Roberta Hill Pavilion Project
 - D. Demolition of 280 Waterworks Avenue
 - E. 2023 Guidelines for Poverty Exemption from Property Taxes (Resolution)
 - F. Millage Fund Expenditure Request
 - G. Mitchell Research Building Lease
- X. Miscellaneous Reports**
 - A. Proclamation- None
 - B. Re-Appointments- Board of Review – Kerry Laycock, Becki Jaeger, Dennis Wainscott, Jeff Cooley (Alternate)
 - C. Other- None
- XI. General Public Comment**

XII. City Manager's Report

XIII. Council Comment

XIV. Adjournment

INVOICE GL DISTRIBUTION REPORT FOR CITY OF HILLSDALE
 EXP CHECK RUN DATES 12/01/2022 - 12/01/2022
 BOTH JOURNALIZED AND UNJOURNALIZED
 PAID

GL Number	Invoice Line Desc	Vendor	Invoice Description	Amount	Check #
Fund 101 GENERAL FUND					
Dept 000.000					
101-000.000-123.000	PAYROLL AUDIT 7/1/2021 - 7/1/2022	MML WORKERS 'COMP FUND	PAYROLL AUDIT 7/1/2021 - 7/1/2022	1,361.00	105239
Total For Dept 000.000				1,361.00	
Dept 172.000 CITY MANAGER					
101-172.000-715.000	DENTAL & VISION - CITY MANAGER	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034		39.14	413
101-172.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	195.30	416
101-172.000-726.000	POSTAGE	CARD SERVICES CENTER	D. MACKIE CREDIT CARD	7.85	414
Total For Dept 172.000 CITY MANAGER				242.29	
Dept 175.000 ADMINISTRATIVE SERVICES					
101-175.000-801.000	401K LUNCH MEETING	CARD SERVICES CENTER	L. SERGENT CREDIT CARD	165.92	414
101-175.000-802.000	TECHNICAL SERVICES	SONIT SYSTEMS, LLC	ANNUAL VEEAM BACKUP LICENSE	341.55	105253
101-175.000-802.000	.ORG DOMAIN RENEWAL	CARD SERVICES CENTER	S. KEISER CREDIT CARD	17.17	414
101-175.000-806.000	LEGAL SERVICES	MIKA MEYERS BECKET & JONES	LEGAL SERVICES	5,789.00	105238
Total For Dept 175.000 ADMINISTRATIVE SERVICES				6,313.64	
Dept 191.000 FINANCE DEPARTMENT					
101-191.000-715.000	DENTAL & VISION - FINANCE	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034		39.14	413
101-191.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	585.89	416
Total For Dept 191.000 FINANCE DEPARTMENT				625.03	
Dept 215.000 CITY CLERK DEPARTMENT					
101-215.000-715.000	DENTAL & VISION - CITY CLERK	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034		97.85	413
101-215.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	1,464.72	416
101-215.000-734.000	POSTAGE	CARD SERVICES CENTER	K. PRICE CREDIT CARD	27.90	414
101-215.000-810.000	DUES AND SUBSCRIPTIONS	MAMC	2023 MAMC MEMBERSHIP APPLICATION	81.00	105234
101-215.000-905.000	PUBLISHING / NOTICES	HILLSDALE MEDIA GROUP	NOTICES - SP ASS 23-07, ORD. 22-2 22-3	490.45	105225
Total For Dept 215.000 CITY CLERK DEPARTMENT				2,161.92	
Dept 257.000 ASSESSING DEPARTMENT					
101-257.000-715.000	DENTAL & VISION - ASSESSING	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034		28.24	413
101-257.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	488.24	416
101-257.000-734.000	POSTAGE	CARD SERVICES CENTER	K. THOMAS CREDIT CARD	67.85	414
101-257.000-810.000	DUES AND SUBSCRIPTIONS	CARD SERVICES CENTER	K. THOMAS CREDIT CARD	9.00	414
101-257.000-860.000	TRANSPORTATION AND MILEAGE	CARD SERVICES CENTER	K. THOMAS CREDIT CARD	14.00	414
Total For Dept 257.000 ASSESSING DEPARTMENT				607.33	
Dept 262.000 ELECTIONS					
101-262.000-726.000	SUPPLIES	SPECTRUM PRINTERS, INC	ELECTION AV ENVELOPES INNER/OUTER	200.73	105254
101-262.000-726.000	CUPS, JUICE, WATER, MUFFINS, FRUIT, D	CARD SERVICES CENTER	K. PRICE CREDIT CARD	273.95	414
Total For Dept 262.000 ELECTIONS				474.68	
Dept 265.000 BUILDING AND GROUNDS					
101-265.000-726.000	SUPPLIES	AMERICAN COPPER AND BRASS, DPS	HEATER	9.13	105195
101-265.000-726.000	SUPPLIES	CURRENT OFFICE SOLUTIONS	BATHROOM PAPER	136.40	105207
101-265.000-726.000	WATER - CITY HALL	HEFFERNAN SOFT WATER SERV	WATER DELIVERY SERVICE	16.30	105221
101-265.000-726.000	SUPPLIES- WREATH	HILLSDALE ORCHARD AND GREF	2022 CHRISTMAS WREATH (CITY HALL)	750.00	105226
101-265.000-801.000		BILL'S LAWN CARE, LLC	WEEKLY MOWING OCTOBER 2022	345.00	105198
101-265.000-801.000	MATS - CITY HALL	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	19.10	105258
101-265.000-801.000	MATS - CITY HALL	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	19.46	105258
101-265.000-850.000	TELEPHONE	BSB COMMUNICATIONS INC	ETHERFAX MONTHLY BILL 11-1-2022	112.00	105200
Total For Dept 265.000 BUILDING AND GROUNDS				1,407.39	

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GL Number	Invoice Line Desc	Vendor	Invoice Description	Amount	Check #
Fund 101 GENERAL FUND					
Dept 270.000 HUMAN RESOURCES					
101-270.000-715.000	DENTAL & VISION - HUMAN RESOURCE	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	39.14	413
101-270.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	585.89	416
101-270.000-726.000	MICHIGAN LABOR LAW POSTERS	CARD SERVICES CENTER	L. SERGENT CREDIT CARD	399.62	414
101-270.000-810.000	SHRM MEMBERSHIP	CARD SERVICES CENTER	L. SERGENT CREDIT CARD	229.00	414
Total For Dept 270.000 HUMAN RESOURCES				1,253.65	
Dept 301.000 POLICE DEPARTMENT					
101-301.000-715.000	DENTAL & VISION - POLICE	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	686.91	413
101-301.000-715.000	DENTAL & VISION - POLICE	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	141.18	413
101-301.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	14,354.27	416
101-301.000-726.000	3X3 POST-IT-NOTES	CURRENT OFFICE SOLUTIONS	POST-IT NOTES, WIRELESS KEYBOARD, SHAF	110.45	105207
101-301.000-726.000	POSTAGE/EVIDENCE MAILED TO LAB	CARD SERVICES CENTER	S. HEPHNER CREDIT CARD	10.20	414
101-301.000-930.000	BODY WORN VIDEO REPAIR/BATTERY R	KUSTOM SIGNALS, INC	BODY WORN VIDEO REPAIR - REPLACED BATTE	136.00	105231
101-301.000-930.000	BODY WORN VIDEO/BATTERY REPLACED	KUSTOM SIGNALS, INC	BODY WORN VIDEO REPAIR - DUAL BATTERY P	136.00	105231
101-301.000-930.000	DISMOUNT/MOUNT & BALANCE 4 TIRES	NORM'S TIRE & SERVICE	DISMOUNT/MOUNT & BALANCE 4 TIRES/UNIT 2	741.48	105245
101-301.000-930.000	OIL CHANGE/UNIT 2-6 (10 IMPALA)	PARNEY'S CAR CARE	OIL CHANGE/UNIT 2-6 (10 IMPALA)	35.50	105246
Total For Dept 301.000 POLICE DEPARTMENT				16,351.99	
Dept 336.000 FIRE DEPARTMENT					
101-336.000-715.000	DENTAL & VISION - FIRE	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	252.18	413
101-336.000-715.000	DENTAL & VISION - FIRE	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	28.23	413
101-336.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	4,491.81	416
101-336.000-726.000	REIMBURSEMENT PRESSURE WASHER HO	DANIEL B. POOLE	REIMBURSEMENT FOR PURCHASE OF (2) 35' E	116.54	105209
101-336.000-726.000	16PK AA BATTERIES	GELZER & SON INC	16PK AA BATTERIES	21.49	105216
101-336.000-726.000	(4) PKGS 40CT COMMAND CLEAR DECO	GELZER & SON INC	4 PKGS 40CT COMMAND CLEAR DECOR CLIPS E	45.16	105216
101-336.000-726.000	POSTAGE/PANTS RETURNED	CARD SERVICES CENTER	S. HEPHNER CREDIT CARD	23.49	414
101-336.000-742.000	(2) PR PANTS/M. HAWKINS - RETURN	GALL'S, INC	PANTS RETURNED (M. HAWKINS)	126.98	27
101-336.000-742.000	(2) PR PANTS RETURNED/M. HAWKINS	GALL'S, INC	CREDIT MEMO (2) PR PANTS RETURNED/M. H	(126.98)	27
101-336.000-810.000	NFPA MEMBERSHIP RENEWAL/S. HEPHN	NFPA	INDIVIDUAL MEMBERSHIP RENEWAL 11.02.22	175.00	105244
Total For Dept 336.000 FIRE DEPARTMENT				5,153.90	
Dept 441.000 PUBLIC SERVICES DEPARTMENT					
101-441.000-715.000	DENTAL & VISION - PUBLIC SERVICE	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	56.48	413
101-441.000-715.000	DENTAL & VISION - PUBLIC SERVICE	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	97.85	413
101-441.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	2,441.20	416
101-441.000-726.000	SUPPLIES	AMAZON CAPITAL SERVICES, I	OFFICE SUPPLIES	74.03	105194
101-441.000-726.000	FC1 HD FLR RR1 DIS/RR CLEANING C	CINTAS CORPORATION	FC1 HD FLR RR1 DIS/RR CLEANING CHEM	43.64	105203
101-441.000-726.000	SUPPLIES	CURRENT OFFICE SOLUTIONS	BOX, STORAGE	44.99	105207
101-441.000-726.000	WATER - 149 WATERWORKS	HEFFERNAN SOFT WATER SERV	WATER DELIVERY SERVICE	10.85	105221
101-441.000-742.000	CLOTHING / UNIFORMS	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	34.96	105258
101-441.000-742.000	CLOTHING / UNIFORMS	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	34.46	105258
101-441.000-742.000	CLOTHING / UNIFORMS	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	34.76	105258
101-441.000-801.000		BILL'S LAWN CARE, LLC	WEEKLY MOWING OCTOBER 2022	90.00	105198
101-441.000-801.000	DIAGNOSTIC HVACR	GRIFFITHS MECHANICAL	DIAGNOSTIC HVACR	129.00	105219
101-441.000-801.000	DIAGNOSTIC HVACR	GRIFFITHS MECHANICAL	DIAGNOSTIC HVACR	241.00	105219
101-441.000-801.000	ENCOUNTER FOR BROSAMER	HILLSDALE HOSPITAL	ENCOUNTER FOR BROSAMER	50.00	105224
101-441.000-801.000	CONTRACTUAL SERVICES	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	32.76	105258
101-441.000-801.000	CONTRACTUAL SERVICES	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	32.76	105258
101-441.000-801.000	CONTRACTUAL SERVICES	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	32.76	105258
Total For Dept 441.000 PUBLIC SERVICES DEPARTMENT				3,481.50	
Dept 447.000 ENGINEERING SERVICES					
101-447.000-715.000	DENTAL & VISION -ENGINEERING	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	97.85	413

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Fund 101 GENERAL FUND					
Dept 447.000 ENGINEERING SERVICES					
101-447.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	1,464.72	416
101-447.000-956.000	ENGINEERING ETHICS WEBINAR	CARD SERVICES CENTER	J. BLAKE CREDIT CAD	20.00	414
Total For Dept 447.000 ENGINEERING SERVICES				1,582.57	
Dept 571.000 PARKING LOTS					
101-571.000-801.000		BILL'S LAWN CARE, LLC	WEEKLY MOWING OCTOBER 2022	765.00	105198
Total For Dept 571.000 PARKING LOTS				765.00	
Dept 595.000 AIRPORT					
101-595.000-726.000	LIGHTS FOR RUNWAY	AMERICAN COPPER AND BRASS,	LIGHTS FOR RUNWAY	208.87	105195
101-595.000-726.000	TONER, PAPER, PLANNER	CURRENT OFFICE SOLUTIONS	TONER, PAPER, PLANNER	197.22	105207
101-595.000-726.000	WATER - AIRPORT	HEFFERNAN SOFT WATER SERV	WATER DELIVERY SERVICE	10.85	105221
101-595.000-801.000	JET-A REFUELING TRUCK RENTAL	AVFUEL CORP	JET-A REFUELING TRUCK RENTAL	950.00	412
101-595.000-801.000	POS PAYMENT PROCESS EQUIP RENTAL	AVFUEL CORP	POS PAYMENT PROCESS EQUIP RENTAL	20.00	412
101-595.000-930.000	PARTS FOR LIGHT FIXTURE IN SHOWC	GELZER & SON INC	PARTS FOR LIGHT FIXTURE IN SHOWCASE	16.06	105216
101-595.000-930.000	PARTS FOR LIGHT FIXTURE IN SHOWC	GELZER & SON INC	PARTS FOR LIGHT FIXTURE IN SHOWCASE	21.00	105216
101-595.000-930.000	PARTS FOR TOILET REPAIRS	GELZER & SON INC	PARTS FOR TOILET REPAIRS	25.36	105216
Total For Dept 595.000 AIRPORT				1,449.36	
Dept 701.000 PLANNING DEPARTMENT					
101-701.000-715.000	DENTAL & VISION - PLANNING	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034	97.85	413
101-701.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	1,464.72	416
101-701.000-726.000	POSTAGE	CARD SERVICES CENTER	K. PRICE CREDIT CARD	67.85	414
Total For Dept 701.000 PLANNING DEPARTMENT				1,630.42	
Dept 728.000 ECONOMIC DEVELOPMENT					
101-728.000-801.000	CONTRACTUAL SERVICES	HEATHER TRITCHKA	CHRISTMAS DECORATIONS FOR DOWNTOWN	167.06	105220
101-728.000-956.000	TRAINING & SEMINARS	KELLY LOPRESTO	MILEAGE EXPENSE FOR CONFERNCE IN LANSIN	45.68	105232
Total For Dept 728.000 ECONOMIC DEVELOPMENT				212.74	
Dept 756.000 PARKS					
101-756.000-801.000		BILL'S LAWN CARE, LLC	WEEKLY MOWING OCTOBER 2022	5,576.00	105198
101-756.000-801.000	TREES BY HOUSE	LONSBERRY, JEFFREY	OWEN PARK	4,600.00	105204
Total For Dept 756.000 PARKS				10,176.00	
Total For Fund 101 GENERAL FUND				55,250.41	
Fund 202 MAJOR ST./TRUNKLINE FUND					
Dept 460.000 R.O.W. MAINTENANCE					
202-460.000-801.000		BILL'S LAWN CARE, LLC	WEEKLY MOWING OCTOBER 2022	674.08	105198
Total For Dept 460.000 R.O.W. MAINTENANCE				674.08	
Dept 460.500 TRUNKLINE R.O.W. MAINTENANCE					
202-460.500-801.000		BILL'S LAWN CARE, LLC	WEEKLY MOWING OCTOBER 2022	152.00	105198
Total For Dept 460.500 TRUNKLINE R.O.W. MAINTENANCE				152.00	
Total For Fund 202 MAJOR ST./TRUNKLINE FUND				826.08	
Fund 203 LOCAL ST. FUND					
Dept 460.000 R.O.W. MAINTENANCE					
203-460.000-726.000	CRUSHED MICHIGAN RIVER ROCK	DOUBLE A LAWNSCAPING & SUIC	CRUSHED MICHIGAN RIVER ROCK	92.00	105211
203-460.000-801.000		BILL'S LAWN CARE, LLC	WEEKLY MOWING OCTOBER 2022	655.92	105198
Total For Dept 460.000 R.O.W. MAINTENANCE				747.92	

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Fund 203 LOCAL ST. FUND					
Dept 470.000 TREES					
203-470.000-801.000	CONTRACTUAL SERVICES	LONSBERY, JEFFREY	30 WARREN ST	950.00	105204
Total For Dept 470.000 TREES				950.00	
Total For Fund 203 LOCAL ST. FUND				1,697.92	
Fund 204 MUNICIPAL STREET FUND					
Dept 572.000 LEAF COLLECTION					
204-572.000-801.000	LEAF COLLECTION	DRY MAR TRUCKING & DIRTWOFLEAF COLLECTION		5,601.25	105212
204-572.000-801.000	LEAF COLLECTION	DRY MAR TRUCKING & DIRTWOFLEAF PICKUP		4,607.00	105212
Total For Dept 572.000 LEAF COLLECTION				10,208.25	
Dept 900.000 CAPITAL OUTLAY					
204-900.000-801.070	CONTRACTUAL SERVICES - BOND COST	PFM FINANCIAL ADVISORS LLC	MUNICIPAL ADVISORY SERVICES FOR BOND 20	25,306.64	105248
Total For Dept 900.000 CAPITAL OUTLAY				25,306.64	
Total For Fund 204 MUNICIPAL STREET FUND				35,514.89	
Fund 208 RECREATION FUND					
Dept 000.000					
208-000.000-004.000	CASH ON HAND	MICHELLE LOREN	YOUTH BASKETBALL CONTRACTUAL SERVICES	670.00	105233
208-000.000-653.000	TEAM AND EVENT FEES	MONET HUGENELL	6 ON 6 VOLLEYBALL REFUND - R57725	325.00	105241
Total For Dept 000.000				995.00	
Dept 751.000 RECREATION DEPARTMENT					
208-751.000-715.000	DENTAL & VISION - RECREATION	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034	56.47	413
208-751.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	1,171.78	416
208-751.000-726.000	SUPPLIES	URBAN GRAFFITI	2022 BOYS AND GIRLS YOUTH BASKETBALL IN	4,216.25	105259
208-751.000-726.000	FILE FOLDERS	CARD SERVICES CENTER	M. LOREN CREDIT CARD	223.90	414
Total For Dept 751.000 RECREATION DEPARTMENT				5,668.40	
Total For Fund 208 RECREATION FUND				6,663.40	
Fund 271 LIBRARY FUND					
Dept 790.000 LIBRARY					
271-790.000-715.000	DENTAL & VISION - LIBRARY	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034	28.24	413
271-790.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	488.24	416
271-790.000-726.000	BOOK JACKETS	DEMCO, INC	COLORED LABEL PROTECTORS & BOOK JACKETS	130.69	105210
271-790.000-726.000	SOAP REFILL	CARD SERVICES CENTER	J. SPANGLER CREDIT CARD	239.46	414
271-790.000-750.000	WALL STREET JOURNAL SUBSCRIPTION	CARD SERVICES CENTER	J. SPANGLER CREDIT CARD	29.99	414
271-790.000-850.000	TELEPHONE	BSB COMMUNICATIONS INC	ETHERFAX MONTHLY BILL 11-1-2022	56.00	105200
271-790.000-982.000	BOOKS - ADULT	BAKER & TAYLOR COMPANY	BOOKS - ADULT	29.99	105196
271-790.000-982.000	BOOKS - ADULT	BAKER & TAYLOR COMPANY	BOOKS - ADULT	5.99	105196
271-790.000-982.000	BOOKS	CARD SERVICES CENTER	J. SPANGLER CREDIT CARD	168.22	414
Total For Dept 790.000 LIBRARY				1,176.82	
Dept 792.000 LIBRARY - CHILDREN'S AREA					
271-792.000-726.000	COLORED LABEL PROTECTORS	DEMCO, INC	COLORED LABEL PROTECTORS & BOOK JACKETS	93.82	105210
271-792.000-726.000	CHILD CRAFT SUPPLIES- PLATES & P	HEIDI PRUITT	CHILDREN CRAFT SUPPLIES - PAPER PLATES	18.55	105222
271-792.000-726.000	CRAYONS	CARD SERVICES CENTER	J. SPANGLER CREDIT CARD	78.84	414
271-792.000-982.000	BOOKS	CARD SERVICES CENTER	J. SPANGLER CREDIT CARD	197.58	414
Total For Dept 792.000 LIBRARY - CHILDREN'S AREA				388.79	
Total For Fund 271 LIBRARY FUND				1,565.61	

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GL Number	Invoice Line Desc	Vendor	Invoice Description	Amount	Check #
Fund 287 ARPA GRANT FUND					
Dept 447.000 ENGINEERING SERVICES					
287-447.000-801.000	WESTWOOD AREA ENGINEERING	THE MANNIK & SMITH GROUP,	ENGINEERING SERVICES WESTWOOD AREA PROJ	8,351.00	105256
Total For Dept 447.000 ENGINEERING SERVICES				8,351.00	
Total For Fund 287 ARPA GRANT FUND				8,351.00	
Fund 409 STOCK'S PARK					
Dept 756.000 PARKS					
409-756.000-726.000	MAILING SUPPLIES - FUNDRAISER LE	CARD SERVICES CENTER	M. LOREN CREDIT CARD	22.75	414
Total For Dept 756.000 PARKS				22.75	
Total For Fund 409 STOCK'S PARK				22.75	
Fund 582 ELECTRIC FUND					
Dept 000.000					
582-000.000-110.000	U-GUARD - 2" PVC	POWERLINE SUPPLY	INVENTORY	209.40	105249
582-000.000-202.100	4CCH	FOSTER, LOIS	UB refund for account: 009973	29.33	105215
582-000.000-202.100	4CCH	MYERS, TASHIA A	UB refund for account: 010601	112.50	105243
582-000.000-202.100	4CCH	PRICE, SHERIE K	UB refund for account: 010800	183.00	105250
582-000.000-202.100	4CCH	SCOVILLE, DON G	UB refund for account: 025895	37.53	105252
582-000.000-202.100	4CCH	STUCHELL, LORI J	UB refund for account: 010061	386.70	105255
Total For Dept 000.000				958.46	
Dept 175.000 ADMINISTRATIVE SERVICES					
582-175.000-715.000	DENTAL & VISION - ELECTRIC	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	88.05	413
582-175.000-715.000	DENTAL & VISION - ELECTRIC	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	497.76	413
582-175.000-715.000	DENTAL & VISION - ELECTRIC	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	489.25	413
582-175.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	1,025.30	416
582-175.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	15,526.08	417
582-175.000-726.000	EAR PLUGS	CARD SERVICES CENTER	K. KEASAL CREDIT CARD	97.85	414
582-175.000-801.000	MOW & TRIM SUB STATIONS FOR OCTO	BAXTER LAWN AND SNOW SERV	MOW & TRIM SUB STATIONS FOR OCTOBER 202	830.00	105197
582-175.000-801.000	AMERICAN PUBLIC POWER RATING	CARD SERVICES CENTER	J. HAMMEL CREDIT CARD	1,200.00	414
582-175.000-802.000	TECHNICAL SERVICES	AMAZON CAPITAL SERVICES,	1AUTOMATIC DOOR CLOSER DOOR HANDLE UPS E	63.91	105194
582-175.000-802.000	TECHNICAL SERVICES	CANNON TECHNOLOGIES INC	THREE AMI GATEWAYS ELECTRIC	6,732.00	105201
582-175.000-802.000	TECHNICAL SERVICES	SONIT SYSTEMS, LLC	ANNUAL VEEAM BACKUP LICENSE	170.78	105253
582-175.000-850.000	TELEPHONE	BSB COMMUNICATIONS INC	ETHERFAX MONTHLY BILL 11-1-2022	28.00	105200
582-175.000-956.000	HOTEL - AMP CONFERENCE	CARD SERVICES CENTER	J. HAMMEL CREDIT CARD	378.36	414
582-175.000-956.200	MSCPA LUNCH	CARD SERVICES CENTER	J. HAMMEL CREDIT CARD	39.28	414
582-175.000-956.200	ELECTRIC TRAINING LUNCH	CARD SERVICES CENTER	L. SERGENT CREDIT CARD	119.25	414
Total For Dept 175.000 ADMINISTRATIVE SERVICES				27,285.87	
Dept 543.000 PRODUCTION					
582-543.000-920.400	504504154 - 201 WATERWORKS - PP	MICH GAS UTILITIES	NATURAL GAS UTILITY - 201 WATERWORKS	2,095.05	410
Total For Dept 543.000 PRODUCTION				2,095.05	
Dept 544.000 DISTRIBUTION					
582-544.000-726.800	40W SECURITY FLOOD LIGHT	AMERICAN COPPER AND BRASS,	40W SECURITY FLOOD LIGHT	170.00	105195
582-544.000-726.800	RATCHET	GELZER & SON INC	RATCHET	39.99	105216
582-544.000-726.800	FURNACE FILTERS	GELZER & SON INC	FURNACE FILTERS	47.97	105216
582-544.000-726.800	CABLE TIE	GELZER & SON INC	CABLE TIE	6.99	105216
582-544.000-726.800	GY WP CVR 2 LAMP/HLD/SWIVEL TAP	GELZER & SON INC	GY WP CVR 2 LAMP/HLD/SWIVEL TAP	24.18	105216
582-544.000-730.000	TESTING PR GLOVES	POWERLINE SUPPLY	TESTING PR GLOVES	1,931.00	105249
582-544.000-730.000	REPAIR BUCKET ON BACKYARD MACHIN	CARD SERVICES CENTER	J. HAMMEL CREDIT CARD	583.10	414
582-544.000-930.000	POLE DISPOSAL	MODERN WASTE SYSTEMS	POLE DISPOSAL	100.00	105240

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Fund 582 ELECTRIC FUND					
Dept 544.000 DISTRIBUTION					
582-544.000-930.000	REPAIR 12A LOAD SIDE, C PHASE ST UIS PROGRAMMABLE SERVICES REPAIR 12A LOAD SIDE, C PHASE STAB/LABC			1,248.00	105257
	Total For Dept 544.000 DISTRIBUTION			4,151.23	
	Total For Fund 582 ELECTRIC FUND			34,490.61	
Fund 588 DIAL A RIDE					
Dept 596.000 DIAL-A-RIDE					
588-596.000-715.000	DENTAL & VISION - DART	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034		141.18	413
588-596.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	2,831.80	416
588-596.000-730.000	HANDLE DOOR LOCKING-REAR	HOEKSTRA TRANSPORTATION, I	HANDLE DOOR LOCKING-REAR	47.00	105227
588-596.000-801.000		BILL'S LAWN CARE, LLC	WEEKLY MOWING OCTOBER 2022	300.00	105198
588-596.000-920.000	507035798 - 981 DEVELOPMENT DR -	MICH GAS UTILITIES	NATURAL GAS UTILITY - 981 DEVELOPMENT	136.67	411
	Total For Dept 596.000 DIAL-A-RIDE			3,456.65	
	Total For Fund 588 DIAL A RIDE			3,456.65	
Fund 590 SEWER FUND					
Dept 175.000 ADMINISTRATIVE SERVICES					
590-175.000-715.000	DENTAL & VISION - SEWER	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034		44.04	413
590-175.000-715.000	DENTAL & VISION - SEWER	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034		327.55	413
590-175.000-715.000	DENTAL & VISION - SEWER	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034		25.41	413
590-175.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	512.65	416
590-175.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	6,913.46	417
590-175.000-726.000	EAR PLUGS	CARD SERVICES CENTER	K. KEASAL CREDIT CARD	48.92	414
590-175.000-801.000	MOW & TRIM SUB STATIONS FOR OCTO	BAXTER LAWN AND SNOW SERV	MOW & TRIM SUB STATIONS FOR OCTOBER 202	415.00	105197
590-175.000-802.000	TECHNICAL SERVICES	AMAZON CAPITAL SERVICES, I	AUTOMATIC DOOR CLOSER DOOR HANDLE UPS E	31.96	105194
590-175.000-802.000	TECHNICAL SERVICES	SONIT SYSTEMS, LLC	ANNUAL VEEAM BACKUP LICENSE	85.39	105253
590-175.000-850.000	TELEPHONE	BSB COMMUNICATIONS INC	ETHERFAX MONTHLY BILL 11-1-2022	14.00	105200
590-175.000-956.200	LUNCH MEETING - TABLE TOP EXERCI	CARD SERVICES CENTER	K. KEASAL CREDIT CARD	39.99	414
	Total For Dept 175.000 ADMINISTRATIVE SERVICES			8,458.37	
Dept 547.000 TREATMENT					
590-547.000-726.900	MORTON PELLETT X 6 - WWTP	FAMILY FARM & HOME	MORTON PELLETT X 6 - WWTP	41.94	105214
590-547.000-726.900	GAMMA IRRAD COLILERT/VESSELS	IDEXX LABORATORIES	GAMMA IRRAD COLILERT/VESSELS	1,529.32	105229
590-547.000-801.000	MI0022136 QUARTERLY AMR WASTE WA	MERIT LABORATORIES	MI0022136 QUARTERLY AMR WASTE WATER	804.00	105236
590-547.000-930.000	HOOK/HITCH PIN - WWTP	FAMILY FARM & HOME	HOOK/HITCH PIN - WWTP	105.98	105214
590-547.000-930.000	DIAGNOSTIC - HVACR/LABOR	GRIFFITHS MECHANICAL	DIAGNOSTIC - HVACR/LABOR	329.00	105219
590-547.000-930.000	SERVICE CALL/HVAC LABOR AT WWTP	RYAN & BRADSHAW	SERVICE CALL/HVAC LABOR AT WWTP	98.00	105251
590-547.000-930.000	BATTERY BACK UP	CARD SERVICES CENTER	J. GIER CREDIT CARD	104.94	414
590-547.000-970.000	FLYGHT PUMP	KENNEDY INDUSTRIES	NEW WWTP INFLUENT PUMP AS PASSED BY COU	32,234.00	105230
590-547.000-970.000	CLEVIS HOOK/CHAIN	MCMMASTER - CARR	CLEVIS HOOK/CHAIN	926.78	105235
590-547.000-970.000-192001	CHANNEL MONSTER	JWC ENVIRONMENTAL	NEW WWTP CHANNEL MONSTER PURCHASE AS AF	26,162.03	105208
	Total For Dept 547.000 TREATMENT			62,335.99	
	Total For Fund 590 SEWER FUND			70,794.36	
Fund 591 WATER FUND					
Dept 000.000					
591-000.000-158.000-213002	BEARING/RADIAL BEARING/LABOR	CEM SUPPLY, INC	BEARING/RADIAL BEARING/LABOR	2,272.97	105202
	Total For Dept 000.000			2,272.97	
Dept 175.000 ADMINISTRATIVE SERVICES					
591-175.000-715.000	DENTAL & VISION - WATER	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034		44.04	413

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Fund 591 WATER FUND					
Dept 175.000 ADMINISTRATIVE SERVICES					
591-175.000-715.000	DENTAL & VISION - WATER	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	226.71	413
591-175.000-715.000	DENTAL & VISION - WATER	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	59.31	413
591-175.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	512.65	416
591-175.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	7,147.84	417
591-175.000-726.000	EAR PLUGS	CARD SERVICES CENTER	K. KEASAL CREDIT CARD	48.92	414
591-175.000-801.000	MOW & TRIM SUB STATIONS FOR OCTO	BAXTER LAWN AND SNOW SERV	MOW & TRIM SUB STATIONS FOR OCTOBER 202	415.00	105197
591-175.000-802.000	TECHNICAL SERVICES	AMAZON CAPITAL SERVICES, I	AUTOMATIC DOOR CLOSER DOOR HANDLE UPS E	31.95	105194
591-175.000-802.000	TECHNICAL SERVICES	AMAZON CAPITAL SERVICES, I	SWITCH CABINET WTP	148.99	105194
591-175.000-802.000	TECHNICAL SERVICES	SONIT SYSTEMS, LLC	ANNUAL VEEAM BACKUP LICENSE	85.38	105253
591-175.000-810.000	MEMBERSHIP DUES S. MULLALY - 10/	MICHIGAN WATER ENVIRONMEN	MEMBERSHIP DUES S. MULLALY - 10/29/22 -	80.00	105237
591-175.000-810.000	MEMBERSHIP DUES - J. GIER - 01/2	MICHIGAN WATER ENVIRONMEN	MEMBERSHIP DUES - J. GIER - 01/25/230-C	95.00	105237
591-175.000-850.000	TELEPHONE	BSB COMMUNICATIONS INC	ETHERFAX MONTHLY BILL 11-1-2022	14.00	105200
591-175.000-956.200	LUNCH MEETING - TABLE TOP EXERCI	CARD SERVICES CENTER	K. KEASAL CREDIT CARD	39.98	414
Total For Dept 175.000 ADMINISTRATIVE SERVICES				8,949.77	
Dept 544.000 DISTRIBUTION					
591-544.000-730.039	FUEL LINE/CHOKE CLEANER	FAMILY FARM & HOME	FUEL LINE/CHOKE CLEANER	10.28	105214
591-544.000-801.000	MCC 2 YRS 07/21 - 06/23 - AUGUST	HYDROCORP	MCC 2 YRS 07/21 - 06/23 - AUGUST 2022	1,400.00	105228
591-544.000-930.000	CRANE TO REPAIR ELE PUMP MOTOR @	CRAIG WICKHAM TREE SERVICE	CRANE TO REPAIR ELE PUMP MOTOR @ WTP	775.00	105205
591-544.000-930.000	ELECTRIC HEATER/HEATER CEILING M	FAMILY FARM & HOME	ELECTRIC HEATER/HEATER CEILING MT 240V	239.97	105214
591-544.000-930.000	SQ U-BOLT	GELZER & SON INC	SQ U-BOLT	6.79	105216
591-544.000-930.000	U-BOLT	GELZER & SON INC	U-BOLT	6.79	105216
591-544.000-930.000	PARTS FOR PIPE CUTTING SAW	CARD SERVICES CENTER	J. GIER CREDIT CARD	1,059.90	414
Total For Dept 544.000 DISTRIBUTION				3,498.73	
Dept 545.000 PURIFICATION					
591-545.000-930.000	HAMMER BIT	GELZER & SON INC	HAMMER BIT	27.99	105216
Total For Dept 545.000 PURIFICATION				27.99	
Total For Fund 591 WATER FUND				14,749.46	
Fund 633 PUBLIC SERVICES INV. FUND					
Dept 000.000					
633-000.000-101.000	GREEN FIRE	GOLDSTAR PRODUCTS, INC	GREEN FIRE ICE MELT	1,440.00	105217
Total For Dept 000.000				1,440.00	
Total For Fund 633 PUBLIC SERVICES INV. FUND				1,440.00	
Fund 640 REVOLVING MOBILE EQUIP. FUND					
Dept 443.000 MOBILE EQUIPMENT MAINTENANCE					
640-443.000-715.000	DENTAL & VISION - RMEF	BLUE CROSS & BLUE SHIELD	DENTAL & VISION INSURANCE GROUP 0070034	28.24	413
640-443.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	488.24	416
640-443.000-726.000	ANTI-FR EXTR HD	BRINER OIL CO, INC	ANTI-FR EXTR HD	472.50	105199
640-443.000-726.000	SUPPLIES	ELECTRICAL TERMINAL INC.	NUTS AND WASHERS	23.51	105213
640-443.000-730.000	VEH./EQUIP. MAINT. SUPPLIES	AMAZON CAPITAL SERVICES, I	REGULATOR FOR JOHN DEERE	25.99	105194
640-443.000-730.000	VEH./EQUIP. MAINT. SUPPLIES	GREENMARK EQUIPMENT	TIRE AND WHEEL	359.00	105218
640-443.000-730.000	VEH./EQUIP. MAINT. SUPPLIES	GREENMARK EQUIPMENT	IGNITION MODULE	201.98	105218
640-443.000-730.000	SPORD SWITCH	HILLSDALE BUICK GMC	SPORD SWITCH	60.70	105223
640-443.000-730.000	VEH./EQUIP. MAINT. SUPPLIES	MTECH COMPANY	FREIGHT LTL	330.00	105242
640-443.000-730.000	VEH./EQUIP. MAINT. SUPPLIES	PERFORMANCE AUTOMOTIVE	STANDARD CAPSULE	22.68	105247
640-443.000-730.000	VEH./EQUIP. MAINT. SUPPLIES	PERFORMANCE AUTOMOTIVE	MINI BULB	15.90	105247
640-443.000-742.000	CLOTHING / UNIFORMS	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	7.38	105258
640-443.000-742.000	CLOTHING / UNIFORMS	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	7.38	105258

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Fund 640 REVOLVING MOBILE EQUIP. FUND					
Dept 443.000 MOBILE EQUIPMENT MAINTENANCE					
640-443.000-742.000	CLOTHING / UNIFORMS	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	7.38	105258
640-443.000-801.000	CONTRACTUAL SERVICES	CTT EQUIPMENT , LLC	ANNUAL INSPECTION	350.00	105206
640-443.000-801.000	CONTRACTUAL SERVICES	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	24.56	105258
640-443.000-801.000	CONTRACTUAL SERVICES	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	24.56	105258
640-443.000-801.000	CONTRACTUAL SERVICES	UNIFIRST CORP	CONTRACTUAL MAT & UNIFORM SERVICE	24.76	105258
640-443.000-818.000	PREMIUM FOR STREET SWEEPER	VESTED RISK STRATEGIES INC	PREMIUM FOR STREET SWEEPER	195.00	105260
640-443.000-920.000	505153845 - 149 WATERWORKS - RME	MICH GAS UTILITIES	NATURAL GAS UTILITY - 149 WATERWORKS	292.92	409
Total For Dept 443.000 MOBILE EQUIPMENT MAINTENANCE				2,962.68	
Total For Fund 640 REVOLVING MOBILE EQUIP. FUND				2,962.68	
Fund 699 DPS LEAVE AND BENEFITS FUND					
Dept 441.000 PUBLIC SERVICES DEPARTMENT					
699-441.000-715.000	DENTAL & VISION - DPS	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034		28.24	413
699-441.000-715.000	DENTAL & VISION - DPS	BLUE CROSS & BLUE SHIELD (DENTAL & VISION INSURANCE GROUP 0070034		336.88	413
699-441.000-715.000	HEALTH INSURANCE - DEC 2022	PRIORITY HEALTH	HEALTH INSURANCE - DEC 2022	5,077.70	416
Total For Dept 441.000 PUBLIC SERVICES DEPARTMENT				5,442.82	
Total For Fund 699 DPS LEAVE AND BENEFITS FUND				5,442.82	

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Fund Totals:

Fund 101	GENERAL FUND	55,250.41
Fund 202	MAJOR ST./TRUNK	826.08
Fund 203	LOCAL ST. FUND	1,697.92
Fund 204	MUNICIPAL STREI	35,514.89
Fund 208	RECREATION FUNI	6,663.40
Fund 271	LIBRARY FUND	1,565.61
Fund 287	ARPA GRANT FUNI	8,351.00
Fund 409	STOCK'S PARK	22.75
Fund 582	ELECTRIC FUND	34,490.61
Fund 588	DIAL A RIDE	3,456.65
Fund 590	SEWER FUND	70,794.36
Fund 591	WATER FUND	14,749.46
Fund 633	PUBLIC SERVICE	1,440.00
Fund 640	REVOLVING MOBII	2,962.68
Fund 699	DPS LEAVE AND I	5,442.82

Total For All Funds:	<u>243,228.64</u>
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CITY COUNCIL MINUTES

City of Hillsdale
December 5, 2022
7:00 P.M.

Regular Meeting

Call to Order and Pledge of Allegiance

Mayor Pro Tem Morrissey opened the meeting with the Pledge of Allegiance.

Roll Call

Mayor Adam Stockford called the meeting to order. Clerk Price took roll call.

Council Members present:	William Morrissey, Mayor Pro Tem Greg Stuchell, Ward 1 Anthony Vear, Ward 1 Cynthia Pratt, Ward 2 Bruce Sharp, Ward 3 Gary Wolfram, Ward 3 Robert Socha, Ward 4 Josh Paladino, Ward 4
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Council Members absent:	Adam Stockford, Mayor
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Also Present: Attorney Tom Thompson, Katy Price (City Clerk), Jason Blake, Scott Hephner (HPD/HFD), Kristin Bauer (City Engineer), Crystal Creekmore, Justin Blankenship, Jeff Cooley, Jeanete Cooley, Brad Michael, Angela Turner, Dennis Wainscott, Louise Worms, Melissa DesJardin, Michelle Hebert, Ted Jansen, Doug Ingles, James Galloway and Leisha Taylor.

Approval of Agenda

Council Member Stuchell asked to add Old Business item B. 36 Howder Update and City Manager asked to add Old Business item C. Leaf Collection Update.

Motion by Council Member Socha, seconded by Council Member Vear to approve the agenda as amended.

By a voice vote, the motion passed unanimously.

Public Comment

Ted Jansen, 104 Hillsdale St., commented on his letter in the packet on homelessness.

Dennis Wainscott, 34 Garden St., asked to be considered as a reappointment to the Board of Review for a second term.

Melissa DesJardin, Hillsdale Community Thrift executive director, commented and updated Council on 36 Howder St.

Consent Agenda

- A. Approval of Bills
 - 1. City and BPU Claims of November 17, 2022: \$1,928,978.26
 - 2. Payroll of November 11, 2022: \$185,883.64
- B. City Council Minutes of November 21, 2022
- C. Finance Minutes of August 1, 15, September 6, 19, October 3, 17, November 7, 21, 2022
- D. Public Safety Committee Meeting Minutes of November 29, 2022
- E. New Year's Eve Bash Closures

- F. Renewal- Equalization & Land Information Service Agreement with Hillsdale County

Motion by Council Member Socha, seconded by Council Member Pratt to approve the consent agenda as presented.

By a voice vote, the motion passed unanimously.

Communications/Petitions

- A. Mitchell Research Center Open House
- B. New Year's Eve Bash
- C. Comcast Email
- D. Ted Jansen Letter

All items presented for the purpose of information only.

Introduction and Adoption of Ordinances/Public Hearings

Old Business

- A. Homeless Task Force Update

Council Member Socha (Public Safety Chair), reported on the last Public Safety meeting. Stated it was well attended and turned it over to Council Member Stuchell on Task Force update.

Council Member Stuchell reported on developing Homeless Task Force options. The Committee is looking at having two separate Task forces one from a Public Safety standpoint and one developed as a community support group both would collect data accordingly and then move forward with action.

Council Member Wolfram mentioned he has been in communication with a MEDC representative on affordable housing and development along with funding options. He would like to invite the representative to Hillsdale to speak with Council on the options that maybe available.

Further Council discussion ensued on coordinating times for the MEDC representative to come and speak with the Public Safety Committee along with Council.

No action taken.

- B. 36 Howder Street Update

City Manager Mackie reported that Melissa Desjardin was able to find the co-owner of the property and get them in contact with a buyer and they are working on purchasing the property and tearing house down along with the home besides it.

Melissa Desjardin reported to Council that she is working with the family at 36 Howder St. and looking for housing for them.

Council Member Stuchell thanked Ms. Desjardin for the commendable and great work she is doing to help the family. He is concerned with the process from the judge's order to enforcement. He inquired how long she would be able to stay in the unsafe conditions.

Melissa Desjardin stated the owner was given forms from the Code Enforcement office to get an extension for 180 days for the property with the judge's order.

- C. Leaf Collection Update

Jason Blake, DPS Director gave an update for the leaf collection. This Friday the last ward for round two will start should take 1-2 days. 80% less leaves had fallen between the first round and the second round. The street sweeper has been out cleaning the streets where the leaves were collected and will continue to clean the gutters, etc.

New Business

A. 2023 Council Meeting Dates

City Clerk Price reviewed the presented meeting dates for 2023.

- January 3 & 17
- February 6 & 20
- March 6 & 20
- April 3 & 17
- May 1 & 15
- June 5 & 19
- July 3 & 17
- August 7 & 21
- September 5 & 18
- October 2 & 16
- November 6 & 20
- December 4 & 18

The January 3 & 17 and September 5, 2023 council meetings would be held on Tuesday following the New Year, Martin Luther King and Labor Day holidays.

Motion by Council Member Sharp, seconded by Council Member Wolfram to approve the 2023 Council Meeting dates as presented.

By a voice vote, the motion passed.

B. Annual MDOT Right of Way Application (Resolution)

Jason Blake, DPS Director stated each year the City adopts a resolution which is required by the Michigan Department of Transportation for purposes of issuing individual permits to use its M-99 right of way within the City boundaries.

Motion by Council Member Sharp, seconded by Council Member Vear to approve the MDOT Right of Way Application and resolution. **Resolution #3527.**

By a voice vote, the motion passed.

C. CDBG Sanitary Lift Station Design

Kristin Bauer, City Engineer reported that associated with the Community Development Block Grant (CDBG) Application submitted earlier in 2022 city staff proposed construction of a new lift station and force main on Marion Street. This will allow for the abandonment of an existing sanitary sewer running through wetland areas that are in an advanced state of disrepair and difficult to access. The lift station requires a third party design and due to the quick design time required by the granting agency city staff approached Tetra Tech to provide a proposal and assistance to the city for this design work. Construction documents are due to the granting agency in the near future and design needs to start immediately.

Motion by Council Member Sharp, seconded by Council Member Socha to approve the design proposal by Tetra Tech, Inc. not to exceed an amount of \$32,500.

Roll call:

- Council Member Paladino Aye
- Council Member Pratt Aye
- Council Member Sharp Aye
- Council Member Socha Aye
- Council Member Stuchell Aye
- Council Member Vear Aye
- Council Member Wolfram Aye
- Mayor Pro Tem Morrisey Aye

Motion passed 8-0

Miscellaneous Reports

- A. Proclamation – General Aviation Appreciation Month

Mayor Pro Tem Morrissey read proclamation aloud.

- B. Reappointments- None
- C. Other- None

General Public Comment

Ted Jansen thanked Council Member Stuchell, Socha, Pratt and Paladino on combating the homeless.

Tracy Fowler, Jefferson Twp., thanked Council Member Wolfram for bringing some alternatives for funds for housing and efforts for the unhoused population. She thanked Mayor Pro Tem Morrissey on stating he has understanding on the diverse rational for people that are unhoused. She asked Council to engage with the unhoused. She also asked Council to engage with the state, communities, and organizations that already have data on the homeless and asked to collaborate with them.

James Galloway, stated he heard a lot of good discussion at the meeting. Galloway mentioned there is a misconception of good people and evil people and was thankful for the Share the Warmth resource in the City as housing is a problem in Hillsdale and should be looked at first.

Melissa DesJardin, commented that McKinney Vento is a good resource to get information for the homeless, along with Love Inc, and Community Action Agency.

City Manager’s Report

General Aviation Appreciation Month – reported fuel sales that are growing and resubmitted a grant application for the terminal.

December 19th meeting will have the audit presentation.

Thanked everyone involved with the Christmas in the City event as it was highly attended and a success.

Meijer Corporation plans on starting construction this spring.

Council Comments

Council Member Stuchell, spoke on the Christmas in the City event and thanked Council Member Socha, Wolfram and Mary Wolfram for being judges for the store front decoration contest and thanked all involved for making it a success.

Council Member Sharp stated the Dawn Theater has an event for Christmas gifts for children this Saturday.

Council Member Paladino stated he was able to stop in the warming center and stated he had good conversation with those there and stated they need volunteers as well. Most that attend the warming center are there for help.

Mayor Pro Tem Morrissey requested that the new Council Members be shown around to the City buildings and operations.

Adjournment

Motion by Council Member Sharp, seconded by Council Member Pratt moved to adjourn the meeting.

By a voice vote, the motion passed unanimously. The meeting adjourned at 8:02 p.m.

Will Morrissey, Mayor Pro Tem

Katy Price, City Clerk



Public Safety

December 13, 2022
6:00 pm

97 N. Broad Street
Hillsdale, MI

1. Call to Order & Pledge of Allegiance.
 - a. Chairman Rob Socha called the meeting to order at 6:00 p.m.
2. Roll call.
 - a. Public officials: Councilman Rob Socha, Councilman Greg Stuchell, Councilman Joshua Paladino, Police Chief Scott Hephner, City Manager David Mackie, and County Commissioner Doug Ingles were all present.
3. Approval of Agenda.
 - a. Stuchell moved to replace items 5 and 6 from the agenda and to replace them with a letter from Prosecuting Attorney Neal Brady and a letter from Police Chief Scott Hephner.
 - b. Paladino supported the motion.
 - c. Socha, Stuchell, and Paladino voted in favor of the motion. Motion carries.
 - d. Stuchell moved to replace item 4 from the agenda with a report from District 1 Hillsdale County Commissioner Doug Ingles.
 - e. Paladino supported the motion.
 - f. Socha, Stuchell, and Paladino voted in favor of the motion. Motion carries.
4. Report from Commissioner Doug Ingles on Lifeways and the Community Action Agency.
5. Letter from Prosecuting Attorney Neal Brady on crimes committed by people without a permanent home address.
6. New Business: Letter from Police Chief Scott Hephner on crimes committed by people without a permanent home address and on the city's need to purchase a new fire truck.
 - a. Hephner could not gather crime statistics in the short time given.

- b. Hephner asked the Public Safety Committee to present a request to the full City Council for the purchase of a new fire truck with an F550 chassis for about \$290,000.
 - c. The funds will come from the Millage Fund Expenditure Approval.
 - d. Stuchell moved to send the funding request to the City Council.
 - e. Paladino supported the motion.
 - f. In a roll call vote, Socha, Stuchell, and Paladino all voted in favor of the motion. The motion carries.
7. Miscellaneous Committee Member Items.
8. Public Comment.
- a. Jack McClain, Tracy Fowler, Michelle Hebert, Mark Nichols, Chris Wingate, Ted Jansen, Shannan Clevenger, and Leisha Taylor.
9. Adjournment.
- a. Stuchell moved to adjourn the meeting.
 - b. Paladino supported the motion.
 - c. Socha, Stuchell, and Paladino all voted in favor of the motion. Motion carries. The meeting adjourned at 6:55 p.m.

City of Hillsdale 2023 Meeting Dates

	January	February	March	April	May	June	July	August	September	October	November	December
City Council	3,17	6,20	6,20	3,17	1,15	5,19	3,17	7,21	5,18	2,16	6,20	4,18
Finance Comm.	3,17	6,20	6,20	3,17	1,15	5,19	3,17	7,21	5,18	2,16	6,20	4,18
BPU	10	14	14	11	9	13	11	8	12	10	14	12
Planning Comm.	18	15	15	19	17	21	19	16	20	18	15	20
Housing Comm.	18	-	15	-	17	-	19	-	20	-	15	-
Library	12	9	9	13	11	8	13	10	14	12	9	14
TIFA	17	-	21	*18	16	-	18	*15	19	-	21	-
Airport	14	-	-	8	-	-	8	-	-	14	-	-
EDC	-	21	-	18	-	20	-	15	-	17	-	19
Shade Tree	-	1	-	-	3	-	-	2	-	-	1	-
Cemetery	-	1	-	-	3	-	-	2	-	-	1	-

Meeting Locations & Times

City Council	Council Chamber, City Hall	7:00 p.m.
Finance	Conference Room, City Hall	6:30 p.m.
BPU	45 Monroe Street	7:00 p.m.
Planning Commission	Conference Room, City Hall	5:30 p.m.
Housing Commission	Hilltop Community Room	8:30 a.m.
Library	11 E. Bacon	5:00 p.m.
TIFA	Conference Room, City Hall	7:30 a.m.
	*Informational Meeting	6:00 p.m.
Airport	Hillsdale Municipal Airport	10:00 a.m.
EDC	Conference Room, City Hall	7:30 a.m.
Shade Tree	Conference Room, City Hall	3:00 p.m.
Cemetery Board	Conference Room, City Hall	4:15 p.m.

City Hall
97 N. Broad Street
Hillsdale, MI 49242
(517) 437-6440
*Tentative to change

City of Hillsdale Agenda Item Summary

Meeting Date: December 19, 2022

Agenda Item #: Consent Agenda

SUBJECT: Vested Risk Strategies Insurance Services Agreement

BACKGROUND PROVIDED BY STAFF: David Mackie, City Manager

PROJECT BACKGROUND:

Last year the City separated the payment of Vested Risk Strategies' services from that of the actual insurance premiums. The agreement was for one year. Attached is their agreement for 2023, which needs to be approved by City Council. The amount, \$50,000, is the same as last year.

RECOMMENDATION:

City Council approve the Insurance Services Agreement with Vested Risk Strategies in the amount of \$50,000 for the 2023 calendar year.



INSURANCE SERVICES AGREEMENT

THIS AGREEMENT is made as January 1st, 2023 by and between VESTED RISK STRATEGIES, INC. ("Consultant") and City of Hillsdale &/or Board of Public Utilities ("Client").

WHEREAS, Consultant has certain skills and abilities that may be useful to Client from time to time in the insurance and risk management industry;

WHEREAS, Consultant is an independent contractor willing to provide services to Client for the period contemplated in this Agreement;

WHEREAS, Consultant has advised Client of its willingness, ability and desire to provide advisory services to Client on a regular, but non-exclusive basis;

WHEREAS, Client is desirous of engaging Consultant to provide advisory services to Client on the terms set forth herein.

NOW THEREFORE, in consideration of the foregoing recitals and the terms, conditions and covenants contained herein, it is hereby agreed as follows:

I. APPOINTMENT

- a. Client hereby engages Consultant as an independent contractor for the sole purpose of performing the Services as described in Article III of this Agreement and Consultant accepts such appointment and agrees to perform the Services.
- b. Consultant is and shall remain an independent contractor with respect to its performance and obligations hereunder and shall have no power to act on behalf of or bind Client.

II. TERM OF AGREEMENT

- a. Subject to the terms of this section, this Agreement shall have a term of one (1) year starting as of the date first written above.
- b. This Agreement shall terminate automatically if Client becomes subject to mandatory ineligibility to contract with Consultant under applicable laws and regulations.

III. CONSULTANT DUTIES

- a. Consultant's duties under this Agreement are to provide, at the request of Client, non-exclusive, independent advisory and consulting services to Client for the purposes of assistance in the procurement and placement of Client's property & casualty insurance needs with appropriate insurers and/or performance based insurance options as outlined in Exhibit A.
- b. Consultant shall serve with objectivity and complete loyalty solely the insurance interests of Client and shall render to Client such information, counsel, and service as within the

BE CERTAIN.



knowledge, understanding, and opinion, in good faith of the Consultant, best serves the Client's insurance needs and interests.

- c. Services are limited to an advisory capacity only and represent the opinion(s) and suggestion(s) of Consultant. Notwithstanding the Services being provided by Consultant, Services shall not be construed, in any way, shape or form, as decisions on the part, or in behalf, of Client.
 - d. Client hereby specifically states and agrees that all decisions related to Client's business, operations, personal affairs, and any and all other matters discussed between Client and Consultant, are deemed to have been made and shall be made by Client in its sole and absolute discretion.
 - e. Client hereby specifically states and understands that Consultant is not an attorney, a certified public accountant or a certified financial planner, and that no representations or warranties to that effect have been made by Consultant. Client hereby assumes the sole responsibility for the legality of any and all decisions made, whether or not at the suggestion of Consultant.
 - f. Notwithstanding the above, failure to Consultant with and/or implement the suggestion(s) of Consultant shall not be deemed cause for non-payment of Services.
 - g. A consulting agreement must be retained by the agent for not less than two (2) years after completion of the services.
- IV. CONSULTANT'S COMPENSATION. For all services rendered by the Consultant under this Agreement, Client shall pay the Consultant the fees identified on Exhibit A attached hereto and made a part hereof.
- V. INDEMNIFICATION. Client agrees to indemnify and hold harmless Consultant and all of its officer, directors and employees ("Indemnities") against any and all costs, losses, liabilities, expenses (including reasonable attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with third party claims against any Indemnity, which result (i) from any act or omission constituting negligence, willful misconduct or breach of fiduciary duty by an officer, director or employee of Client in connection with this Agreement, or (ii) in connection with the Services rendered by the Consultant hereunder.
- VI. CONFIDENTIALITY. Consultant shall receive and have access to information that is considered proprietary and confidential to Customer. Both during and after the term of this Agreement, Consultant agrees to preserve and protect the confidential nature of this information without Customer's written consent. Confidential and proprietary information shall include, but not be limited to, any information pertaining to materials, contributors, practices, processes, systems, products, projects, financial condition or business of Customer, but does not include any information that has become publicly available other than by reason of Consultant's failure to comply with this Agreement.
- VII. REPRESENTATIONS, WARRANTIES AND COVENANTS

BE CERTAIN.

- a. Each of the parties hereto warrants and represents that it has the authority, corporate and otherwise, to enter into this Agreement and perform in accordance with the terms thereof.
- b. Client acknowledges and agrees that Consultant shall be providing Services hereunder based upon information provided to Consultant by Client. Client warrants and represents said information is true and correct. Client agrees to indemnify Consultant for any breach of the foregoing warranty or representation.

VIII. MISCELLANEOUS PROVISIONS

- a. Neither Client nor Consultant may assign or transfer this Agreement or any rights or benefits under this Agreement to any person or entity without the prior written approval of the other party.
- b. The rights and remedies provided in this Agreement are cumulative and not exclusive and are in addition to any other rights and remedies the parties may have at law or otherwise.
- c. Neither party's waiver of the other's breach of any term, covenant or condition contained in this Agreement shall be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition in this Agreement.
- d. The headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of any article or section of this Agreement. The covenants contained in or liabilities accrued under this Agreement which, by their terms, require their performance after the expiration or termination of this Agreement shall be enforceable notwithstanding the expiration or other termination of this Agreement.
- e. This Agreement shall be governed by and construed in accordance with the laws of the state of Michigan.
- f. If any provision of this Agreement shall be determined to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby, and every provision of this Agreement shall remain in full force and effect and enforceable to the fullest extent permitted by law.
- g. Time is of the essence in the performance of the duties under this Agreement.
- h. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- i. This Agreement, and the materials incorporated herein by reference, constitute the entire agreement between the parties. There are not promises or other agreements, oral or written, express or implied, between the parties other than as set forth in this Agreement. No change or modification of, or waiver under this Agreement shall be valid unless it is in writing and signed by duly authorized representatives of Client and Consultant.

BE CERTAIN.



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.

Vested Risk Insurance, Inc.

City of Hillsdale &/or Board of Public Utilities

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

MI LIC # _____

BE CERTAIN.

Insurance · Benefits · Risk Strategies

EXHIBIT A – SCOPE OF WORK

Fee for Services: \$50,000

Scope of Services

1. Review and assist City in the update of all property values using fixed asset lists and other sources of information as requested by insurance carrier for purposes of renewal.
2. Review and assist City in the update of underwriting information for use by insurance carrier for purposes of quotation.
3. Review quotations submitted for accuracy, quality of coverage and premium competitiveness.
4. Prepare summary of quotations and make recommendations on placement.
5. Place coverage with selected carriers and negotiate any desired changes in premiums, rates, forms, terms and conditions of such coverage.
6. Check invoices, binders, policies, endorsements, etc. for accuracy and order changes and/or corrections as needed.
7. Coordinate, analyze and review loss prevention activity of the insurance carriers.
8. Coordinate, analyze and review appraisals of insurable values by insurance carriers and/or updates of values from department heads and other sources.
9. Meet and discuss insurance policies, loss prevention recommendations, appraisal updates of insurable values and client's needs with insurance carriers.
10. Review leases, contracts, construction documents, etc. as requested by the client as they relate to property and/or boiler machinery insurance needs.
11. Provide annual written survey/summary of all insurance policies, including listing of carriers, dates, premiums and coverages.
12. Provide premium breakdowns as needed of annual premium costs and interact with department heads and other city personnel to determine proper values by department.
13. Attend meetings with client and/or insurance carriers as may be necessary to perform the above services.
14. Provide ongoing advice, assistance and recommendations with respect to client's insurance needs.

BE CERTAIN.

City of Hillsdale Agenda Item Summary

Meeting Date: December 19, 2022

Agenda Item #: Consent Agenda

SUBJECT: Trident Property and Casualty Insurance

BACKGROUND PROVIDED BY STAFF: David Mackie, City Manager

PROJECT BACKGROUND:

Attached is the City's updated insurance coverages and rates for 2023 with Trident Property and Casualty Insurance. Premiums are up 8.96% based on exposure and rate pressures. Vested Risk Strategies is recommending the City approve the renewal as the increase is slightly better than the market.

RECOMMENDATION:

City Council approve renewing with Trident for property and casualty insurance in the amount of \$310,249.63 for the 2023 calendar year.

INSURANCE SUMMARY

Prepared For



PRESENTED BY:

VESTED RISK STRATEGIES

Christopher Sumnar

Date: December 14, 2022

This presentation is designed to give you an overview of the insurance coverages carried by your company. It is meant only as a general understanding of your insurance program and should not be construed as a legal interpretation of the insurance policies. Please refer to your specific insurance contracts for details on coverages, conditions, and exclusions.

EXECUTIVE SUMMARY

Exposure increases and rate pressure combined for a total program increase of just under nine percent.

Property

Scheduled values are up seven percent or \$5.8M.

General Liability, Public Officials Liability, Employment Practices Liability & Law Enforcement Liability

While City and BPU's Law Enforcement Liability exposure was reduced by 1 officer, City and BPU's General Liability, Public Officials Liability, Employment Practices Liability net expenditures increased by 4%, producing a premium increase of eleven percent.

Cyber Liability

Cyber liability continues to be the most troubled line of coverage in the industry. Average increases were 54% as of July. City and BPU's renewal reflect a 36% change.

Commercial Auto

City and BPU's auto liability and physical damage coverage is up 6 percent, contributed by 4 additional vehicles that increased overall vehicle values by \$425,912.

Information Needed

- Signed Statement of Values
- Completed Terrorism Acceptance/Rejection Form
- Satisfactory confirmation that you have downloaded & registered for CFC's incident response cyber mobile app, details of which can be found with your policy documents (30 days post binding).
- Signed version of the cyber application form submitted, dated within 30 days of the required inception date (14 days post binding).

GENERAL LIABILITY

Occurrence

Standard Coverage	Limit
Bodily Injury/Property Damage	\$1,000,000
Personal Injury/Advertising Injury	\$1,000,000
Damages to Premises Rented to You	\$100,000
Employee Benefits (\$1,000 deductible applies)	\$1,000,000
General Aggregate	\$3,000,000
Products/Completed Operations Aggregate	\$3,000,000
GL Deductible (Expenses included within retention)	N/A
	N/A Aggregate
Medical Payments	Excluded
Retroactive Date	N/A

Optional Coverages	Limit	Deductible
Unmanned Aircraft Under 25 Pounds – GL-230	\$25,000	N/A
Firefighters Elective Surgery Coverage Amendment - GL5003	\$25,000 Per Employee \$50,000 Annual Aggregate	N/A
Failure to Supply Sublimit– GL-211	\$1,000,000	N/A
Sexual Abuse or Molestation Liability Sublimit – GL-201	\$500,000 Each Occurrence \$500,000 Aggregate	N/A

PUBLIC OFFICIALS

Claims Made

Standard Coverage	Limit
Per Wrongful Act	\$1,000,000
Annual Aggregate	\$3,000,000
Employment Related Wrongful Acts	Excluded
Deductible Each Wrongful Act (Expenses included within retention)	\$5,000
	N/A Aggregate
Retroactive Date	1/1/2000

Additional Coverages	Limit	Deductible
Non-Monetary Defense Limit	\$10,000	\$5,000
Non-Monetary Defense Annual Aggregate	\$50,000	

EMPLOYMENT PRACTICES LIABILITY

Claims Made

Standard Coverage

Limit

Per Wrongful Employment Act

\$1,000,000

Annual Aggregate

\$3,000,000

Deductible Each Wrongful Act (Expenses included within retention)

\$10,000

N/A Aggregate

Retroactive Date

1/1/2000

Additional Coverages

Limit

Deductible

Back Wages

\$50,000

\$10,000

Non-Monetary Defense Limit Per Suit

\$50,000

\$10,000

Non-Monetary Defense Annual Aggregate

\$50,000

EEOC* Per Complaint/Charge of Discrimination

\$10,000

\$2,500

EEOC* Annual Aggregate

\$50,000

*EEOC = Equal Employment Opportunity Commission

LAW ENFORCEMENT LIABILITY

Occurrence

Standard Coverage

Limit

Per Wrongful Act	\$1,000,000
Annual Aggregate	\$3,000,000
Deductible Each Wrongful Act (Expenses included within retention)	\$25,000
	N/A Aggregate
Retroactive Date	N/A

AUTOMOBILE LIABILITY

Standard Coverage	Limit	Symbol
Liability Limit (CSL)	\$1,000,000	1
Deductible	\$0 Per Accident N/A Aggregate	
Uninsured Motorist	\$100,000	2
Underinsured Motorist	Included	2
PIP/No Fault	Unlimited	5
Medical Payments	N/A Each Insured N/A Aggregate	
Hired & Non-Owned		Included
Total Units Quoted		87

AUTOMOBILE PHYSICAL DAMAGE

Standard Coverage	OCN	Deductible	Units	Valuation	Symbol
Comprehensive	\$6,321,428	See Schedule	87	See Schedule	10
Collision	\$6,321,428	See Schedule	87	See Schedule	10
Specified Causes of Loss	N/A	See Schedule	N/A	See Schedule	N/A

AUTO COVERAGE CONDITIONS

1 - Auto Liability (Symbol 1)

Coverage is automatically provided for Any Auto.

2 - Auto Physical Damage (Symbol 10)

Coverage is automatically provided only for those “autos” you own that meet the requirements listed below:

1. “Auto” is shown in the Declarations as having physical damage coverage, as of the effective date shown in the Declarations; or
0.
 - a. “Auto” you newly acquire after the effective date shown in the Declarations; and
 - b. “Auto” is of a similar make, model and departmental usage as any “auto” that is currently covered under this policy for Physical Damage coverage; and
 - c. “Auto” change is reported to us within 30 days after you acquire the “auto”, and
 - d. Vehicle value is less than \$250,000.

IMPORTANT NOTE: The quoted premium is the final premium. Your coverage is not subject to an annual audit, with an exception for those autos that do not meet the conditions outlined in items 2a through 2d above. You must submit a request for coverage for these auto(s) exceptions. Auto Physical Damage Coverage will then be added by endorsement.

You should continue to report all auto changes, to ensure accurate record-keeping and to expedite claims verification.

PROPERTY

Standard Coverage

Limit

Building	\$60,788,850
Business Personal Property	\$27,741,471
TOTAL INSURED VALUES	\$88,530,321
Blanket Limit Applies	Yes
Cause of Loss Form	Special
Co-Insurance	Agreed Amount
Deductible	\$5,000
Valuation	RC
Margin Clause	N/A

Other Perils	Included/ Excluded	Limit	Deductible	Subject to Minimum
Wind	Included		\$5,000 AOP	N/A
Flood	Excluded	N/A	N/A	N/A
Earthquake	Excluded	N/A	N/A	N/A

If a Flood limit is shown above, please note that we will not pay for any loss or damage arising out of a flood that occurs at any location located wholly or partially in FEMA identified Zones A or V, regardless of how the Zone may be named.

Equipment Breakdown

Description	Limit
Limit	\$89,030,321
Deductible – Business Income and Extra Expense	72 Hours
Pollutant Clean Up and Removal	\$250,000
Refrigerant Contamination	\$250,000
Spoilage	\$250,000
Deductible – Direct Damage	\$5,000

Except \$250,000 PD deductible applicable to Generators

Except \$200,000 PD deductible applicable to Transformers

Business Income/Extra Expense coverage is excluded at Power Generation and Substation/Transformer locations.

Property Features and Benefits

Description	Limit	Deductible
Business Income Coverages		
Business Income and Extra Expense	\$500,000	72 Hours
Dependent Property	\$100,000	72 Hours
Interruption Of Computer Operations	\$10,000	72 Hours
Lease Cancellation Moving Expenses	\$5,000	None
Newly Acquired or Constructed Property - Business Income	\$500,000	72 Hours
Off Premises Utility Failure-Business Income	\$50,000	24 Hours
Ingress or Egress	\$25,000	72 Hours
Pollutant Clean Up and Removal	\$25,000	72 Hours
Coverage Modifications		
Ordinance and Law		
Coverage A – Undamaged Portion of Building	Included	Included
Coverage B – Demolition	\$1,000,000	Included
Coverage C – Increased Cost of Construction	\$1,000,000	Included
Accidental Classroom Chemical Spills	\$50,000	\$5,000
Accounts Receivable Records	\$100,000	\$5,000
Accumulation of Surface Water	\$25,000	\$5,000
Animals		
Occurrence Limit	\$10,000	\$5,000
Aggregate Limit	\$50,000	
Appurtenant Structures	\$100,000	\$5,000
Audio Visual and Communication Equipment	\$100,000	\$250
Changes in Temperature Or Humidity	\$50,000	\$5,000
Commandeered Property	\$250,000	\$250
Computer Equipment	\$250,000	\$5,000

Property Features and Benefits

Description	Limit	Deductible
Portable Computer Equipment		
Per Item Limit	\$1,500	\$5,000
Per Policy Limit	\$15,000	
Course of Construction		
Per Building	\$25,000	\$5,000
Per Policy Year	\$100,000	
Debris Removal - Your Premises	\$250,000	\$5,000
Debris Removal - Wind Blown Debris	\$10,000	\$5,000
Electrical Damage	\$50,000	\$5,000
Electronic Data	\$100,000	\$5,000
Fine Arts	\$100,000	\$5,000
Fire Department Service Charge	\$25,000	None
Fungus, Wet Rot, Dry Rot and Bacteria (limited coverage)	\$15,000	\$5,000
Glass Display or Trophy Cases	\$5,000	\$500
Inventory And Appraisal	\$20,000	\$5,000
Key Card Coverage	\$25,000	\$5,000
Lock Replacement	\$10,000	None
Money And Securities		
On Your Premises	\$20,000	\$5,000
Away From Your Premises	\$10,000	\$5,000
Newly Acquired Or Constructed Property		
Buildings	\$1,000,000	\$5,000
Your Business Personal Property	\$1,000,000	\$5,000
Non-owned Detached Trailers	\$20,000	\$5,000
Off Premises Utility Failure - Damage to Covered Property	\$100,000	\$5,000
Outdoor Property	\$100,000	\$5,000

Property Features and Benefits

Description	Limit	Deductible
Outdoor Signs	\$5,000	\$5,000
Personal Effects And Property Of Others	\$50,000	\$5,000
Any one Employee or Volunteer	\$1,500	
Pollutant Clean Up and Removal	\$500,000	\$5,000
Property In Transit	\$50,000	\$5,000
Property Off-premises	\$50,000	\$5,000
Recharge Of Fire Protection Equipment	\$10,000	None
Retaining Walls	\$5,000	\$5,000
Reward Payments	\$15,000	None
Salesperson's Samples	\$10,000	\$5,000
SCADA Upgrade	\$100,000	\$5,000
Penstock	\$100,000	\$5,000
Sod, Trees, Shrubs and Plants		
Any One Tree, Shrub or Plant	\$1,000	
Occurrence Limit	\$10,000	\$5,000
Spoilage	\$25,000	\$5,000
Theft of Jewelry, Furs, Stamps and Other Specified Items		
Per Item	\$2,500	
Max Occurrence Limit	\$10,000	\$5,000
Undamaged Leasehold Improvements	\$50,000	\$5,000
Underground Fiber Optic Cable		
Any One Occurrence	\$10,000	\$5,000
Each 12-month Period	\$50,000	
Underground Property, Paved Surfaces or Athletic Fields	\$250,000	\$5,000
Valuable Papers and Records (Other Than Electronic Data)	\$100,000	\$5,000

Property Features and Benefits

Description	Limit	Deductible
Virus, Harmful Code or Similar Instruction	\$25,000	\$5,000
Golf Course Coverages		
Tee To Green	N/A	N/A
Sprinkler and Underground Wiring	N/A	N/A
Additional Golf Property	N/A	N/A

INLAND MARINE

Standard Coverage	Limit	Deductible	Co-Ins %	Valuation
Animal Floater			N/A	AA
Animal Floater	N/A	N/A		
Computer Systems Coverage		\$1,000	N/A	FRC/ACV
Computer Equipment	\$750,000			
Media and Data Equipment	N/A			
Property in Transit	N/A			
Contractors Equipment			N/A	RC < 20 years
Scheduled Equipment	\$1,049,576	\$1,000		
Blanket Unscheduled Equipment				
Any One Item	N/A			
Any One Occurrence	N/A	N/A		
Blanket Miscellaneous Tools				
Any One Item	N/A			
Any One Occurrence	N/A	N/A		
Equipment Borrowed from Others				
Any One Item	N/A			
Any One Occurrence	N/A	\$1,000		
Equipment Leased or Rented from Others				

INLAND MARINE

Standard Coverage	Limit	Deductible	Co-Ins %	Valuation
Any One Item	\$10,000			
Any One Occurrence	\$130,000	\$1,000		
Equipment Loaned to Others				
Any One Item	N/A			
Any One Occurrence	N/A	\$1,000		
Equipment Leased or Rented to Others				
Any One Item	N/A			
Any One Occurrence	N/A	\$1,000		

INLAND MARINE

Standard Coverage	Limit	Deductible	Co-Ins %	Valuation
Waterborne				
Any One Item	N/A			
Any One Occurrence	N/A	\$1,000		
Fine Arts			N/A	
Scheduled Covered Property	\$93,000	\$1,000		AV
Blanket Unscheduled Property				ACV
Any One Item	\$10,000			
Any One Occurrence	\$250,000	\$1,000		
MISCELLANEOUS PROPERTY			N/A	ACV
Scheduled Property				
Emergency-Fire Equipment	N/A	N/A		
Emergency-Police Equipment	N/A	N/A		
Emergency-All Other Equipment (NOC)	N/A	N/A		
Musical Instruments	N/A	N/A		
Watercraft	\$2,000	\$1,000		
All Other (NOC)	\$12,750	\$1,000		
Blanket Unscheduled Property				
Other				
Any One Occurrence	\$55,000	\$1,000		
Max Per Item Limit	\$2,500			
N/A				
Any One Occurrence	N/A	N/A		
Max Per Item Limit	N/A			
N/A				
Any One Occurrence	N/A	N/A		
Max Per Item Limit	N/A			

INLAND MARINE

Standard Coverage	Limit	Deductible	Co-Ins %	Valuation
N/A				
Any One Occurrence	N/A	N/A		
Max Per Item Limit	N/A			
N/A				
Any One Occurrence	N/A	N/A		
Max Per Item Limit	N/A			
N/A				
Any One Occurrence	N/A	N/A		
Max Per Item Limit	N/A			
Unmanned Aircraft		N/A		
Scheduled Property	N/A		N/A	N/A
Blanket Property	N/A		N/A	N/A
Any One Occurrence Total	N/A			
Rental Reimbursement				
Rental Reimbursement	N/A			

CRIME

Description	Limit	Deductible
Employee Theft		
Employee Theft – Per Loss	\$500,000	\$1,000
Employee Theft - Per Employee	N/A	N/A
Faithful Performance of Duty	Included	Included
Excess Over Statutory Bond	N/A	N/A
Include Expenses Incurred	N/A	N/A
Forgery or Alteration		
Forgery or Alteration	\$500,000	\$1,000
Inside the Premises-Theft of Money & Securities		
Inside the Premises - Theft of Money & Securities	\$500,000	\$1,000
Increase Limit of Insurance for Specified Periods (N/A - N/A)	N/A	N/A
Inside the Premises-Robbery or Safe Burglary of Other Property		
Inside the Premises - Robbery or Safe Burglary of Other Property	\$500,000	\$1,000
Increase Limit of Insurance for Specified Periods (N/A - N/A)	N/A	N/A
Outside the Premises		
Outside the Premises	\$500,000	\$1,000
Increase Limit of Insurance for Specified Periods (N/A - N/A)	N/A	N/A
Computer and Funds Transfer Fraud		
Computer and Funds Transfer Fraud	\$500,000	\$1,000
Include Expenses Incurred	N/A	\$1,000
Money Orders and Counterfeit Money		
Money Orders and Counterfeit Money	\$500,000	\$1,000

CRIME

Description	Limit	Deductible
Policy Aggregate Limit		
Policy Aggregate Limit of Insurance	N/A	
Destruction of Electronic Data or Computer Program		
Destruction of Electronic Data or Computer Program	N/A	N/A
Fraudulent Impersonation		
Fraudulent Impersonation	N/A	N/A
Coverage Provided For:		
Verification Required For:		

EXCESS LIABILITY

Standard Coverage

	Limit
Each Occurrence, Offense, Accident or Wrongful Act	\$4,000,000
Annual Aggregate	\$4,000,000

Underlying Insurance

General Liability	\$1,000,000
Public Officials Liability	\$1,000,000
Employment Practices Liability	\$1,000,000
Law Enforcement Liability	\$1,000,000
Automobile Liability	\$1,000,000
Employers Liability	N/A

CYBER LIABILITY

Named Insured: City of Hillsdale &/or Board of Public Utilities
 Policy Term: 1/18/2023 to 1/18/2024

INSURER: CFC Underwriting Ltd (Underwriters at Lloyd's)

Limits of Liability

Coverage Description

Cyber Incident

\$2,000,000	Cyber Incident Response Costs
\$2,000,000	Legal and Regulatory Costs
\$2,000,000	IT Security and Forensic Costs
\$2,000,000	Crisis Communication Costs
\$2,000,000	Privacy Breach Management Costs
\$2,000,000	Third Party Privacy Breach Management Costs

Cyber Crime

\$250,000	Funds Transfer Fraud
\$250,000	Theft of Funds Held in Escrow
\$250,000	Theft of Personal Funds
\$2,000,000	Extortion
\$250,000	Corporate Identity Theft
\$250,000	Telephone Hacking
\$50,000	Push Payment Fraud
\$250,000	Unauthorized Use of Computer Resources
\$2,000,000	System Damage and Business Interruption
\$2,000,000	Network Security & Privacy Liability
\$2,000,000	Media Liability
\$100,000	Court Attendance Costs

Retention:

Each Claim	\$15,000
Incident Response Costs	\$0

Higher Limits Available on Request

PREMIUM SUMMARY

Named Insured: City of Hillsdale &/or Board of Public Utilities
 Policy Term: 1/1/2023 to 1/1/2024

Line of Business	2022-2023 Premium	2023-2024 Premium
Property	\$ 70,336.00	\$ 76,708.00
Inland Marine	\$ 4,156.00	\$ 4,221.00
Crime	\$ 4,276.00	\$ 3,613.00
General Liability	\$ 72,340.00	\$ 77,413.00
Employee Benefits Liability	Included	Included
Public Entity Management Liability	\$ 13,311.00	\$ 15,804.00
Employment Practices Liability	\$ 17,900.00	\$ 22,236.00
Law Enforcement Liability	\$ 14,510.00	\$ 15,607.00
Commercial Auto	\$ 41,187.00	\$ 43,678.00
Boiler & Machine	Included	Included
Umbrella	\$ 26,192.00	\$ 28,719.00
Cyber Liability	\$ 16,408.13	\$ 22,250.63
<i>Subtotal</i>	\$ 280,616.13	\$ 310,249.63
Advisor Compensation	\$ 50,000.00	\$ 50,000.00
TOTAL	\$ 330,616.13	\$ 360,249.63
Premium Difference		\$ 29,633.50
% Difference		8.96%

RECOMMENDATIONS

Coverage Recommendations

- Active Shooter Liability – Declined in December 2019
- Environmental Impairment Liability – Declined in December 2019

Risk Management / Loss Control Recommendations

- Implement Driver Screening and Acceptability Program



ISSUED: 12/7/2022

The Keefer House Hotel

QUARTLY CONSTRUCTION UPDATE

City of Hillsdale
ATTN: Hillsdale City Manager's Office
97 N. Broad Street
Hillsdale, MI 49242

Dear Mr. Mackie,

This letter is to update the city on the construction status of the Keefer House Hotel. Since mid-October, the excavation crew has worked to remove an additional 1 ft of dirt across the entire basement of the hotel. Due to the size and access and of the entrances to the basement very little equipment is capable of being brought in to help the excavation. However, they were able to utilize a battery-powered skid steer to loosen and dig out the dirt along with conveyor belts, shovels, and a backhoe to remove the excess cement out of the basement. During this round of excavation, we unexpectedly discovered perched water in the basement, creating a slop of mud about 9 inches thick which needs to be over-excavated and backfilled with new dirt. The mud caused mechanical equipment failure and sunk the mini skid. Our team is installing kelly wells as a de-watering method while the excavation crew continues to work through the mud slop. The plumbers are set to begin their underground plumbing in the first portion of the basement while we manage the water and excavate the remainder. Following the plumber's installation, we will go through inspections then pour the new basement slab and structural concrete and prepare for the new structural steel.

Best Regards,

A handwritten signature in black ink, appearing to read 'Brant Cohen'.

Brant Cohen
Michigan, Suburban Chicago, Aviation Development Associate
CLRED

CC'd: Nathan Watson, Alan Beeker, Drew Gelzer, Mayor Stockford.



OFFICE OF PROSECUTING ATTORNEY
HILLSDALE COUNTY

NEAL A. BRADY
PROSECUTING ATTORNEY

JAMIE J. WISNIEWSKI
CHIEF ASSISTANT

December 5, 2022

29 NORTH HOWELL STREET
HILLSDALE, MICHIGAN 49242

TELEPHONE (517) 439-1419
FACSIMILE (517) 439-5141

Councilman Greg Stuchell
Hillsdale City Council
Public Safety Committee
Hillsdale, MI 49242

RE: Homeless Population

Dear Greg:

The Prosecutor's Office does not generally track biographical information except as it may apply to a person's charges or criminal history. There is a mechanism to collect such data if it is one of the standard fields filled out when logging in the warrant requests submitted by police agencies. A warrant request is a formal request by law enforcement for criminal charges against an individual after an investigation or after a warrantless arrest. The warrant request form has upon it identifying information which includes name, address, date of birth, race, sex and license or ID number. Attached to this is a detailed police report describing the investigation.

Recently, within the last three years, law enforcement has begun listing on warrant requests the term "Homeless" for those who do not have a permanent address or who literally identify themselves as homeless. Overwhelmingly among law enforcement, the Hillsdale City Police have used this designation. Because of this, we can mine from the system all people who on warrant requests are identified as "Homeless." These people are likely to be desperately homeless or have been homeless for a substantial period of time. Some officers choose to list a last known address, leave it blank or list an address found on a valid ID even though the person may technically be homeless. Having a standard definition for who is considered homeless and instructing police to use it on warrant requests would provide more accurate data. Therefore our data is likely capturing a number lower than the actual number of "Homeless" warrant requests. For instance, a homeless person whose address was left blank was sentenced to prison on December 5, 2022, for biting an EMT who was providing him assistance for an apparent drug overdose.

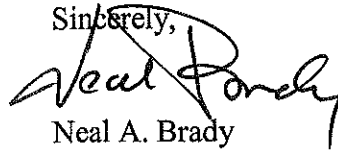
As of December 5, 2022, we have received 61 requests for charges against people designated as "Homeless." Of those 61 requests, 38 warrants were issued, as not all facts can be proven beyond a reasonable doubt and even those that can be do not always justify criminal charges.

December 5, 2022
Councilman Greg Stuchell
Page Two

The 38 warrants issued are broken down by charge in rank of frequency. Felonies are designated by an "F."

F-Possession of Methamphetamine (7)
Retail Fraud (6)
F-Resisting & Obstructing Police (3)
Domestic Violence (3)
Trespassing (2)
Assault & Battery (2)
Disturbing the Peace (2)
Illegal Entry (2)
Driving While License Suspended (2)
F-Aggravated Indecent Exposure (1)
F-Illegal Use of Financial Transaction Device (1)
F-Breaking & Entering (1)
Disorderly Person (1)
Malicious Destruction of Property (1)
Larceny (1)
F-Sex Offender Registry Violation (1)
Possession of Marijuana (1)
Operating While Intoxicated (1)

I hope this will provide the Council with useful information. Good luck in your mission.

Sincerely,

Neal A. Brady
Prosecuting Attorney

NAB/kt

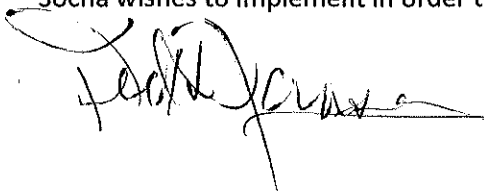
December 14, 2022

Mayor Stockford and Members of the Hillsdale City Council,

I had the intention of writing a letter complimenting the Public Safety Committee for their efforts to develop the foundation for a better way to deal with our Neighbors Without Housing. After attending the committee meeting on December 13, 2022, I cannot be of that mind.

Councilperson Stuchell elected to demonize these individuals citing some statistics from the Prosecutor and then adding his own opinion that some of the misdemeanors should be considered to be violent crimes. In citing the number of pending charges, Stuchell failed to recognize that the Prosecutor routinely overcharges an individual in order to foster a plea deal. There was also a comment from Councilperson Socha giving an anecdotal example of a woman seeing a man dressed in camoflage on the trail and expressing her fear because he was 'staring at her.' She did walk/run past this individual without incident. This individual could have been Commisioner Brad Benzing, an avid hunter. Should we fear every person we come cross that wears camoflage. Socha noted that appearances are important and essentially, if one doesn't dress 'like the rest of us', they are homeless and a potential source of danger to the general populace.

Socha also pressed forward with the notion to create an anti-camping ordinance to control our Neighbors Without Housing. Even though I had provided Council with information that such actions could be violations of one's Civil Rights. Interesting, that one who professes to support the constitution, ignores the U.S. Supreme court decision that arresting the homeless on public property when they create a shelter for themselves is considered Cruel and Unusual Punishment when there is not adequate shelter housing available. I am certain that this was said just to appease the Hillsdale elite who look down upon these individuals. I have attached exhibits from MARTIN v BOISE which notes the cost to the City of Boise for its enforcement of an anti-camping ordinance that was overturned. The City had to pay the Plaintiffs Attorney's legal fees of \$435,000 generated over this 10 year legal battle (Exhibit B). It does not state what the City Attorneys fees were. Is the City of Hillsdale prepared for substantial legal fees for a prolonged court case that it will lose? I have also attached other exhibits noting the modified ordinance and police procedure dealing with the homeless. It would be Best Practice to have the City Attorney research this and report back to the Council on the viability of the anti-camping ordinance that Socha wishes to implement in order to control our Neighbors Without Housing.

 104 Hillsdale St

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Email: etars@nlchp.org

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF IDAHO**

ROBERT MARTIN, et al.,

Plaintiffs,

v.

CITY OF BOISE, et al.,

Defendants.

) Case No. 1:09-cv-0540-REB
)
) **JOINT MOTION FOR DISMISSAL WITH**
) **PREJUDICE**
)
)
)
)

Plaintiffs Robert Martin, Pamela Hawkes, and Robert Anderson (“Plaintiffs”) and Defendant City of Boise (“Defendant”) (collectively, “the Parties”), pursuant to Fed. R. Civ. P. 41(a), report that they have reached a settlement of the claims in this action, as described in the Settlement Agreement Term Sheet attached as Exhibit A to this filing. Pursuant and subject to the terms of the Parties’ Settlement Agreement, attached hereto as Exhibit B, and conditional on (1) approval by the City of Boise of the terms of the Settlement Agreement, (2) the appropriation of funds as set out in the Settlement Agreement, and (3) amendment of the Camping and Disorderly Conduct Ordinances, attached as Exhibits C and D, as agreed to by the Parties, the Parties hereby move for an order dismissing all claims in this action with prejudice, subject to the terms of the Settlement Agreement. Each party will pay its own costs, expenses, and attorneys’ fees except as otherwise set forth in the Settlement Agreement. Conditional on approval by the City of Boise of the terms of the settlement, the appropriation of funds as set out in the Settlement Agreement, and amendment of the Camping and Disorderly Conduct Ordinances as agreed to by the Parties, the Court’s dismissal of this action with prejudice shall operate as a release of the City (including its agents, officers, and employees) from all remaining claims in this case. The parties will notify the Court when the aforementioned conditions of the settlement are met.

Dated: February 8, 2021

/s/ Howard A. Belodoff
Howard A. Belodoff, ISB #2290
IDAHO LEGAL AID SERVICES, INC.
howardbelodoff@idaholegalaid.org

/s/ Michael E. Bern
Michael E. Bern #994791 (DC)
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/s/ Eric Tars

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Attorneys for Plaintiffs

/s/ Jayme Sullivan

Jayme Sullivan, # 6258 (ID)
Scott Muir, # 4229 (ID)
Boise City Attorney's Office
JSullivan@cityofboise.org

Attorneys for Defendants

EXHIBIT B

The purpose of this Settlement is to protect the constitutional rights of persons experiencing homelessness, and prevent them from being issued citations and/or incarcerated for sleeping, sitting, lying down, or camping outdoors on City or public property, as defined in the City "Camping" ordinance, when there is no alternative shelter space available.

The parties agree that the following principles have guided this Settlement and the enforcement of any City Ordinance that would impose criminal penalties on homeless individuals for sitting, sleeping, lying, or camping outside on City or public property:

- Under the Eighth Amendment, a homeless individual cannot be arrested or issued a criminal citation or penalty for sleeping outdoors on public property when there is no alternative shelter space available to that individual.
- The availability of shelter space for any individual is determined by whether shelters have available sleeping spaces, as well as whether those spaces are available to an individual given their personal circumstances.
- The City will not impose criminal penalties for sleeping or otherwise "camping" outdoors in public, when there is no "available shelter space" as the term is defined herein.
- The City acknowledges there may be some homeless individuals who suffer from physical conditions, mental disorders, illnesses, or disabilities or have familial commitments that prevent the individuals from seeking or remaining in available shelter space.
- The City may enforce its ordinances against homeless persons who sleep or otherwise camp outdoors on City or public property when there is "available shelter space" for that individual.
- The City is committed to exploring and implementing solutions that reduce and prevent homelessness, including by increasing the availability of affordable housing within the City.

TRAINING

The City will design and implement a mandatory annual training – live or pre-recorded – that includes a module specific to engagement with individuals experiencing homelessness, individuals suffering with substance abuse, and individuals with mental or physical illness or disabilities. The module shall include training specific to enforcement of the Ordinances. Plaintiffs agree to provide potential materials and subject matter experts for the City's consideration with respect to the scope of training. The City, however, retains discretion as to what course material ultimately supports the annual training.

ADOPTION OF DEPARTMENTAL GUIDANCE

The City agrees to adopt and implement guidance in the Boise Police Department's Policy Manual regarding the enforcement of the Ordinances. This guidance will include the following recommendations for officers:

- (1) Before making a determination that an individual has engaged in camping or disorderly conduct within the meaning of the Ordinances, a police officer should make an individualized determination to determine if there is available overnight shelter based upon the individual's circumstances.
- (2) If the police officer confirms that there is a shelter with available overnight shelter, as defined herein, the officer should advise the homeless individual of the availability.
- (3) If a police officer informs the homeless individual of the available overnight shelter, but the homeless individual declines to seek the available shelter space, the officer may but is not required to issue a written warning informing the individual of the availability of shelter space.

HOMELESS OUTREACH UNIT

In February 2020, the City created and implemented a Homeless Outreach Unit that consists of three full-time employees who work directly with the homeless community to ensure individuals experiencing homelessness have access to certain resources, services, and, where appropriate, medical and mental health care. This City will continue to serve the homeless community in Boise.

RECORDKEEPING

The City shall provide Plaintiffs with a written status report on its compliance with the terms of this Settlement Agreement within 30 days of the execution of this Settlement Agreement.

For the first year following the execution of this Settlement Agreement, the City agrees to provide Plaintiffs' counsel on a bi-annual basis a production of the records of (1) any citations issued under the Anti-Camping and Disorderly Conduct ordinances; and (2) the daily shelter emails. These records may be redacted and shall be released in accordance with the relevant provisions of the Public Records Act. After one year, Plaintiffs may seek such records in accordance with the Public Records Act and/or other relevant legal mechanisms. The City agrees not to object to requests for such records made under the Public Records Act, and to consider any request for a waiver of costs associated with any Public Records request in accordance with relevant state and federal code, as well as City policy and procedure. These records may be redacted and shall be released in accordance with the relevant provisions of the Public Records Act.

CORONAVIRUS 2021 ADDENDUM

The Parties acknowledge that the CDC has provided guidance regarding the risks associated with close-quarters contact among unsheltered and sheltered homeless persons during the Coronavirus 2019 (COVID-19) pandemic.¹ The Parties further recognize that a homeless person's individual health circumstances could affect the availability of shelter space and the ability of shelters to accommodate an individual's unique medical needs during the COVID-19 pandemic.

BOISE HOMELESS INITIATIVE FUNDS:

The City will appropriate \$1,335,000 in general funds for the provision of services to the Boise homeless community, the funds to be distributed by the Executive Committee of Our Path Home within Fiscal Year 2021, and a minimum of 33% of which shall consist of monetary assistance to temporary overnight shelters within the City of Boise for the purpose of acquiring and/or rehabilitating shelter infrastructure (ie to create or expand available shelter space). The \$1,335,000 shall be appropriated as new general funds separate from and additional to the \$3 million in capital funds the City appropriated as referenced in the City's 2021 budget.

DAMAGES

The City will pay \$5,000 in total, to be allocated as agreed between the parties, among the three plaintiffs with remaining claims: Pamela Hawkes, Robert Martin, and Robert Andersen.

ATTORNEYS' FEES AND COSTS

The City will pay \$435,000 in fees to Plaintiffs' attorneys.

DISMISSAL/RELEASE

Upon finalization of the settlement agreement, the parties agree to inform Judge Bush of the settlement agreement by joint stipulation. As part of that joint stipulation, Plaintiffs will affirm their pledge to dismiss the action with prejudice, conditional on approval by the Boise City Council of the terms of settlement, the appropriation of funds as set out in the settlement agreement, and amendment of the Camping and Disorderly Conduct ordinances as agreed to by the parties.

Upon satisfaction of the above terms, Plaintiffs will execute a full and final release of all claims including any claims for damages, fees, and costs. That dismissal and this Settlement Agreement shall operate as a general release of the City (including its agents, officers, and employees) from all remaining claims. Both parties understand that all other terms as outlined

¹ See CDC, *Interim Guidance on Unsheltered Homelessness and Coronavirus Disease 2019 (COVID-19) for Homeless Service Providers and Local Officials*, Aug. 6, 2020, <https://www.cdc.gov/coronavirus/2019-ncov/community/homeless-shelters/unsheltered-homelessness.html>.

in the settlement agreement do not need to be completed before Plaintiffs execute the full and final release. Each party shall bear their own attorney's fees and costs except as otherwise set forth herein.

CONFIDENTIALITY

The parties agree that the settlement shall not be confidential.

EXHIBIT C

Proposed amendments to BCC 7-3A-2

7-3A-2: Camping In Public Places

A. Prohibitions: It shall be unlawful for any person to use any of the streets, sidewalks, parks or public places as a camping place at any time, or to cause or permit any vehicle to remain in any of said places to the detriment of public travel ~~or convenience~~; or to cause or permit any livestock of any description to be herded into any of said places during any hours of the day or night; provided, that this section shall not prohibit the operation of a sidewalk cafe pursuant to a permit issued by the City Clerk.

1. The term "camp" or "camping" shall mean the use of public property as a temporary or permanent place of dwelling, lodging or residence, or as a living accommodation at any time between sunset and sunrise, ~~or as a sojourn.~~

2. Indicia of camping may include, but are not limited to, storage of personal belongings, using tents or other temporary structures for sleeping or storage of personal belongings, carrying on cooking activities or making any fire in an unauthorized area, or any of these activities in combination with one another or in combination with either sleeping or making preparations to sleep (including the laying down of bedding for the purpose of sleeping).

B. Enforcement: Law enforcement officers shall not enforce this camping section when the individual is on public property and there is no available overnight shelter.

1. The term "available overnight shelter" is a public or private shelter, with an available overnight space, ~~open to for an individual or family unit experiencing homelessness, at no charge, as defined in Section B.2. If the individual cannot utilize the overnight shelter space due to voluntary actions, such as intoxication, drug use, unruly behavior or violation of shelter rules, the overnight shelter space shall still be considered available.~~

2. The term "available overnight shelter" shall not include the following:

i. Shelter space where an individual cannot stay because the individual has exceeded a shelter's maximum stay rule or because shelter is unavailable due to the individual's sex or sexual orientation.

ii. Shelter space that cannot reasonably accommodate the individual's mental or physical needs or disabilities.

iii. Shelter space that does not permit a minor child to be housed in the same facility with at least one parent or legal guardian.

iv. Shelter space for which an individual is required to attend or participate in religious activities or programs as a condition of utilizing the shelter space.

3. Police or their designee shall initiate contact with the shelters after 11 p.m. daily to determine whether the shelters have available space and, if so, the number of available

sleeping spaces. Prior to issuing any citation, a police officer shall also confirm that a shelter has available space that can be utilized by that particular individual. No police officer shall issue a citation to a homeless person sleeping, lying, sitting, or camping outdoors unless the officer first confirms the shelter has available space that can be utilized by the individual.

C. Exception: This section does not affect subsection 7-7A-5E or 7-7A-11A of this title, which do not prohibit sleeping in a public park during hours of operation. (Ord. 38-14, 9-23-2014)

EXHIBIT D

Proposed amendments to BCC 5-2-3

5-2-3: Disorderly Conduct

A. Violations: Any person who violates the provisions below is guilty of a misdemeanor:

1. Occupying, lodging or sleeping in any building, structure or place, whether public or private, or in any motor vehicle, without the permission of the owner or person entitled to possession or in control thereof; or
2. Loitering, prowling or wandering upon the private property of another, without lawful business, permission or invitation by the owner or the lawful occupants thereof; or
3. Loitering or remaining in or about school grounds or buildings, without having any reason or relationship involving custody of or responsibility for a pupil or student, school authorized functions, activities or use. (1952 Code § 6-01-05)

B. Availability Of Overnight Shelter: ~~1.~~ Law enforcement officers shall not enforce subsection A of this section (disorderly conduct) when the individual is on public property and there is no available overnight shelter.

1. The term "available overnight shelter" is a public or private shelter, with an available overnight space, open to for an individual or family unit experiencing homelessness, at no charge, as defined in Section B.2. If the individual cannot utilize the overnight shelter space due to voluntary actions, such as intoxication, drug use, unruly behavior or violation of shelter rules, the overnight shelter space shall still be considered available.

2. The term "available overnight shelter" shall not include the following:

i. Shelter space where an individual cannot stay because the individual has exceeded a shelter's maximum stay rule or because shelter is unavailable due to the individual's sex or sexual orientation.

ii. Shelter space that cannot reasonably accommodate the individual's mental or physical needs or disabilities.

iii. Shelter space that does not permit a minor child to be housed in the same facility with at least one parent or legal guardian.

iv. Shelter space for which an individual is required to attend or participate in religious activities or programs as a condition of utilizing the shelter space.

3. Police or their designee shall initiate contact with the shelters after 11 p.m. daily to determine whether the shelters have available space and, if so, the number of available sleeping spaces. Prior to issuing any citation, a police officer shall also confirm that a shelter has available space that can be utilized by that particular individual. No police officer shall issue a citation to a homeless person sleeping, lying, sitting, or camping

outdoors unless the officer first confirms the shelter has available space that can be utilized by the individual.

C. Exception: This section does not affect subsection 7-7A-5E or 7-7A-11A of this title, which do not prohibit sleeping in a public park during hours of operation. (Ord. 38-14, 9-23-2014)

City of Hillsdale Agenda Item Summary

Meeting Date: December 19, 2022

Agenda Item: New Business

SUBJECT: 2022 Audit Presentation

BACKGROUND PROVIDED BY STAFF: David Mackie, City Manager

Gabridge & Company, P.C. performed the annual audit for the last fiscal year ending June 30, 2022. That work has now been completed and a copy is included in the council packet for you to review. A representative from Gabridge will be at the meeting and present their findings and answer and council questions.

RECOMMENDATION:

Council listen to the presentation and receive the audit as presented.



**CITY OF HILLSDALE
HILLSDALE COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Hillsdale, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hillsdale, Michigan (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City'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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, 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 the City 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 the City'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 the City'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 the City'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, budgetary comparison information, and the pension

schedules, as listed 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 the City's basic financial statements. The combining and individual fund financial statements and the Dial-A-Ride transportation fund transit schedules, except for the nonfinancial information schedule are presented for purposes of additional analysis and are 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, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The nonfinancial information schedule, included within the Dial-A-Ride transportation fund transit schedules, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide an assurance on the nonfinancial information contained therein.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2022, on our consideration of the City'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 the City'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's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, Michigan
November 21, 2022

Management's Discussion and Analysis

City of Hillsdale
Management's Discussion and Analysis
June 30, 2022

As management of the City of Hillsdale, Michigan (The "City" or "government"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$75,708,868 (*net position*). Of this amount, \$15,238,547 represents *unrestricted net position*.
- The City's revenues were \$27,680,196 and expenses were \$25,106,107 for an increase in net position of \$2,574,089.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$7,930,551, an increase of \$1,884,272 in comparison with the prior year. Approximately 39.1% of this amount, or \$3,100,041, is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,100,041, or approximately 67.9% of total general fund expenditures and transfers out.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus,

revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., changes in the City's net pension liability and capital asset activity).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety services, streets and highways, airport, community and economic development, and recreation and culture. The business-type activities of the City include electric, water, and sewer services as well as Dial-A-Ride transportation services.

The government-wide financial statements include not only the City of Hillsdale itself (known as the primary government), but also a legally separate Economic Development Corporation and Tax Increment Finance Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and capital improvement funds, which are considered to be major funds. Data from the other remaining funds are presented as a separate column as they are considered nonmajor funds.

The City adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund and each major special revenue fund has been provided to demonstrate compliance with these budgets.

Proprietary Funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprises funds to account for its electric, water, sewer, and Dial-A-Ride operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The City uses several internal service funds to account for various costs by allocating the cost to the funds that are using the resources. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and electric operations, of which are considered to be major funds of the City. Dial-A-Ride is considered to be a nonmajor proprietary fund and is noted in a separate column of the financial statements. The internal service funds data is presented in the proprietary fund financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City reports two types of fiduciary funds, which are custodial funds and private purpose trust funds.

Custodial funds report resources held by the City in a custodial capacity for individuals, private organizations, and other governments.

Private purpose trust funds report resources earmarked for other services. In the City's case, the resources are earmarked for hospital care.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary comparison schedules and the City's pension schedules.

This report also presents other supplementary information which includes the combining and individual fund statements and the Dial-A-Ride transit schedules. The combining statements and

transit schedules are presented immediately following the required supplementary information on pensions.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$75,708,868 at the close of the most recent fiscal year.

City of Hillsdale's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
ASSETS						
<i>Current Assets</i>						
Cash and investments	\$ 8,691,484	\$ 7,017,280	\$ 11,444,148	\$ 10,650,095	\$ 20,135,632	\$ 17,667,375
Receivables, net	485,913	686,031	2,116,599	2,115,133	2,602,512	2,801,164
Due from other governments	210,059	-	78,189	-	288,248	-
Inventories	160,857	157,671	572,122	404,118	732,979	561,789
Prepaid Items	109,336	96,459	128,830	164,235	238,166	260,694
Total Current Assets	9,657,649	7,957,441	14,339,888	13,333,581	23,997,537	21,291,022
<i>Noncurrent Assets</i>						
Restricted cash	-	-	766,139	763,001	766,139	763,001
Leases receivable, long-term	322,575	-	53,868	-	376,443	-
Long-term prepaid operating lease	-	-	-	170,965	-	170,965
Interdepartmental loan receivable	-	-	360,000	1,225,000	360,000	1,225,000
Prepaid stranded costs	-	-	32,239	32,239	32,239	32,239
Investment in M.S.C.P.A.	-	-	4,758,381	4,678,692	4,758,381	4,678,692
Capital assets, net	26,846,774	26,646,046	33,892,903	34,044,245	60,739,677	60,690,291
Total Assets	36,826,998	34,603,487	54,203,418	54,247,723	91,030,416	88,851,210
DEFERRED OUTFLOWS OF RESOURCES						
Pension-related	680,872	515,199	832,180	515,199	1,513,052	1,030,398
Total Deferred Outflows of Resources	680,872	515,199	832,180	515,199	1,513,052	1,030,398
LIABILITIES						
<i>Current Liabilities</i>						
Accounts payable	333,929	319,738	1,233,661	1,347,316	1,567,590	1,667,054
Negative equity in pooled cash	-	-	-	-	-	-
Accrued and other liabilities	117,603	96,392	78,207	225,273	195,810	321,665
Due to other governments	-	-	17,363	-	17,363	-
Accrued interest	-	20,000	39,461	44,094	39,461	64,094
Customer deposits	-	-	111,730	-	111,730	-
Unearned revenue	440,361	-	-	-	440,361	-
Current portion of long-term debt	-	-	373,501	360,000	373,501	360,000
Internal balances	-	(68,781)	-	68,781	-	-
Total Current Liabilities	891,893	367,349	1,853,923	2,045,464	2,745,816	2,412,813
<i>Noncurrent Liabilities</i>						
Compensated absences	362,826	249,357	267,687	173,096	630,513	422,453
Interdepartmental loan payable	-	800,000	200,000	225,000	200,000	1,025,000
Energy optimization program	-	-	-	(109,897)	-	(109,897)
Long-term debt, net	-	-	6,265,087	6,620,000	6,265,087	6,620,000
Net pension liability	2,240,296	2,565,912	2,734,792	2,562,367	4,975,088	5,128,279
Total Liabilities	3,495,015	3,982,618	11,321,489	11,516,030	14,816,504	15,498,648
DEFERRED INFLOWS OF RESOURCES						
Pension-related	761,712	470,949	930,980	470,950	1,692,692	941,899
Deferred lease revenues	325,404	-	-	-	325,404	-
Total Deferred Inflows of Resources	1,087,116	470,949	930,980	470,950	2,018,096	941,899
NET POSITION						
Net investment in capital assets	27,371,827	26,646,046	27,254,315	27,064,245	54,626,142	53,710,291
Restricted	5,078,040	4,020,915	766,139	763,001	5,844,179	4,783,916
Unrestricted	475,872	(1,842)	14,762,675	14,948,696	15,238,547	14,946,854
Total Net Position	\$ 32,925,739	\$ 30,665,119	\$ 42,783,129	\$ 42,775,942	\$ 75,708,868	\$ 73,441,061

The largest portion of the City's net position of \$54,626,142 (72.2%) reflects its investment in capital assets (e.g., construction in progress, land, buildings and improvements, furniture and

fixtures, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities

Cash and investments increased by \$1,705,380 during the year to \$8,722,660 as of year-end. The primary reason for this was the increase in governmental funds' fund balance of \$1,278,397. Receivables decreased by \$200,118 due to timing of revenues received compared to prior year. Interdepartmental loan payable decreased by \$800,000 due to loan being repaid in full. Pension-related deferred outflows of resources increased by \$165,673 as there was an increase in changes of assumptions while pension-related deferred inflows of resources increased by \$290,763 as the pension plan assets had a better return on investments than expected. With that, net pension liability decreased by \$325,616.

Business-type Activities

Cash and investments, including restricted cash, increased by \$794,053 during the current year to \$11,444,148 as of year-end. The primary reason for this was the money received from the ARPA grant. The City's investment in M.S.C.P.A. increased by \$79,689 as the M.S.C.P.A. itself recorded an increase in net position of \$86,912 and the City's share increased to 22.16%. Pension-related deferred outflows of resources increased by \$316,981 as there was an increase in changes of assumptions while pension-related deferred inflows of resources increased by \$460,030 as the pension plan assets had a better return on investments than expected. With that, net pension liability increased by \$172,425.

The City's overall net position increased \$2,574,089 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

City of Hillsdale's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for services	\$ 2,488,064	\$ 1,202,218	\$ 17,567,816	\$ 17,294,481	\$ 20,055,880	\$ 18,496,699
Operating grants and contributions	1,426,423	1,475,096	404,123	356,720	1,830,546	1,831,816
Capital grants and contributions	574,145	726,364	1,250	-	575,395	726,364
Total Program Revenues	4,488,632	3,403,678	17,973,189	17,651,201	22,461,821	21,054,879
General Revenues						
Taxes	2,951,446	2,751,496	-	-	2,951,446	2,751,496
Unrestricted state sources	1,300,945	1,232,579	-	-	1,300,945	1,232,579
Payment in lieu of taxes	1,149,607	1,141,170	-	-	1,149,607	1,141,170
Investment income and net gain/losses	(35,235)	42,340	(148,388)	671,885	(183,623)	714,225
Transfers, net	48,315	115,705	(48,315)	(115,705)	-	-
Total General Revenues and Transfers	5,415,078	5,283,290	(196,703)	556,180	5,218,375	5,839,470
Total Revenues	9,903,710	8,686,968	17,776,486	18,207,381	27,680,196	26,894,349
Expenses						
General government	1,128,299	1,544,242	-	-	1,128,299	1,544,242
Public safety	1,936,535	2,089,426	-	-	1,936,535	2,089,426
Public works	3,319,790	2,374,316	-	-	3,319,790	2,374,316
Community and economic development	218,749	142,691	-	-	218,749	142,691
Recreation and culture	695,338	608,996	-	-	695,338	608,996
Interest on payables	-	20,000	-	-	-	20,000
Electric	-	-	13,777,696	12,695,802	13,777,696	12,695,802
Sewer	-	-	2,027,407	1,783,211	2,027,407	1,783,211
Water	-	-	1,639,451	1,530,953	1,639,451	1,530,953
Transportation	-	-	362,842	351,761	362,842	351,761
Total Expenses	7,298,711	6,779,671	17,807,396	16,361,727	25,106,107	23,141,398
Change in Net Position	2,604,999	1,907,297	(30,910)	1,845,654	2,574,089	3,752,951
<i>Net Position at the Beginning of Period (Restated)</i>	<i>30,320,740</i>	<i>28,757,822</i>	<i>42,814,039</i>	<i>40,930,288</i>	<i>73,134,779</i>	<i>69,688,110</i>
Net Position at the End of Period	\$ 32,925,739	\$ 30,665,119	\$ 42,783,129	\$ 42,775,942	\$ 75,708,868	\$ 73,441,061

Governmental Activities. Governmental activities increased the City's net position by \$2,604,999. The total increase was the result of total revenues of \$9,903,710 less total expenses of \$7,298,711. Charges for services increased by \$1,285,846 as there was an increase in special assessment revenue and the slowing of the COVID-19 pandemic. Operating grants and contributions decreased by \$48,673 as the City received less restricted state and federal funding related to COVID-19. Capital grants and contributions decreased from \$726,364 in the prior year to \$574,145 during the current year in large part due to decreased grant revenue as there was less construction during the current year. An increase in taxable value increased overall tax revenues by \$199,950. General government expense increased by \$519,040 as there was an increase in city capital outlay. A decrease in police and fire costs, largely due to the slowing COVID-19, contributed to the decrease of \$152,891 in public safety expenses. Increased depreciation associated with last year's capital asset additions contributed to the \$945,474 increase in public works expenses.

Business-type Activities. Charges for services increased by \$273,335, primarily a result of overall increase in utility rates in the past years. The investment income and gain on investment in M.S.C.P.A consisted of \$(226,915) and \$78,527, respectively, for a net loss in investment-related items of \$(148,388), a decrease of \$820,273 from the prior year. Overall expenses increased by \$1,445,669 as there were increases in production, distribution, collection system, treatment, administrative and general, and depreciation costs.

Financial Analysis of Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At June 30, 2022, the City's governmental funds reported combined fund balances of \$7,930,551, an increase of \$1,884,272 in comparison with the prior year. Approximately 39.1% of this amount, or \$3,100,041, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable* or *restricted* to indicate that it is: 1) not in spendable form, \$93,053, or 1.2%, for prepaid items, 2) restricted for particular purposes, \$4,625,099, or 58.3%, for major and local streets, debt service, capital improvement projects, and various permanent sources, or 3) assigned for particular purposes, 112,358, or 1.4%

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,100,041 while total fund balance increased to \$1,884,272. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents approximately 67.9% of total general fund expenditures and transfers out while total fund balance represents approximately 72.3% of that same amount.

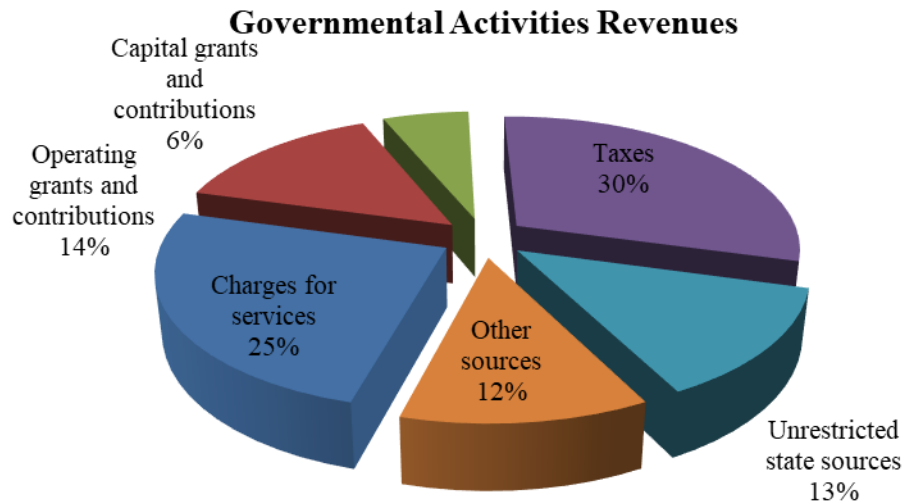
The fund balance of the City's general fund increased by \$1,278,397 during the current fiscal year. This compares to an increase of \$956,660 in the prior year. The primary reason for the current year increase in general fund balance relates to increased property tax, payments in lieu of taxes, and sale of property. Expenditures remained relatively consist with an increase in fire-related and police-related expenditures during the current year. Transfers out to other funds decreased significantly as well.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

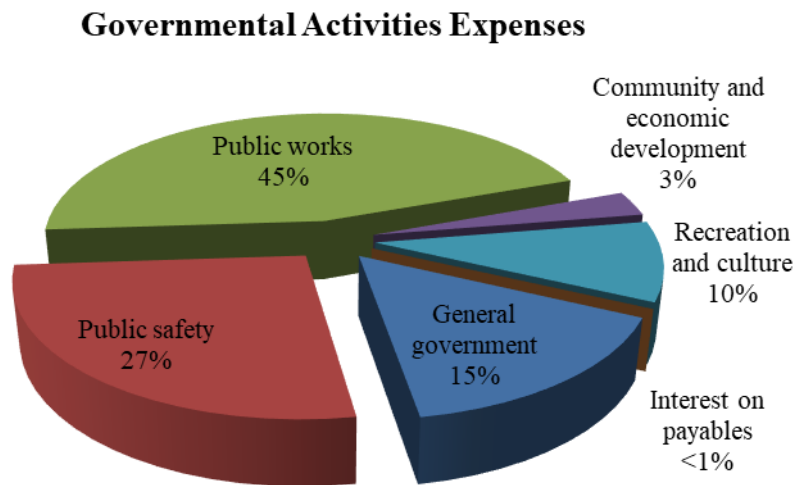
Unrestricted net position of the electric fund was \$12,993,753. The decrease in net position was \$772,996. Unrestricted net position of the sewer fund was \$1,098,275. The sewer fund had \$766,139 as restricted net position for debt service and bond reserves. The increase in net position was \$496,100. Unrestricted net position of the water fund was \$538,518. The increase in net position was \$308,594. Unrestricted net position of the Dial-A-Ride, a nonmajor enterprise fund, was \$132,129. The decrease in net position was \$62,608. Detailed information regarding the change in net position for these funds can be found in an earlier section of this report.

Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the City for the most recent fiscal year-end.



The following chart summarizes the expenses for the governmental activities of the City for the most recent fiscal year-end.



General Fund Budgetary Highlights

Original budget compared to final budget. There were no significant increases or decreases to the original budgeted appropriations or estimated revenues during the year. Minor adjustments were made in various functions to better allocate costs.

Final budget compared to actual results. The City had the following expenditures in excess of the amounts appropriated during the year ended June 30, 2022:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
General Fund			
<i>General government</i>			
Treasurer	\$ 164,308	\$ 178,783	\$ (14,475)
Engineering services	40,600	42,080	(1,480)
<i>Public Works</i>			
Airport	154,676	164,339	(9,663)
<i>Community and economic development</i>			
Economic development	62,087	63,801	(1,714)
<i>Recreation and culture</i>			
Parks	204,061	218,144	(14,083)

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$60,739,677 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture, equipment, vehicles, and utility, street, and airport infrastructure.

The following construction projects were completed during the year:

- Various street improvements
- Transfer station
- Dawn Theater reconstruction

As of June 30, 2022, the following major projects remain open at year-end:

- Various street improvements

More detailed information about the City's capital assets can be found in note 4.

Long-term Debt

As described in note 6 to the financial statements, the City had \$6,620,000, a \$360,000 decrease from the prior year, in long-term debt outstanding at the end of the fiscal year. The City is well under its legal debt limit as of year-end. More detailed information about the City's long-term debt can be found in note 5.

Economic Condition and Outlook

Management estimates that approximately \$4.75 million of revenues will be available for appropriation in the general fund in the upcoming budget. Expenditures are expected to change by small amounts compared to 2022. The City continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2023, the City plans again to use current revenues to provide essential services, to maintain the City's financial reserves at similar levels, and to complete several construction projects as indicated above. The ongoing costs of providing essential services for the citizens of the City will again need to be monitored in order to maintain the financial condition of the City.

Contacting the City

This financial report is designed to provide a general overview of the City's finances to its citizens, customers, investors, and creditors and to demonstrate the City's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Finance Department
City of Hillsdale
97 North Broad Street
Hillsdale, MI 49242

or by contacting the finance department, 517.437.6446 or finance@cityofhillsdale.org or City Manager, David Mackie, 517.437.6444 or dmackie@cityofhillsdale.org.

Basic Financial Statements

**City of Hillsdale
Statement of Net Position
June 30, 2022**

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
ASSETS				
<i>Current Assets</i>				
Cash and investments	\$ 8,691,484	\$ 11,444,148	\$ 20,135,632	\$ 114,973
Accounts receivable, net	32,074	2,116,599	2,148,673	--
Special assessments receivable	453,839	--	453,839	--
Due from other governmental units	210,059	78,189	288,248	--
Inventory	160,857	572,122	732,979	--
Prepaid items	109,336	128,830	238,166	--
Total Current Assets	9,657,649	14,339,888	23,997,537	114,973
<i>Noncurrent Assets</i>				
Restricted cash	--	766,139	766,139	--
Leases receivable, long-term	322,575	53,868	376,443	102,250
Interdepartmental loan receivable	--	360,000	360,000	--
Investment in M.S.C.P.A.	--	4,758,381	4,758,381	--
Prepaid stranded costs	--	32,239	32,239	--
Capital assets not being depreciated	8,603,253	769,124	9,372,377	213,067
Capital assets being depreciated, net	18,243,521	33,123,779	51,367,300	2,448,553
Total Assets	36,826,998	54,203,418	91,030,416	2,878,843
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	680,872	832,180	1,513,052	--
Total Deferred Outflows of Resources	680,872	832,180	1,513,052	--
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	333,929	1,233,661	1,567,590	50
Accrued liabilities	117,603	78,207	195,810	--
Due to other governmental units	--	17,363	17,363	--
Accrued interest	--	39,461	39,461	3,843
Customer deposits	--	111,730	111,730	--
Unearned revenue	440,361	--	440,361	--
Current portion of long-term debt	--	373,501	373,501	40,000
Total Current Liabilities	891,893	1,853,923	2,745,816	43,893
<i>Noncurrent Liabilities</i>				
Compensated absences	362,826	267,687	630,513	--
Interdepartmental loan payable	--	200,000	200,000	160,000
Long-term debt	--	6,265,087	6,265,087	300,000
Net pension liability	2,240,296	2,734,792	4,975,088	--
Total Liabilities	3,495,015	11,321,489	14,816,504	503,893
DEFERRED INFLOWS OF RESOURCES				
Pension related	761,712	930,980	1,692,692	--
Deferred lease revenues	325,404	--	325,404	99,625
Total Deferred Inflows of Resources	1,087,116	930,980	2,018,096	99,625
NET POSITION				
Net investment in capital assets	27,371,827	27,254,315	54,626,142	2,281,620
<i>Restricted for:</i>				
Capital projects	1,531,038	--	1,531,038	--
Bond reserves and debt service	--	766,139	766,139	--
Permanent funds	877,014	--	877,014	--
Streets and highways	2,302,877	--	2,302,877	--
Public safety	10,451	--	10,451	--
Recreation and culture	356,660	--	356,660	--
<i>Unrestricted</i>	475,872	14,762,675	15,238,547	(6,295)
Total Net Position	\$ 32,925,739	\$ 42,783,129	\$ 75,708,868	\$ 2,275,325

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Hillsdale
Statement of Activities
For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General government	\$ 1,128,299	\$ 1,440,170	\$ --	\$ --	\$ 311,871	\$ --	\$ 311,871	\$ --
Public safety	1,936,535	14,884	42,222	140,000	(1,739,429)	--	(1,739,429)	--
Public works	3,319,790	820,263	1,303,265	400,664	(795,598)	--	(795,598)	--
Community and economic development	218,749	--	14,825	--	(203,924)	--	(203,924)	--
Recreation and culture	695,338	212,747	66,111	33,481	(382,999)	--	(382,999)	--
Total Governmental Activities	7,298,711	2,488,064	1,426,423	574,145	(2,810,079)	--	(2,810,079)	--
Business-type Activities:								
Dial-A-Ride (Nonmajor)	362,842	39,897	306,288	1,250	--	(15,407)	(15,407)	--
Electric	13,777,696	13,070,558	37,918	--	--	(669,220)	(669,220)	--
Sewer	2,027,407	2,542,970	--	--	--	515,563	515,563	--
Water	1,639,451	1,914,391	59,917	--	--	334,857	334,857	--
Total Business-type Activities	17,807,396	17,567,816	404,123	1,250	--	165,793	165,793	--
Total Primary Government	\$ 25,106,107	\$ 20,055,880	\$ 1,830,546	\$ 575,395	(2,810,079)	165,793	(2,644,286)	--
Component Units								
Economic Development Corporation	\$ 25,066	\$ 33,088	\$ --	\$ --	--	--	--	8,022
Tax Increment Finance Authority	293,345	40,175	33,570	48,671	--	--	--	(170,929)
Total Component Units	\$ 318,411	\$ 73,263	\$ 33,570	\$ 48,671	--	--	--	(162,907)
General Purpose Revenues and Transfers:								
Revenues								
Taxes					2,951,446	--	2,951,446	91,195
Interest and investment earnings (losses)					(35,235)	(226,915)	(262,150)	(845)
Intergovernmental					1,300,945	--	1,300,945	--
Gain (loss) on investment in M.S.C.P.A.					--	78,527	78,527	--
Payments in lieu of taxes					1,149,607	--	1,149,607	--
Transfers					48,315	(48,315)	--	--
Total General Revenues and Transfers					5,415,078	(196,703)	5,218,375	90,350
Change in Net Position					2,604,999	(30,910)	2,574,089	(72,557)
<i>Net Position at Beginning of Period (Restated, Note 17)</i>					30,320,740	42,814,039	73,134,779	2,347,882
Net Position at End of Period					\$ 32,925,739	\$ 42,783,129	\$ 75,708,868	\$ 2,275,325

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Hillsdale
Balance Sheet
Governmental Funds
June 30, 2022**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 3,486,054	\$ 4,992,449	\$ 8,478,503
Accounts receivable, net	27,988	3,846	31,834
Special assessments receivable	2,589	451,250	453,839
Leases receivable	260,490	62,085	322,575
Due from other governmental units	--	210,059	210,059
Prepaid items	91,362	1,691	93,053
<i>Total Assets</i>	<u>\$ 3,868,483</u>	<u>\$ 5,721,380</u>	<u>\$ 9,589,863</u>
LIABILITIES			
Accounts payable	\$ 203,692	\$ 120,078	\$ 323,770
Accrued liabilities	95,905	20,033	115,938
Unearned revenue	--	440,361	440,361
<i>Total Liabilities</i>	<u>299,597</u>	<u>580,472</u>	<u>880,069</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	2,589	451,250	453,839
Deferred lease revenues	262,536	62,868	325,404
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>564,722</u>	<u>1,094,590</u>	<u>1,659,312</u>
FUND BALANCE			
Nonspendable	91,362	1,691	93,053
Restricted	--	4,625,099	4,625,099
Assigned	112,358	--	112,358
Unassigned	3,100,041	--	3,100,041
<i>Total Fund Balance</i>	<u>3,303,761</u>	<u>4,626,790</u>	<u>7,930,551</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<u>\$ 3,868,483</u>	<u>\$ 5,721,380</u>	<u>\$ 9,589,863</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Hillsdale
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Funds	\$	7,930,551
Net position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.		834,747
General government capital assets of \$49,132,515, net of accumulated depreciation of \$22,810,794, are not financial resources and, accordingly, are not reported in the funds.		26,321,721
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(293,983)
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.		453,839
Net pension liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.		(2,321,136)
Total Net Position - Governmental Activities	\$	<u>32,925,739</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Hillsdale
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 1,811,620	\$ 1,139,826	\$ 2,951,446
Payments in lieu of taxes	1,149,607	--	1,149,607
Special assessments	7,343	194,556	201,899
Intergovernmental	1,352,058	1,915,514	3,267,572
Licenses and permits	100,587	--	100,587
Charges for services	27,039	84,615	111,654
Fines and violations	1,726	31,320	33,046
Interest and rentals	78,367	64,237	142,604
Miscellaneous	213,539	365,149	578,688
<i>Total Revenues</i>	<u>4,741,886</u>	<u>3,795,217</u>	<u>8,537,103</u>
Expenditures			
General government	1,102,302	44	1,102,346
Public safety	2,158,786	25,178	2,183,964
Public works	742,382	2,079,914	2,822,296
Community and economic development	222,522	--	222,522
Recreation and culture	218,144	372,876	591,020
Capital outlay	--	635,219	635,219
<i>Total Expenditures</i>	<u>4,444,136</u>	<u>3,113,231</u>	<u>7,557,367</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>297,750</u>	<u>681,986</u>	<u>979,736</u>
Other Financing Sources (Uses)			
Sale of capital assets	856,221	--	856,221
Transfers in	188,480	1,233,645	1,422,125
Transfers out	(64,054)	(1,309,756)	(1,373,810)
<i>Net Other Financing Sources (Uses)</i>	<u>980,647</u>	<u>(76,111)</u>	<u>904,536</u>
<i>Net Change in Fund Balance</i>	<u>1,278,397</u>	<u>605,875</u>	<u>1,884,272</u>
<i>Fund Balance at Beginning of Period</i>	2,025,364	4,020,915	6,046,279
<i>Fund Balance at End of Period</i>	<u>\$ 3,303,761</u>	<u>\$ 4,626,790</u>	<u>\$ 7,930,551</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Hillsdale
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	1,884,272
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements.		(73,473)
Governmental fund report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$1,371,102 is in excess of depreciation expense of \$1,147,956.		223,146
The statement of activities reports changes to net pension liability and pension related deferrals as pension expense; however, the expenditures recorded on the governmental funds equals actual pension contributions.		200,526
Changes to compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.		(83,311)
Some receivables are long-term in nature and are collectible over several years. However, the current receipts are reflected as revenues on the fund statements.		453,839
Changes in Net Position - Governmental Activities	\$	<u>2,604,999</u>

**City of Hillsdale
Statement of Net Position
Proprietary Funds
June 30, 2022**

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Dial-A-Ride (Nonmajor)	Electric	Sewer	Water	Total Enterprise Funds	
ASSETS						
<i>Current Assets</i>						
Cash and investments	\$ 97,982	\$ 9,487,691	\$ 1,335,710	\$ 522,765	\$ 11,444,148	\$ 244,157
Accounts receivable, net	2,285	1,544,172	308,961	261,181	2,116,599	240
Due from other governmental units	78,189	--	--	--	78,189	--
Inventory	--	441,714	6,929	123,479	572,122	160,857
Prepaid items	1,480	77,584	24,927	24,839	128,830	16,283
Total Current Assets	179,936	11,551,161	1,676,527	932,264	14,339,888	421,537
<i>Noncurrent Assets</i>						
Restricted cash	--	--	766,139	--	766,139	--
Leases receivable, long-term	--	53,868	--	--	53,868	--
Interdepartmental loan receivable	--	360,000	--	--	360,000	--
Investment in M.S.C.P.A.	--	4,758,381	--	--	4,758,381	--
Prepaid stranded costs	--	32,239	--	--	32,239	--
Capital assets not being depreciated	7,419	589,190	122,902	49,613	769,124	--
Capital assets being depreciated, net	631,253	12,877,941	13,403,539	6,211,046	33,123,779	525,053
Total Assets	818,608	30,222,780	15,969,107	7,192,923	54,203,418	946,590
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	--	680,874	75,653	75,653	832,180	--
Total Deferred Outflows of Resources	--	680,874	75,653	75,653	832,180	--
LIABILITIES						
<i>Current Liabilities</i>						
Accounts payable	4,504	1,106,266	26,934	95,957	1,233,661	10,159
Negative equity in pooled cash	--	--	--	--	--	31,176
Accrued liabilities	6,026	39,751	18,059	14,371	78,207	1,665
Due to other governmental units	17,363	--	--	--	17,363	--
Accrued interest	--	--	39,461	--	39,461	--
Customer deposits	--	96,288	7,535	7,907	111,730	--
Current portion of long-term debt	--	1,751	370,875	875	373,501	--
Total Current Liabilities	27,893	1,244,056	462,864	119,110	1,853,923	43,000
<i>Noncurrent Liabilities</i>						
Compensated absences	19,914	175,279	41,623	30,871	267,687	68,843
Interdepartmental loan payable	--	--	200,000	--	200,000	--
Long-term debt	--	7,543	6,253,772	3,772	6,265,087	--
Net pension liability	--	2,263,474	235,659	235,659	2,734,792	--
Total Liabilities	47,807	3,690,352	7,193,918	389,412	11,321,489	111,843
DEFERRED INFLOWS OF RESOURCES						
Pension related	--	761,712	84,634	84,634	930,980	--
Total Deferred Inflows of Resources	--	761,712	84,634	84,634	930,980	--
NET POSITION						
Net investment in capital assets	638,672	13,457,837	6,901,794	6,256,012	27,254,315	525,053
<i>Restricted for:</i>						
Bond reserves and debt service	--	--	766,139	--	766,139	--
<i>Unrestricted</i>	132,129	12,993,753	1,098,275	538,518	14,762,675	309,694
Total Net Position	\$ 770,801	\$ 26,451,590	\$ 8,766,208	\$ 6,794,530	\$ 42,783,129	\$ 834,747

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Hillsdale
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities
	Dial-A-Ride (Nonmajor)	Electric	Sewer	Water		Internal Service Funds
Operating Revenues						
Interdepartmental revenue	\$ --	\$ 212,027	\$ 5,678	\$ 12,009	\$ 229,714	\$ --
Charges for services	39,897	--	--	--	39,897	255,034
Miscellaneous	--	104,457	111,452	31,890	247,799	183,742
Residential	--	4,920,119	1,018,509	747,883	6,686,511	--
Business	--	1,407,527	197,223	170,777	1,775,527	--
Commercial	--	3,156,050	466,533	369,794	3,992,377	--
Industrial	--	3,173,849	436,289	259,557	3,869,695	--
Apartments	--	--	375,774	265,852	641,626	--
Street light sales	--	52,492	--	--	52,492	--
Penalty charges	--	34,496	6,285	4,370	45,151	--
Total Operating Revenues	<u>39,897</u>	<u>13,061,017</u>	<u>2,617,743</u>	<u>1,862,132</u>	<u>17,580,789</u>	<u>438,776</u>
Operating Expenses						
Production	--	9,390,712	--	51,564	9,442,276	--
Distribution	--	1,543,043	--	573,174	2,116,217	--
Collection system	--	--	387,146	--	387,146	--
Treatment	--	--	517,309	--	517,309	--
Purification	--	--	--	207,419	207,419	--
Administrative and general	--	2,095,814	551,951	522,748	3,170,513	--
Transportation	309,089	--	--	--	309,089	--
Operating expenses	--	--	--	--	--	414,735
Depreciation	53,753	748,127	395,509	284,546	1,481,935	105,746
Total Operating Expenses	<u>362,842</u>	<u>13,777,696</u>	<u>1,851,915</u>	<u>1,639,451</u>	<u>17,631,904</u>	<u>520,481</u>
Operating Income (Loss)	<u>(322,945)</u>	<u>(716,679)</u>	<u>765,828</u>	<u>222,681</u>	<u>(51,115)</u>	<u>(81,705)</u>
Non-Operating Revenues (Expenses)						
Interest and investment earnings (losses)	1,114	(182,303)	(19,463)	(26,263)	(226,915)	(1,646)
Federal sources	154,480	--	--	--	154,480	--
State sources	153,058	37,918	--	59,917	250,893	5,828
Gain (loss) on investment in M.S.C.P.A.	--	78,527	--	--	78,527	--
Gain (loss) on disposal of property	--	(2,575)	(96,633)	(1,214)	(100,422)	4,050
Miscellaneous income	--	12,116	21,860	53,473	87,449	--
Interest on long-term debt	--	--	(175,492)	--	(175,492)	--
Net Non-Operating Revenues (Expenses)	<u>308,652</u>	<u>(56,317)</u>	<u>(269,728)</u>	<u>85,913</u>	<u>68,520</u>	<u>8,232</u>
Income Before Contributions and Transfers	<u>(14,293)</u>	<u>(772,996)</u>	<u>496,100</u>	<u>308,594</u>	<u>17,405</u>	<u>(73,473)</u>
Transfers out	(48,315)	--	--	--	(48,315)	--
Change In Net Position	<u>(62,608)</u>	<u>(772,996)</u>	<u>496,100</u>	<u>308,594</u>	<u>(30,910)</u>	<u>(73,473)</u>
Net Position at Beginning of Period (Restated, Note 17)	833,409	27,224,586	8,270,108	6,485,936	42,814,039	908,220
Net Position at End of Period	<u>\$ 770,801</u>	<u>\$ 26,451,590</u>	<u>\$ 8,766,208</u>	<u>\$ 6,794,530</u>	<u>\$ 42,783,129</u>	<u>\$ 834,747</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Hillsdale
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Electric	Sewer	Water	Dial-A-Ride (Nonmajor)	Total Enterprise Funds	
Cash Flows from Operating Activities						
Cash received from customers, residents, and users	\$ 12,815,983	\$ 2,450,725	\$ 1,723,848	\$ 52,947	\$ 17,043,503	\$ -
Cash payments to suppliers for goods and services	(10,628,910)	(944,783)	(1,123,020)	(304,474)	(13,001,187)	(195,272)
Cash payments to employees for services and benefits	(1,714,346)	(535,421)	(514,961)	4,280	(2,760,448)	(192,459)
Cash received for other operating receipts	191,445	123,415	48,269	-	363,129	-
Cash received for interfund activity	-	-	-	-	-	438,536
Net Cash Provided (Used) by Operating Activities	<u>664,172</u>	<u>1,093,936</u>	<u>134,136</u>	<u>(247,247)</u>	<u>1,644,997</u>	<u>50,805</u>
Cash Flows from Non-capital Financing Activities						
Other non-operating income	9,541	(74,773)	52,259	-	(12,973)	5,828
State grant revenue	37,918	-	59,917	153,058	250,893	-
Federal grant revenue	-	-	-	154,480	154,480	-
Change in due to/due from other funds	-	-	-	(68,781)	(68,781)	-
Transfers (to)/from other funds	-	-	-	(48,315)	(48,315)	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>47,459</u>	<u>(74,773)</u>	<u>112,176</u>	<u>190,442</u>	<u>275,304</u>	<u>5,828</u>
Cash Flows from Capital and Related Financing Activities						
Interdepartmental loans made	865,000	-	-	-	865,000	-
Interdepartmental loans paid back	-	(25,000)	-	-	(25,000)	-
Change in prepaid operating lease	117,097	-	-	-	117,097	-
Capital asset activity, net	(841,672)	(107,413)	(381,508)	-	(1,330,593)	(79,278)
Proceeds from debt issuance	9,294	-	4,647	-	13,941	-
Principal and interest payments on long-term debt	-	(535,478)	-	-	(535,478)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>149,719</u>	<u>(667,891)</u>	<u>(376,861)</u>	<u>-</u>	<u>(895,033)</u>	<u>(79,278)</u>
Cash Flows from Investing Activities						
Change in investment of joint venture	(79,689)	-	-	-	(79,689)	-
Interest and investment earnings	(103,776)	(19,463)	(26,263)	1,114	(148,388)	(1,646)
Net Cash Provided (Used) by Investing Activities	<u>(183,465)</u>	<u>(19,463)</u>	<u>(26,263)</u>	<u>1,114</u>	<u>(228,077)</u>	<u>(1,646)</u>
Net Increase (Decrease) in Cash and Investments	677,885	331,809	(156,812)	(55,691)	797,191	(24,291)
<i>Cash and Investments - Beginning of Year</i>	8,809,806	1,770,040	679,577	153,673	11,413,096	237,272
Cash and Investments - End of Year	<u>\$ 9,487,691</u>	<u>\$ 2,101,849</u>	<u>\$ 522,765</u>	<u>\$ 97,982</u>	<u>\$ 12,210,287</u>	<u>\$ 212,981</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Hillsdale
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022**

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Electric	Sewer	Water	Dial-A-Ride (Nonmajor)	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating income (loss)	\$ (716,679)	\$ 765,828	\$ 222,681	\$ (322,945)	\$ (51,115)	\$ (81,705)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Depreciation expense	748,127	395,509	284,546	53,753	1,481,935	105,746
Changes in Assets, Liabilities, and Deferrals						
Accounts receivable, net	28,148	(43,470)	(63,432)	12,561	(66,193)	(240)
Other receivables	24,635	-	-	-	24,635	-
Inventory	(134,258)	(3,173)	(30,573)	-	(168,004)	(3,186)
Prepaid items	27,886	3,040	3,990	489	35,405	17,242
Accounts payable	222,041	(38,568)	(286,039)	(11,089)	(113,655)	(17,373)
Accrued liabilities	(7,155)	(784)	(3,597)	15,704	4,168	163
Energy optimization program	109,897	-	-	-	109,897	-
Customer deposits	(19,938)	(976)	(1,227)	-	(22,141)	-
Net pension liability and related deferrals	333,528	(9,027)	(9,027)	-	315,474	-
Compensated absences	47,940	25,557	16,814	4,280	94,591	30,158
Net Cash Provided (Used) by Operating Activities	\$ 664,172	\$ 1,093,936	\$ 134,136	\$ (247,247)	\$ 1,644,997	\$ 50,805

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Hillsdale
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022**

	<u>Investment Trust</u>	<u>Private Purpose Trust</u>
	<u>Tax Collection</u>	<u>Hospital Private Purpose Trust Fund</u>
ASSETS		
Cash and investments	\$ 1,969	\$ 8,000
<i>Total Assets</i>	<u>1,969</u>	<u>8,000</u>
LIABILITIES		
Undistributed collections	1,969	--
<i>Total Liabilities</i>	<u>1,969</u>	<u>--</u>
NET POSITION		
<i>Total Net Position</i>	<u>\$ --</u>	<u>\$ 8,000</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Hillsdale
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	<u>Custodial</u>	<u>Private Purpose Trust</u>
Additions		
Taxes collected for other governments	\$ 4,003,285	\$ --
<i>Total Additions</i>	<u>4,003,285</u>	<u>--</u>
Deductions		
General government	--	7,005
Payment of property taxes to other governments	4,003,285	--
<i>Total Deductions</i>	<u>4,003,285</u>	<u>7,005</u>
<i>Change in Net Position</i>	<u>--</u>	<u>(7,005)</u>
<i>Net Position at Beginning of Period</i>	--	15,005
<i>Net Position at End of Period</i>	<u>\$ --</u>	<u>\$ 8,000</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Hillsdale
Combining Statement of Net Position
Component Units
June 30, 2022

	Economic Development Corporation	Tax Increment Finance Authority	Total Component Units
ASSETS			
<i>Current Assets</i>			
Cash and investments	\$ 101,553	\$ 13,420	\$ 114,973
Total Current Assets	101,553	13,420	114,973
<i>Noncurrent Assets</i>			
Leases receivable, long-term	--	102,250	102,250
Capital assets not being depreciated	148,067	65,000	213,067
Capital assets being depreciated, net	--	2,448,553	2,448,553
Total Assets	249,620	2,629,223	2,878,843
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	50	--	50
Accrued interest	--	3,843	3,843
Current portion of long-term debt	--	40,000	40,000
Total Current Liabilities	50	43,843	43,893
<i>Noncurrent Liabilities</i>			
Interdepartmental loan payable	--	160,000	160,000
Long-term debt	--	300,000	300,000
Total Liabilities	50	503,843	503,893
DEFERRED INFLOWS OF RESOURCES			
Deferred lease revenues	--	99,625	99,625
Total Deferred Inflows of Resources	--	99,625	99,625
NET POSITION			
Net investment in capital assets	148,067	2,133,553	2,281,620
<i>Unrestricted</i>	101,503	(107,798)	(6,295)
Total Net Position	\$ 249,570	\$ 2,025,755	\$ 2,275,325

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Hillsdale
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2022**

	Economic Development Corporation	Tax Increment Finance Authority	Total Component Units
Expenses			
Community and economic development	\$ 25,066	\$ 285,908	\$ 310,974
Interest on long-term debt	--	7,437	7,437
Total Expenses	25,066	293,345	318,411
Program Revenues			
Charges for services	33,088	40,175	73,263
Operating grants and contributions	--	33,570	33,570
Capital grants and contributions	--	48,671	48,671
Total Program Revenues	33,088	122,416	155,504
Net Program Revenues (Expenses)	8,022	(170,929)	(162,907)
General Revenue			
Taxes	--	91,195	91,195
Interest and investment earnings (losses)	(2,209)	1,364	(845)
Total General Revenues	(2,209)	92,559	90,350
Change in Net Position	5,813	(78,370)	(72,557)
<i>Net Position at Beginning of Period</i>	243,757	2,104,125	2,347,882
Net Position at End of Period	\$ 249,570	\$ 2,025,755	\$ 2,275,325

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

City of Hillsdale

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Hillsdale (the “City” or “primary government”) have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the City’s accounting policies are described below.

Reporting Entity

The City of Hillsdale was organized in 1847 and covers an area of approximately 5.5 square miles in Hillsdale County. In 1957, the City adopted the Home Rule Charter. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter to its more than 8,036 residents (2020 census): public safety (police and fire), highways and streets, sanitation, health, housing, recreation, public improvements, planning and zoning, and general administrative services.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The component units discussed below are included in the City’s reporting entity as discretely presented component units because of the significance of their operational or financial relationships with the City. These component units are reported in a separate column to emphasize that they are legally separate from the City. A combining statement of net position and statement of activities for these discretely presented component units are included as part of the basic financial statements.

Discretely Presented Component Units

The ***Tax Increment Finance Authority*** (the “Authority”) is reported in a separate column to emphasize that it is legally separate from the City. The Authority is responsible for directing improvements to a district in the City using funds derived from the capturing of real and personal property taxes within the district. The members of the governing board of the Authority are appointed by the City Council. The budgets and expenditures of the Authority must be approved by the City Council. The City also has the ability to significantly influence operations of the Authority. Complete financial statements for this component unit are not prepared.

The ***Economic Development Corporation*** (the “EDC”) is reported in a separate column to emphasize that it is legally separate from the City. The EDC is responsible for granting loans to businesses operating within the City. The members of the governing board of the EDC are appointed by the City Council. The budgets and expenditures of the EDC must be approved by the

City of Hillsdale

Notes to the Financial Statements

City Council. The City also has the ability to significantly influence operations of the EDC. Complete financial statements for this component unit are not prepared.

Related Organization

The ***Hillsdale Housing Commission*** (the “Commission”) was established by the City to provide qualifying senior and low-income family housing. Commission includes a 60-unit low-income housing program and receives subsidies and annual contributions from the U.S. Department of Housing and Urban Development. The members of the governing board of the Commission are appointed by the City Manager. Members of the governing board may be removed by the City only for cause. The Commission determines its own budget (subject to federal approval), sets rental rates, and may issue debt in its own name. The City is not responsible for deficits or liabilities of the Commission; however, the Commission makes annual payments “in lieu of taxes” to the City. Accordingly, the City has elected to exclude the Commission and all related note disclosures in these financial statements. The Commission is audited separately from the City and complete financial statements may be obtained from the Commission’s executive director at 45 North West Street, Hillsdale, Michigan 49242.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from 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 demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary

City of Hillsdale

Notes to the Financial Statements

fund financial statements, except for custodial funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Property taxes, state shared revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City of Hillsdale reports the following major governmental funds:

The ***general fund*** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The ***electric fund*** accounts for the activities of the City's electric generation and distribution systems.

The ***sewer fund*** accounts for the activities of the City's sewage collection and treatment systems.

The ***water fund*** accounts for the activities of the City's water production, purification, and distribution systems.

City of Hillsdale

Notes to the Financial Statements

Additionally, the government reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Debt service funds account for the servicing of long-term debt not being financed by proprietary or nonexpendable trust funds.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those being financed by proprietary or nonexpendable trust funds).

Internal service funds account for shared services and equipment usage provided to the City departments and funds on a cost reimbursement basis. The City's internal service funds account for leave and benefits, inventory purchasing, equipment rental, and unemployment insurance.

The ***custodial fund*** is custodial in nature and does not present results of operations or have a measurement focus. The custodial fund is accounted for using the accrual basis of accounting. This fund is used to account for assets that the government holds for others in a custodial capacity (such as taxes collected for other governments).

Permanent funds account for monies held in trust to be used for specific activities as specified in related trust agreements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions, such as payments-in-lieu of taxes, where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water, electric, and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 for services. The enterprise funds also recognize the portion of fees intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses for the enterprise funds include depreciation on capital assets, cost of sales and services, and administrative services. All revenues and expenses are not meeting this definition are reported as nonoperating revenues and expenses.

City of Hillsdale

Notes to the Financial Statements

Budgetary and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The general fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. The Council holds public hearings, and a final budget must be prepared and adopted prior to July 1. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The adopted budgets of the City for these budgetary funds were adopted on a functional basis for the General Fund and a fund basis for the Special Revenue Funds. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Assets, Deferred Outflows/Inflows, Liabilities, and Fund Equity

Cash, Cash Equivalents, and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and City policy authorize the City to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- In United States government or federal agency obligation repurchase agreements.
- Bankers' acceptances of United States banks.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through March 1997.

Investments are stated at fair value.

City of Hillsdale

Notes to the Financial Statements

Restricted Cash

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and all other outstanding balances between funds are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

All trade receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The balance of the allowance for doubtful accounts at year-end within the electric fund, sewer fund, and water fund were \$16,984, \$5,375, and \$3,772, respectively.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Inventories

Inventories are stated at cost (purchase price), whereas inventories held for resale are stated at lower of cost or market. Inventories of the Hillsdale Board of Public Utilities (reported as business-type activities, major proprietary funds) are valued at cost, which approximates market, using the average cost method. Cost is determined by the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition at the date of donation.

City of Hillsdale

Notes to the Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Vehicles and equipment	5 - 20
Books	7
Land improvements	20
Infrastructure	15 - 50
Buildings and improvements	50
Plant and systems	10 - 65

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation, sick and personal days are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if the obligation is expected to be liquidated from expendable available financial resources.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

City of Hillsdale

Notes to the Financial Statements

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 both deferred inflows and deferred outflows. All of the deferred outflows and a portion of the deferred inflows relate to the City's portion of the City's net pension liability. The net pension liability amounts are related to differences between expected and actual experience, changes of assumptions, differences between projected and actual pension 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.

An additional portion of the deferred inflows are related to lease revenues. The City is a lessor for leases relating to Airport farmland, Tech Park farmland, waste transfer station, an industrial park parcel, and the Dawn Theater. Each year the City reports lease income and reduces the deferred inflow based on amounts received.

Lastly, the City reports unavailable revenue from receivables collected beyond 60 days after the end of the year, as reported only in the governmental funds balance sheet. These amounts are deferred and are recognized as an inflow of resources in the period that the amounts become available.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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 Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

City of Hillsdale

Notes to the Financial Statements

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council is authorized to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the City Council. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, the unassigned classification is used only to report a deficit.

City of Hillsdale

Notes to the Financial Statements

Property Tax Revenue Recognition

The City property tax is levied on July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. The billings are due on or before September 15, after which time the bill becomes delinquent and penalties and interest may be assessed by the City; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Hillsdale County.

It is the City's policy to recognize revenues in the current year when they are levied and made available for the financing of City operations.

Assessed values as established annually by the government, and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. Real and personal property in the City for the 2020 levy had a taxable value of approximately \$138,331,237 (not including properties subject to industrial facilities tax exemption), representing 50% of estimated current market value.

The following millages were levied:

General Operating	12.4337
Streets Maintenance	5.9674
Sinking Fund	0.0000
Library	0.9869
Public Safety Equipment	0.9922
Leaf Collection	0.5000

Property taxes for the Tax Increment Finance Authority (TIFA) are derived from a tax increment financing agreement between the TIFA and other related taxing districts. Under this arrangement, the TIFA receives those property taxes levied on the increment of current taxable valuations (determined as of the preceding December 31, the lien date) over base year assessed valuations on certain property located in the City of Hillsdale, which are within downtown Hillsdale.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Subsequent Events

On November 7, 2022, the City sold \$6,500,000 of general obligation capital improvement bonds. Of this amount 34.62% or \$2,250,000 will be used for water improvements, 30.00% or \$1,950,000

City of Hillsdale

Notes to the Financial Statements

will be used for sewer improvements, and 35.38% or \$2,300,000 will be used for street improvements.

Note 2 - Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The City incurred the following expenditures in certain budgetary funds which were in excess of the amounts appropriated during the year ended June 30, 2022:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
General Fund			
Treasurer	\$ 164,308	\$ 178,783	\$ (14,475)
Engineering services	40,600	42,080	(1,480)
Airport	154,676	164,339	(9,663)
Economic development	62,087	63,801	(1,714)
Parks	204,061	218,144	(14,083)

Note 3 - Cash and Cash Equivalents

Following is a reconciliation of deposit and investment balances as of June 30, 2022:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Totals</u>
Statement of Net Position			
Cash and investments	\$ 20,135,632	\$ 114,973	\$ 20,250,605
Restricted cash	766,139	-	766,139
Statement of Fiduciary Net Position			
Cash and investments	1,969	-	1,969
<i>Total Cash and Investments</i>	<u>\$ 20,903,740</u>	<u>\$ 114,973</u>	<u>\$ 21,018,713</u>
	Deposits and Investments		
	Checking and savings accounts		\$ 8,377,861
		Investments	12,639,053
		Cash on Hand	1,799
<i>Total Deposits and Investments</i>			<u>\$ 21,018,713</u>

City of Hillsdale

Notes to the Financial Statements

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned. State law does not require, and the City does not have a policy for deposit custodial credit risk. As of year-end, 7,892,725 of the City's bank balance of \$8,392,725 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the City believes it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. Custodial credit risk 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 does not have a policy for custodial credit risk. At year-end, substantially all of the investment securities were uninsured and uncollateralized.

Following is a summary of the City's investments as of June 30, 2022:

Commercial paper	\$ 1,324,410
Fixed rate bonds	10,018,134
U.S. government agency securities	130,812
Michigan CLASS	1,165,697
Total Investments	\$ 12,639,053

Credit Risk - Investments. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment credit risk. All investments are insured under SPIC.

Credit risk ratings, where applicable, are summarized as follows:

Standards & Poor's AAAm	\$ 1,296,509
Standards & Poor's AA+	9,648,556
Standards & Poor's A+	489,085
Standards & Poor's A-	441,603
Standards & Poor's BBB	393,722
Not applicable	369,578
Total Investments	\$ 12,639,053

City of Hillsdale

Notes to the Financial Statements

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates for investments held at year-end are summarized as follows:

No maturity	\$ 130,812
Less than 1 year	4,445,323
1-5 years	<u>8,062,918</u>
Total Investments	<u>\$ 12,639,053</u>

Concentration of Credit Risk

The City's investment policy places no limit on the amount it may invest in one issuer. At June 30, 2022, the City maintained investments in Fixed Rate Bonds, Commercial Paper, US Government Agency Securities, and Michigan CLASS totaling approximately 79.26%, 10.48%, 1.03%, and 9.22%, respectively, of the City's total investments.

Fair Value Measurement

The City is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the City's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The City had \$11,473,356 of investments had a Level 1 fair value measurement as of June 30, 2022. The remaining \$1,165,697 of investments were held by Michigan CLASS with a fair value measurement of Level 2.

City of Hillsdale

Notes to the Financial Statements

Restricted Cash

Sewer Fund - The ordinance authorizing issuance of the 2015 Sewage Disposal System Revenue Bond and 2016 Sewage Disposal System Revenue Bond required that specific accounts be established, and monies deposited as follows:

Bond and Interest Redemption Fund - At least one-half of the amount of interest due on the next ensuing interest payment plus not less than one quarter of the principal maturing on the next principal payment. At June 30, 2022, the City was required to have \$224,513 in this account.

Bond Reserve Account - The lesser of 10% of the principal balance of the bonds, an amount equal to the maximum annual principal and interest requirements on the bonds, or 125% of the average annual principal and interest requirements. At June 30, 2022, the City was required to have \$541,626 in this account.

The total restricted cash for the City's sewer fund was \$766,139.

City of Hillsdale

Notes to the Financial Statements

Note 4 - Capital Assets

Capital asset activity for governmental activities during the year was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets not Being Depreciated				
Land	\$ 8,810,318	\$ 31,082	\$ (336,014)	\$ 8,505,386
Construction in progress	-	97,867	-	97,867
<i>Total Capital Assets not Being Depreciated</i>	<u>8,810,318</u>	<u>128,949</u>	<u>(336,014)</u>	<u>8,603,253</u>
Capital Assets Being Depreciated				
Land improvements	773,631	-	-	773,631
Buildings and improvements	5,241,429	347,642	-	5,589,071
Books	290,314	16,951	(21,849)	285,416
Vehicles and equipment	1,762,427	470,593	-	2,233,020
Infrastructure	30,883,294	742,981	-	31,626,275
<i>Subtotal</i>	<u>38,951,095</u>	<u>1,578,167</u>	<u>(21,849)</u>	<u>40,507,413</u>
Less Accumulated Depreciation				
Land improvements	(442,279)	(22,566)	-	(464,845)
Buildings and improvements	(2,409,963)	(107,959)	-	(2,517,922)
Books	(88,300)	(19,720)	21,849	(86,171)
Vehicles and equipment	(901,335)	(98,688)	-	(1,000,023)
Infrastructure	(17,820,961)	(899,023)	-	(18,719,984)
<i>Subtotal</i>	<u>(21,662,838)</u>	<u>(1,147,956)</u>	<u>21,849</u>	<u>(22,788,945)</u>
<i>Capital Assets Being Depreciated, Net</i>	<u>17,288,257</u>	<u>430,211</u>	<u>-</u>	<u>17,718,468</u>
Internal Service Fund				
Motor Pool Assets	547,471	(22,418)	-	525,053
<i>Capital Assets, Net - Governmental Activities</i>	<u>\$ 26,646,046</u>	<u>\$ 536,742</u>	<u>\$ (336,014)</u>	<u>\$ 26,846,774</u>
	Beginning Balance	Additions	Reductions	Ending Balance
Internal Service Fund				
Capital Assets Being Depreciated				
Vehicles and equipment	\$ 2,315,103	\$ 83,328	\$ (37,617)	\$ 2,360,814
Less Accumulated Depreciation				
Vehicles and equipment	(1,767,632)	(105,746)	37,617	(1,835,761)
<i>Capital Assets, Net - Internal Service Fund</i>	<u>\$ 547,471</u>	<u>\$ (22,418)</u>	<u>\$ -</u>	<u>\$ 525,053</u>

City of Hillsdale

Notes to the Financial Statements

Capital asset activity for business-type activities during the year was as follows:

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets not Being Depreciated				
Land	\$ 361,042	\$ -	\$ -	\$ 361,042
Construction in progress	410,357	408,082	(410,357)	408,082
<i>Subtotal</i>	<u>771,399</u>	<u>408,082</u>	<u>(410,357)</u>	<u>769,124</u>
Capital Assets Being Depreciated				
Plant, systems, and equipment	78,772,674	1,327,298	(1,680,942)	78,419,030
Intangible right to use - Assets	-	116,239	-	116,239
<i>Subtotal</i>	<u>78,772,674</u>	<u>1,443,537</u>	<u>(1,680,942)</u>	<u>78,535,269</u>
Less Accumulated Depreciation				
Plant, systems, and equipment	(45,499,828)	(1,473,214)	1,561,552	(45,411,490)
Intangible right to use - Assets	-	-	-	-
<i>Subtotal</i>	<u>(45,499,828)</u>	<u>(1,473,214)</u>	<u>1,561,552</u>	<u>(45,411,490)</u>
<i>Capital Assets Being Depreciated, Net</i>	<u>33,272,846</u>	<u>(29,677)</u>	<u>(119,390)</u>	<u>33,123,779</u>
<i>Capital Assets, Net - Business-type Activities</i>	<u>\$ 34,044,245</u>	<u>\$ 378,405</u>	<u>\$ (529,747)</u>	<u>\$ 33,892,903</u>

The folder inserter and Lanier copier amortization is presented as amortization expense on the statement of activities related to the City's intangible asset of the folder inserter and Lanier copier, which is included in the above table as intangible right to use - assets. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this Statement requires the lessee to recognize a lease liability and an intangible right to use asset.

Depreciation expense was charged to the functions of the City as follows:

Governmental Activities	
General government	\$ 48,233
Public safety	63,086
Public works	914,419
Recreation and culture	122,218
Depreciation charged to internal service funds	105,746
<i>Total Governmental Activities</i>	<u>\$ 1,253,702</u>
Business-type Activities	
Electric fund	\$ 739,644
Sewer fund	395,390
Water fund	284,427
Dial-A-Ride	53,753
<i>Total Business-type Activities</i>	<u>\$ 1,473,214</u>

City of Hillsdale

Notes to the Financial Statements

Capital asset activity for the Economic Development Corporation (EDC) and Tax Increment Finance Authority (TIFA) (component units) during the year was as follows:

<u>Economic Development Corporation</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital Assets not Being Depreciated				
Land	\$ 148,067	\$ -	\$ -	\$ 148,067
<u>Tax Increment Finance Authority (TIFA)</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital Assets not Being Depreciated				
Land	\$ 65,000	\$ -	\$ -	\$ 65,000
Construction in progress	1,612,935	643,725	(2,256,660)	-
<i>Subtotal</i>	<u>1,677,935</u>	<u>643,725</u>	<u>(2,256,660)</u>	<u>65,000</u>
Capital Assets Being Depreciated				
Infrastructure	381,672	-	-	381,672
Buildings	211,465	2,256,660	-	2,468,125
<i>Subtotal</i>	<u>593,137</u>	<u>2,256,660</u>	<u>-</u>	<u>2,849,797</u>
Less Accumulated Depreciation				
Infrastructure	(381,672)	-	-	(381,672)
Buildings	(15,342)	(4,230)	-	(19,572)
<i>Subtotal</i>	<u>(397,014)</u>	<u>(4,230)</u>	<u>-</u>	<u>(401,244)</u>
<i>Capital Assets Being Depreciated, Net</i>	<u>196,123</u>	<u>2,252,430</u>	<u>-</u>	<u>2,448,553</u>
<i>Capital Assets, Net - TIFA</i>	<u>\$ 1,874,058</u>	<u>\$ 2,896,155</u>	<u>\$ (2,256,660)</u>	<u>\$ 2,513,553</u>

Note 5 - Long-term Obligations

Long-term debt as of June 30, 2022 was comprised of the following:

2015 Sewage Disposal System Revenue Bonds - maturing \$250,000 to \$405,000 annually plus interest at 2.50% through 2037	\$ 5,110,000
2016 Sewage Disposal System Revenue Bonds - maturing \$75,000 to \$120,000 annually plus interest at 2.50% through 2040.	1,510,000
	<u>\$ 6,620,000</u>

City of Hillsdale

Notes to the Financial Statements

The following is a summary of long-term obligations activity of the City for the year ended June 30, 2022:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	\$ 249,357	\$ 113,469	\$ -	\$ 362,826	\$ -
Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2015 Sewage Disposal System Revenue Bonds	\$ 5,390,000	\$ -	\$ (280,000)	\$ 5,110,000	\$ 285,000
2016 Sewage Disposal System Revenue Bonds	1,590,000	-	(80,000)	1,510,000	85,000
Compensated absences	173,096	94,591	-	267,687	-
Total Long-term Obligations	\$ 7,153,096	\$ 94,591	\$ (360,000)	\$ 6,887,687	\$ 370,000
Tax Increment Finance Authority	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2021 Installment note	\$ 380,000	\$ -	\$ (40,000)	\$ 340,000	\$ 40,000

Annual debt service requirements, exclusive of compensated absences, to maturity are as follows:

Year Ending June 30,	Business-type Activities			Tax Increment Finance Authority		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 370,000	\$ 165,500	\$ 535,500	\$ 40,000	\$ 3,150	\$ 43,150
2024	375,000	158,052	533,052	40,000	2,790	42,790
2025	390,000	150,876	540,876	40,000	2,430	42,430
2026	395,000	137,126	532,126	40,000	2,070	42,070
2027	410,000	127,250	537,250	40,000	1,710	41,710
2028 - 2032	2,185,000	478,508	2,663,508	140,000	3,240	143,240
2033 - 2037	2,495,000	190,254	2,685,254	-	-	-
Totals	\$ 6,620,000	\$ 1,407,566	\$ 8,027,566	\$ 340,000	\$ 15,390	\$ 355,390

City of Hillsdale

Notes to the Financial Statements

Lanier Copier Lease Agreement

\$10,074 has been recorded as an intangible right to use lease. Due to the implementation of GASB Statement No.87, *Leases*, this lease for one Lanier copier met the criteria for a lease; thus, requiring them to be recorded by the City. This asset will be amortized over the remaining lease term of 60 months. There are no residual value guarantees in the lease provisions. The lease will end in 2027. A summary of principal and interest amounts for the remaining lease is as follows:

Date	Lanier Copier		
	Principal Paid	Interest Paid	Total Payment
2023	\$ 1,826	\$ 209	\$ 2,035
2024	2,041	179	2,220
2025	2,092	128	2,220
2026	2,145	75	2,220
2027	1,970	21	1,991
Totals	\$10,074	\$ 612	\$ 10,686

Folder Inserter Lease Agreement

\$8,706 has been recorded as an intangible right to use lease. Due to the implementation of GASB Statement No.87, *Leases*, this lease for one folder inserter met the criteria for a lease; thus, requiring them to be recorded by the City. This asset will be amortized over the remaining lease term of 60 months. There are no residual value guarantees in the lease provisions. The lease will end in 2027. A summary of principal and interest amounts for the remaining lease is as follows:

Date	Folder Inserter		
	Principal Paid	Interest Paid	Total Payment
2023	\$ 1,675	\$ 197	\$ 1,872
2024	1,717	155	1,872
2025	1,760	112	1,872
2026	1,806	66	1,872
2027	1,748	22	1,770
Totals	\$ 8,706	\$ 552	\$ 9,258

Note 6 - Interdepartmental Loans

On June 17, 2019 Council approved a loan from the Electric Fund to the Sewer Fund up to \$900,000 for capital expenditures occurring in the Sewer Fund. The loan commenced on June 20, 2019 with an initial draw of \$90,000. The Sewer Fund paid back the \$90,000 of the loan

City of Hillsdale

Notes to the Financial Statements

and drew an additional \$250,000 during the June 30, 2020 fiscal year. Annual principal payments of \$25,000 are due annually along with interest at 2.5%. The final payment is scheduled to be paid by June 1, 2030. During the current year, the Sewer Fund paid back \$25,000. The balance as of June 30, 2022 was \$200,000.

On June 17, 2019 Council approved a loan from the Electric Fund to the Capital Improvement Fund up to \$1,300,000 for street reconstruction. The loan commenced on June 20, 2019 with an initial draw of \$500,000. The Capital Improvement Fund paid back the \$500,000 during the June 30, 2020 fiscal year. In the current year, the Capital Improvement Fund drew an additional \$800,000. Annual principal payments ranging from \$199,376 to \$200,625 are due annually along with interest at 2.5%. The interdepartmental loan was paid off on February 28, 2022.

During the June 30, 2021 fiscal year, the Electric Fund loaned the Tax Increment Finance Authority, a discretely presented component unit of the City, \$200,000. The total amount was approved in an amount not to exceed \$400,000 and will be repaid through November 1, 2030. \$40,000 was paid of during the 2022 fiscal year leaving a balance of \$160,000 at June 30, 2022.

Note 7 - Pensions

MERS Defined Benefit Pension Plan

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Retirement benefits for employees are calculated as follows:

Division	Benefit Multiplier	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
DPS EEs - Closed	2.25%	80%	3	60	-	50/25 or 55/15	10
Police - Open	2.50%	80%	3	60	55/20	50/25 or 55/15	10
Fire - Open	2.50%	80%	3	60	55/20	50/25 or 55/15	10
BPU Union - Closed	2.25%	80%	3	60	55/25	50/25 or 55/15	10
General Nonunion - Closed	2.25%	80%	3	60	-	50/25 or 55/15	10
BPU Nonunion - Closed	2.25%	80%	3	60	-	50/25 or 55/15	10
City Manager - Open	2.50%	80%	3	60	-	50/25 or 55/15	10
City Treasurer - Open	2.00%	80%	3	60	-	50/25 or 55/15	10

City of Hillsdale

Notes to the Financial Statements

Employees Covered by Benefit Terms

At the December 31, 2021 valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	79
Inactive plan members entitled to but not yet receiving benefits	41
Active plan members	<u>49</u>
<i>Total employees covered by MERS</i>	<u>169</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2022, the City had the following contribution rates:

<u>Division</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
DPS EEs - Closed	5.00%	\$0 / month
Police - Open	5.00%	35.98%
Fire - Open	5.00%	26.61%
BPU Union - Closed	9.16%	\$11,619 / month
General Nonunion - Closed	5.00%	\$8,666 / month
BPU Nonunion - Closed	5.00%	\$11,840 / month
City Manager - Open	5.00%	12.96%
City Treasurer - Open	5.00%	\$126 / month

Net Pension Liability

The net pension liability reported at June 30, 2022 was determined using a measure of the total pension liability and the pension net position as of December 31, 2021. The December 31, 2021 total pension liability was determined by an actuarial valuation performed as of December 31, 2021.

City of Hillsdale

Notes to the Financial Statements

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00%, plus merit and longevity: 3% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	60.00%	2.70%
Global Fixed Income	20.00%	40.00%
Private Investments	20.00%	1.40%
<i>Total</i>	100.00%	

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the

City of Hillsdale

Notes to the Financial Statements

rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 26,350,774	\$ 21,222,496	\$ 5,128,278
Service cost	358,007	-	358,007
Interest on total pension liability	1,949,864	-	1,949,864
Difference between expected and actual experience	373,646	-	373,646
Changes in benefits	-	-	-
Changes in assumptions	977,817	-	977,817
Contributions - employer	-	688,204	(688,204)
Contributions - employee	-	207,510	(207,510)
Net investment income	-	2,950,673	(2,950,673)
Benefit payments, including refunds	(1,747,339)	(1,747,339)	-
Administrative expenses	-	(33,864)	33,864
Other changes	(1)	-	(1)
<i>Net changes</i>	<u>1,911,994</u>	<u>2,065,184</u>	<u>(153,190)</u>
Balance at December 31, 2021	<u>\$ 28,262,768</u>	<u>\$ 23,287,680</u>	<u>\$ 4,975,088</u>
	Allocated as follows:		
		Governmental Activities	\$ 2,240,296
		Business-type Activities	2,734,792
			<u>\$ 4,975,088</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability of the City	<u>\$ 8,117,242</u>	<u>\$ 4,975,088</u>	<u>\$ 2,324,254</u>

City of Hillsdale

Notes to the Financial Statements

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2022 the City recognized pension expense of \$854,769. The City reported deferred outflows/inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Excess (deficit) investment returns	\$ -	\$ 1,629,984
Changes of assumptions	897,884	-
Difference between expected and actual experience	249,097	62,708
* Employer contributions to the plan subsequent to the measurement date	366,071	-
<i>Total</i>	\$ 1,513,052	\$ 1,692,692
Allocated as follows:		
Governmental Activities	\$ 680,872	\$ 761,712
Business-type Activities	832,180	930,980
	\$ 1,513,052	\$ 1,692,692

*The amount reported as deferred outflows/inflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction/addition in the net pension liability for the year ending June 30, 2023.

Amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2023	\$ 785,686
2024	(222,204)
2025	(468,838)
2026	(274,284)

Assumption and Method Change in 2022

Effective February 17, 2022, the MERS Retirement Board adopted a dedicated gains policy that automatically adjusts the assumed rate of investment return by using excess asset gains to mitigate large increases in required contributions to the Plan. Full details of this dedicated gains policy are available in the Actuarial Policy found on the MERS website. Some goals of the dedicated gains policy are to:

City of Hillsdale

Notes to the Financial Statements

- Provide a systematic approach to lower the assumed rate of investment return between experience studies, and
- Use excess gains to cover both the increase in normal cost and any increase in UAL payment the first year after implementation (i.e., minimize the first-year impact (i.e., increase) in employer contributions).

The dedicated gains policy has been implemented with the December 31, 2021 annual actuarial valuation. After initial application of the smoothing method, remaining market gains were used to lower the assumed rate of investment return from 7.35% to 7.00%. The December 31, 2021 valuation liabilities were developed using this new, lower assumption. Additionally, as a result of recognizing excess market gains, the valuation assets used to fund these liabilities are 7.2% higher than if there were no dedicated gain policy. The combined impact of these changes will minimize the first-year impact on employer contributions and may result in an increase or a decrease in employer contributions.

MERS Defined Contribution Pension Plan

The City provides a defined contribution pension plan, which provide pension benefits to qualified employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate in the plans vest based on years of service with 100% vesting occurring after seven years of service. The City and participants contribute a percentage of participant salary to the plans based on the participant's position with the City. City contributions to the 401A plan are 7% of salary. City contributions were \$79,300, and participant contributions were \$56,644 to the plan. The plan provisions and contribution amounts were established by the City Commission and may be amended by the Commission. The plans are administered as noted above.

Note 8 - Promissory Note

On May 15, 2018, the City's Tax Increment Finance Authority ("TIFA") entered into an agreement to sell property known as the Keefer House Hotel for \$275,000. The agreement called for a \$10,000 deposit and the remaining \$265,000 in a promissory note from Keefer House Hotel, LLC. The note calls for the entire principal of \$265,000 including interest at 0% to be paid on or before May 25, 2021. On July 20, 2021, the City entered an addendum to the agreement in which extended the due date to on or before May 25, 2023.

Pursuant to the terms set forth in the Purchase Agreement, and subsequent addendums, if borrower completes construction and renovation of the Keefer House Hotel property on or before May 25, 2023, the borrower will be entitled to forgiveness of any remaining principal, and the note shall be considered paid in full. In the event that the borrower fails to complete construction and renovation on or before May 25, 2023, all outstanding principal shall be due and payable.

City of Hillsdale

Notes to the Financial Statements

As of June 30, 2022, construction on the Keefer House Hotel is underway and is projected to be completed on or before May 25, 2023. The City has elected to include the full \$265,000 as a loan receivable on its financial statements, with an allowance of \$265,000.

Note 9 - Dial-A-Ride

The following disclosures are required by the Michigan Department of Transportation (MDOT) relative to the City's Dial-A-Ride program which is funded by and through MDOT:

Cost Allocation Plans - The Hillsdale Dial-A-Ride Enterprise Fund has three cost allocation plans where the methodology has been approved by the Office of Passenger Transportation (OPT). Currently, only the administrative cost allocation plan is needed and used. The cost allocation plan was adhered to in the preparation of the financial statements.

Nonfinancial Data - The methodology used for compiling mileage on OAR Schedule 4N (Nonurban) is an adequate and reliable method for recording vehicle mileage.

Depreciation - The depreciation charges do not include any eligible depreciation. Therefore, all depreciation charges are ineligible for reimbursement and have been excluded from the computation of eligible costs to be reimbursed with State Formula Funds.

Capital Money - No capital money was used to pay for operating expenses, and none are included in total expenses to be reimbursed with State Formula Funds.

Ineligible Expenses - Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense manual. Audit costs are the only cost in which eligibility differs from the State R&E Manual and the federal Uniform Guidance. The Hillsdale Dial-A-Ride Enterprise Fund does not have any local revenues with associated expenses that would be required to be subtracted out as ineligible.

Pension Plan - During the fiscal year July 1, 2021 through June 30, 2022, Dial-A-Ride paid \$91,138 in 50200 fringe benefits for retirement benefits. Of this amount, \$91,138 paid the actuarial required minimum contribution and \$0 was paid in excess of the actuarial required minimum contribution. The entire amount of \$91,138 was expensed on the books and is included in Dial-A-Ride's total eligible expenses for the fiscal year ending September 30, 2022.

Note 10 - Investment in Joint Venture

Michigan South Central Power Agency

The City is a member of the Michigan South Central Power Agency (MSCPA), which provided electric services to the residents of its member communities. The participating communities provide annual funding for its operations. During the current year, the City paid \$9,019,300 for purchased power. The City is unaware of any other circumstances that would cause any additional

City of Hillsdale

Notes to the Financial Statements

benefit or burden to participating governments in the near future. Complete financial statements for the Michigan South Central Power Agency can be obtained from the administrative offices at 168 Division St., Coldwater, Michigan 49036.

The City owns an approximate 22.16% interest in the Michigan South Central Power Agency (MSCPA). The City records the investment using the equity method and calculates 22.16% of the MSCPA's equity at year end. The MSCPA also holds assets of the City, which have been included in the MSCPA's equity over the years. The calculation of the investment includes 100% of the City's assets held at the MSCPA plus 22.16% of the equity net of the City's assets. At June 30, 2022, the City's investment in MSCPA was \$4,758,381, consisting of a \$4,279,153 equity share and \$479,228 of assets held at the MSCPA.

Note 11 - Prepaid Operating Lease

In 2014, the City entered a 20-year operating lease with KEPS Technologies, Inc. d/b/a ACD.net, for 48 strands of dark fiber to support its business operations. The agreement for total upfront costs of \$240,304 will be amortized over the 20-year life of the lease. As of June 30, 2022, the balance of the long-term prepaid operating lease is \$53,868.

Note 12 - Prepaid Stranded Costs

American Municipal Power – Generating Station Project

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 12,000 kilowatts of a total 771,281 kilowatts, giving the City a 1.56 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$2,076,796. The City received a credit of \$775,876 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$542,698 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$758,222. Because payment is now probable and reasonably estimable, the City is reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable.

City of Hillsdale

Notes to the Financial Statements

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014, the City has made payments of \$817,344 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the City's allocation of additional costs incurred by the project is \$25,421 and interest expense incurred on AMP's line-of-credit of \$1,462, resulting in a net credit balance for impaired cost estimate at June 30, 2022 of \$32,239. The City does have a potential PHFU (plant held for future use costs) liability of \$613,665 resulting in a net total potential liability of \$581,426, assuming the credit balance earns zero interest and the assets making up the PHFU (principally the land comprising the Meigs County site) have no value. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The City has opted to not record the potential PHFU liability given the uncertainty regarding the outcome of the project; however, prepaid stranded costs have been recorded as \$32,239 for the year-ended June 30, 2022.

Note 13 - Purchased Power Contracts

AFEC

AFEC AMP Fremont Energy Center (86 Members). On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation ("FirstEnergy") the Fremont Energy Center ("AFEC"), a combined cycle, natural gas fueled electric generating plant, then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. AFEC has a capacity of 512 MW (unfired)/675 MW (fired) and consists of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the "90.69% Interest") is sold to AMP Members pursuant to a take-or-pay power sales contract with 86 of its Members (the "AFEC Power Sales Contract").

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued, in two series, \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the "2012 AFEC Bonds"), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by

City of Hillsdale

Notes to the Financial Statements

AMP under the AFEC Power Sales Contract. In 2017 and 2021, AMP issued bonds (the “AFEC Refunding Bonds” and, together with the 2012 AFEC Bonds, the “AFEC Bonds”) to refund all of the callable portion of the 2012 AFEC Bonds. As of January 1, 2022, \$405,280,000 aggregate principal amount of AFEC Bonds was outstanding.

The City has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 7,220 kW or 1.55% of capacity and associated energy from the AFEC.

In April 2021, AMP executed a Gas Supply Contract (the “Gas Supply Contract”) with Tennergy Corporation (“Tennergy”) under the terms of which Tennergy will provide a portion of the natural gas made available to Tennergy under the terms of a Prepaid Natural Gas Sales Agreement (“Prepaid Natural Gas Sales Agreement”) between Tennergy and a subsidiary of Morgan Stanley. Under the Gas Supply Contract, AMP receives the benefit of a discount from market index gas prices.

In December 2021, AMP executed a Gas Supply Contract (the “Gas Supply Contract”) with The Black Belt Energy District (“Black Belt”) under the terms of which Black Belt will provide a portion of the natural gas made available to Black Belt under the terms of a Prepaid Natural Gas Sales Agreement (“Prepaid Natural Gas Sales Agreement”) between Black Belt and a subsidiary of J. Aron & Company LLC. Under the Gas Supply Contract, AMP will receive the benefit of a discount from market index gas prices.

Combined Hydroelectric Projects

Combined Hydroelectric Projects Combined Hydroelectric Projects (79 Members). AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “Combined Hydroelectric Projects”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued ten series of its Combined Hydroelectric Projects Revenue Bonds (the “Combined Hydroelectric Bonds”), in an original aggregate principal amount of \$2,483,845,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of January 1, 2022, \$2,119,182,647 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$4.2 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

City of Hillsdale

Notes to the Financial Statements

In August 2017, AMP filed a lawsuit against Voith Hydro, Inc. (“Voith”), the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project (as hereinafter defined).

The City has executed a take-or-pay power sales contract with AMP as a participant of the Combine Hydroelectric Projects of 3,398 kW or 1.63% of capacity and associated energy from the Combined Hydroelectric Projects.

Meldahl Hydroelectric Project

Meldahl Hydroelectric Project Meldahl Hydroelectric Project (48 Members). AMP owns and, together with the City of Hamilton, Ohio, an AMP Member, developed and constructed a 108.8 MW, three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing Army Corps dam on the Ohio River, and related equipment and associated transmission facilities (the “Meldahl Project”). The Meldahl Project is operated by the City of Hamilton.

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds (“Meldahl Bonds”) in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of January 1, 2022, \$665,050,000 aggregate principal amount of the Meldahl Bonds.

The City has executed a take-or-pay power sales contract with AMP as a participant of the Meldahl Project of 731 kW or .70% of capacity and associated energy from the Meldahl Hydroelectric Projects.

Greenup Hydroelectric Project

Greenup Hydroelectric Project Greenup Hydroelectric Project (47 Members). In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the “AMP Interest”) in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the “2016 Greenup Bonds”) and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of January 1, 2022, \$120,600,000 aggregate principal amount of the 2016 Greenup Bonds.

The City has executed a take-or-pay power sales contract with AMP as a participant of the Greenup Hydroelectric Facility of 479 kW or 1.40% of capacity and associated energy from the Greenup Hydroelectric Facility.

City of Hillsdale

Notes to the Financial Statements

Note 14 - Tax Abatement Disclosure

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the City (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project and must be accompanied by a written agreement between the taxpayer and the City. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended June 30, 2022, the City's property taxes were reduced by \$11,012 under this program.

Neighborhood enterprise zone tax abatements are granted in the State of Michigan under Public Act 147, as amended, to encourage investment in the construction or rehabilitation of multiple types of housing for both homeownership and rental. The project must be located in a Neighborhood Enterprise Zone (NEZ) as established by the City Commission. A qualifying project involves the construction of new housing for either homeownership or rental. A rehabilitation project involves the rehabilitation of existing housing, and requires a minimum investment in the rehabilitation. A new construction project must include rental apartments, contain retail space on the first floor, and be located in a Downtown Revitalization District. For new facilities, the rate of taxation of a new facility is equal to 50% of the average rate of taxation levied on commercial, industrial, and utility property in the State in the immediately preceding calendar year. The amount of the abatement is equal to the taxable value of the qualifying property applied to the millage rate that is the difference between the NEZ millage rate and the ad valorem millage rate. For rehabilitation facilities, the taxable value is set ("frozen") at that value established in the year immediately preceding the effective date of the NEZ exemption for a property. The amount of the abatement is the difference between the taxes that would be levied on the current taxable value and the NEZ taxes levied on the value of the qualifying property in the year immediately preceding the effective date of the exemption certificate. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended June 30, 2022, the City's property taxes were reduced by \$16,651 under this program.

Obsolete property rehabilitation abatements are granted in the State of Michigan under Public Act 146 of 2000, as amended, to encourage investment in the significant renovation and/or rehabilitation of obsolete buildings for commercial use. The obsolete property rehabilitation (OPR) exemption must be approved by both the City (after a public hearing is held) and the State of Michigan. OPR exemptions can cover real property. Property must be functionally obsolete as determined by the City Assessor as defined in the legislation. Project must be for a project that will have a commercial or commercial housing use. The taxable value of the qualifying property is set ("frozen") at the taxable value assigned in the year immediately preceding the effective date of the exemption certificate. New taxable value in excess of the frozen taxable value is exempted from certain millages levied on real property for a period of 1-12 years. By State law, the exemption must be applied for no later than six months after commencement of the project, and

City of Hillsdale

Notes to the Financial Statements

must be accompanied by a written agreement between the taxpayer and the City. The amount of the abatement is equal to the exempted mills applied to the amount of the taxable value created by investment in the project. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended June 30, 2022, the City's property taxes were reduced by \$14,374 under this program.

Note 15 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2022, the City carried commercial insurance to cover all risks of losses. The City has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

Note 16 - Commitments and Contingencies

The City participates in a number of federally-assisted grant programs. These programs are subject to program compliance audits. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Note 17 – Lease Revenue and Lease Receivable – Adoption of New Pronouncement

During the year, the City adopted GASB statement 84 – Leases.

The City is engaged as lessor in five separate lease agreements. The lease agreements are described as follows:

<u>Lease</u>	<u>Lease inception</u>	<u>Term</u>	<u>Maturity</u>	<u>Description</u>
Airport Farmland	1/1/2022	3 years	1/1/2025	Leasing land at the airport for farmland.
Tech Park Farmland	1/1/2022	3 years	1/1/2025	Leasing land in the tech park for farmland.
Modern Waste Transfer Station	1/7/2019	5 years	1/7/2024	Leasing the City's transfer station
Industrial Park Parcel 53	11/20/2000	30 years	11/20/2030	Cell tower lease
Dawn Theater (Keefer House Hotel)	3/2/2022	10 years	3/2/2032	Leasing the renovated Dawn Theater.

The City is reporting total leases receivable of \$424,825 as of June 30, 2022. The City reported lease revenue of \$95,299 and interest revenue of \$5,646 related to lease payments received during the year.

Note 18 - Restatement of Net Position

In the prior year, the City understated federal 5311 operating receivables at year-end. To improve revenue recognition, a subsequent correction was made to increase federal 5311 operating

City of Hillsdale

Notes to the Financial Statements

receivables in the Dial-A-Ride fund of \$38,409. As a result of the correction, net position increased by the same amount in the Dial-A-Ride fund.

The following graphic illustrates the change to net position:

	Business-type Activities Dial-A-Ride	Total Business-type Activities
Net Position as of June 30, 2021, as reported	\$ 795,312	\$ 42,775,942
Adjustment for understated 5311 operating receivables	38,097	38,097
Net Position as of June 30, 2022, as restated	\$ 833,409	\$ 42,814,039

Required Supplementary Information

City of Hillsdale
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes	\$ 1,758,859	\$ 1,758,859	\$ 1,811,620	\$ 52,761
Payments in lieu of taxes	1,095,706	1,095,706	1,149,607	53,901
Special assessments	6,034	6,034	7,343	1,309
Intergovernmental	1,099,672	1,149,389	1,352,058	202,669
Licenses and permits	104,700	104,700	100,587	(4,113)
Charges for services	21,900	21,900	27,039	5,139
Fines and violations	4,480	4,480	1,726	(2,754)
Interest and rentals	125,232	125,232	78,367	(46,865)
Miscellaneous	204,746	204,746	213,539	8,793
Total Revenues	<u>4,421,329</u>	<u>4,471,046</u>	<u>4,741,886</u>	<u>270,840</u>
Other Financing Sources				
Sale of capital assets	--	--	856,221	856,221
Transfers in	332,900	332,900	188,480	(144,420)
Total Revenues and Other Financing Sources	<u>4,754,229</u>	<u>4,803,946</u>	<u>5,786,587</u>	<u>982,641</u>
Expenditures				
General Government				
Council	26,790	26,790	21,939	4,851
City manager	186,267	186,267	119,723	66,544
Human resources	96,421	96,421	65,023	31,398
Administrative services	281,283	281,283	246,110	35,173
Elections	13,150	13,150	8,013	5,137
Assessing	212,539	212,539	163,936	48,603
Clerk	102,090	102,090	89,510	12,580
Finance department	210,687	210,687	107,507	103,180
Treasurer	164,308	164,308	178,783	(14,475)
Building and grounds	123,629	123,629	101,758	21,871
Total General Government	<u>1,417,164</u>	<u>1,417,164</u>	<u>1,102,302</u>	<u>314,862</u>
Public Safety				
Police	1,649,263	1,676,263	1,637,169	39,094
Fire	532,615	569,615	521,617	47,998
Total Public Safety	<u>\$ 2,181,878</u>	<u>\$ 2,245,878</u>	<u>\$ 2,158,786</u>	<u>\$ 87,092</u>

Continued...

City of Hillsdale
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) Final to Actual
Expenditures (Continued)				
Public Works				
Public services	\$ 330,398	\$ 330,398	\$ 313,845	\$ 16,553
Engineering services	--	40,600	42,080	(1,480)
Street lights	63,750	63,750	57,450	6,300
Cemeteries	123,315	148,315	144,903	3,412
Parking lots	31,598	31,598	19,765	11,833
Airport	154,676	154,676	164,339	(9,663)
Total Public Works	<u>703,737</u>	<u>769,337</u>	<u>742,382</u>	<u>26,955</u>
Community and Economic Development				
Planning	143,719	163,719	158,721	4,998
Economic development	62,087	62,087	63,801	(1,714)
Total Community and Ec. Dev.	<u>205,806</u>	<u>225,806</u>	<u>222,522</u>	<u>3,284</u>
Parks - Recreation and Culture	<u>183,061</u>	<u>204,061</u>	<u>218,144</u>	<u>(14,083)</u>
Total Expenditures	4,691,646	4,862,246	4,444,136	418,110
Other Financing Uses				
Transfers out	176,452	176,452	64,054	112,398
Total Expenditures and Other Financing Uses	<u>4,868,098</u>	<u>5,038,698</u>	<u>4,508,190</u>	<u>530,508</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(113,869)</u>	<u>(234,752)</u>	<u>1,278,397</u>	<u>1,513,149</u>
Net Change in Fund Balance	<u>(113,869)</u>	<u>(234,752)</u>	<u>1,278,397</u>	<u>1,513,149</u>
<i>Fund Balance at Beginning of Period</i>	2,025,364	2,025,364	2,025,364	--
Fund Balance at End of Period	<u>\$ 1,911,495</u>	<u>\$ 1,790,612</u>	<u>\$ 3,303,761</u>	<u>\$ 1,513,149</u>

Concluded.

City of Hillsdale
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Eight Calendar Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability								
Service cost	\$ 358,007	\$ 369,758	\$ 382,857	\$ 363,207	\$ 368,215	\$ 363,158	\$ 355,050	\$ 364,196
Interest on total pension liability	1,949,863	1,869,001	1,887,904	1,849,895	1,796,683	1,765,765	1,677,362	1,621,606
Changes in benefits	-	(4,615)	-	7,156	(7,990)	(9,325)	-	-
Differences between expected and actual experience	373,646	(188,126)	(317,723)	(194,427)	42,169	(249,508)	110,760	-
Changes of assumptions **	977,817	738,016	671,798	-	-	-	1,013,079	-
Benefit payments, including refunds	(1,747,339)	(1,681,028)	(1,568,899)	(1,552,182)	(1,510,668)	(1,461,617)	(1,378,158)	(1,232,671)
Net Change in Pension Liability	<u>1,911,994</u>	<u>1,103,006</u>	<u>1,055,937</u>	<u>473,649</u>	<u>688,409</u>	<u>408,473</u>	<u>1,778,093</u>	<u>753,131</u>
<i>Total Pension Liability - Beginning</i>	<u>26,350,774</u>	<u>25,247,768</u>	<u>24,191,831</u>	<u>23,718,182</u>	<u>23,029,773</u>	<u>22,621,300</u>	<u>20,843,207</u>	<u>20,090,076</u>
Total Pension Liability - Ending (a)	<u>\$ 28,262,768</u>	<u>\$ 26,350,774</u>	<u>\$ 25,247,768</u>	<u>\$ 24,191,831</u>	<u>\$ 23,718,182</u>	<u>\$ 23,029,773</u>	<u>\$ 22,621,300</u>	<u>\$ 20,843,207</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 688,204	\$ 569,786	\$ 525,911	\$ 510,189	\$ 421,866	\$ 336,160	\$ 346,141	\$ 332,464
Contributions - employee	207,510	201,567	303,901	203,833	190,637	164,437	156,571	137,790
Net investment income (loss)	2,950,674	2,436,559	2,434,545	(751,004)	2,370,564	1,932,425	(270,721)	1,138,603
Benefit payments, including refunds	(1,747,339)	(1,681,028)	(1,568,899)	(1,552,182)	(1,510,668)	(1,461,617)	(1,378,158)	(1,232,671)
Administrative expenses	(33,864)	(39,152)	(41,924)	(37,665)	(37,600)	(38,185)	(39,960)	(41,683)
Net Change in Plan Fiduciary Net Position	<u>2,065,185</u>	<u>1,487,732</u>	<u>1,653,534</u>	<u>(1,626,829)</u>	<u>1,434,799</u>	<u>933,220</u>	<u>(1,186,127)</u>	<u>334,503</u>
<i>Plan Fiduciary Net Position - Beginning</i>	<u>21,222,495</u>	<u>19,734,763</u>	<u>18,081,229</u>	<u>19,708,058</u>	<u>18,273,259</u>	<u>17,340,039</u>	<u>18,526,166</u>	<u>18,191,663</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,287,680</u>	<u>\$ 21,222,495</u>	<u>\$ 19,734,763</u>	<u>\$ 18,081,229</u>	<u>\$ 19,708,058</u>	<u>\$ 18,273,259</u>	<u>\$ 17,340,039</u>	<u>\$ 18,526,166</u>
Net Pension Liability - Ending (a) - (b)	\$ 4,975,088	\$ 5,128,279	\$ 5,513,005	\$ 6,110,602	\$ 4,010,124	\$ 4,756,514	\$ 5,281,261	\$ 2,317,041
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.40%	80.54%	78.16%	74.74%	83.09%	79.35%	76.65%	88.88%
Covered Payroll	\$ 3,075,998	\$ 3,387,546	\$ 3,500,819	\$ 3,769,509	\$ 3,436,078	\$ 3,440,133	\$ 3,426,822	\$ 3,531,325
Net Pension Liability as a Percentage of Covered Payroll	161.74%	151.39%	157.48%	162.11%	116.71%	138.27%	154.12%	65.61%

Notes to Schedule:

* Built prospectively upon implementation on GASB 68

**The following were significant changes to economic and demographic assumptions:

2015 valuation - The investment rate of return assumption was reduced from 8.25% to 8.0%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.0-4.0% to 3.25%, and the mortality assumption was updated to be based on the RP-2014 tables.

2019 valuation - The investment rate of return assumption was reduced from 8.00% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.

2020 valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions

2021 valuation - The investment rate of return assumption was reduced from 7.60% to 7.25%.

**City of Hillsdale
Required Supplementary Information
Schedule of Contributions
Last Eight Fiscal Years ***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 739,819	\$ 622,163	\$ 529,357	\$ 523,811	\$ 490,020	\$ 353,776	\$ 348,500	\$ 330,003
Contributions in Relation to the Actuarially Determined Contribution	739,819	622,163	529,357	523,811	490,020	353,776	348,500	330,003
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	3,075,998	3,460,882	3,631,756	3,713,486	3,899,437	3,714,246	3,955,056	3,531,325
Contributions as a Percentage of Covered Payroll	24.05%	17.98%	14.58%	14.11%	12.57%	9.52%	8.81%	9.35%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry-age Normal
Amortization method	Level Percentage of Payroll, Open
Remaining amortization period	17 Years
Asset valuation method	5 Years; Smoothed
Inflation	2.50%
Salary increases	3.00% in the Long-ter
Investment rate of return	7.00%, Net of Investment Expense, including Inflation
Retirement age	Experience-Based Tables of Rates that are Specific to the Type of Eligibility Condition
Mortality	Pub-2010 and Fully Generational MP-2019

* Built prospectively upon implementation on GASB 68

Combining and Individual Fund Statements and Schedules

**City of Hillsdale
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022**

	Special Revenue					
	<u>Field of Dreams</u>	<u>Stock Park</u>	<u>Airport</u>	<u>Local Street</u>	<u>Major Street</u>	<u>Library</u>
ASSETS						
Cash and investments	\$ 7,673	\$ 80,396	\$ 538,899	\$ 387,207	\$ 1,058,875	\$ 237,897
Accounts receivable, net	--	--	--	--	1,971	--
Special assessments receivable	--	--	--	--	--	--
Leases receivable	--	--	62,085	--	--	--
Due from other governmental units	--	--	--	41,694	133,367	34,998
Prepaid items	--	800	--	--	--	119
Total Assets	\$ 7,673	\$ 81,196	\$ 600,984	\$ 428,901	\$ 1,194,213	\$ 273,014
LIABILITIES						
Accounts payable	\$ 2,545	\$ 599	\$ 885	\$ 14,165	\$ 76,388	\$ 6,339
Accrued liabilities	--	--	--	4,032	5,486	3,047
Unearned revenue	--	--	--	--	--	--
Total Liabilities	2,545	599	885	18,197	81,874	9,386
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	--	--	--	--	--	--
Deferred lease revenues	--	--	62,868	--	--	--
Total Liabilities and Deferred Inflows of Resources	2,545	599	63,753	18,197	81,874	9,386
FUND BALANCE						
Nonspendable	--	800	--	--	--	119
Restricted	5,128	79,797	537,231	410,704	1,112,339	263,509
Total Fund Balance	5,128	80,597	537,231	410,704	1,112,339	263,628
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 7,673	\$ 81,196	\$ 600,984	\$ 428,901	\$ 1,194,213	\$ 273,014

**City of Hillsdale
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022**

	Special Revenue					Debt Service
	Police	Drug Forfeitures	Recreation Commission	Municipal Street	ARPA Grant	Debt Service
ASSETS						
Cash and investments	\$ 1,556	\$ 8,895	\$ 17,145	\$ 328,584	\$ 442,017	\$ --
Accounts receivable, net	--	--	1,075	--	--	--
Special assessments receivable	--	--	--	451,250	--	--
Leases receivable	--	--	--	--	--	--
Due from other governmental units	--	--	--	--	--	--
Prepaid items	--	--	772	--	--	--
Total Assets	\$ 1,556	\$ 8,895	\$ 18,992	\$ 779,834	\$ 442,017	\$ --
LIABILITIES						
Accounts payable	\$ --	\$ --	\$ 4,217	\$ --	\$ 799	\$ --
Accrued liabilities	--	--	7,468	--	--	--
Unearned revenue	--	--	--	--	440,361	--
Total Liabilities	--	--	11,685	--	441,160	--
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	--	--	--	451,250	--	--
Deferred lease revenues	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	--	--	11,685	451,250	441,160	--
FUND BALANCE						
Nonspendable	--	--	772	--	--	--
Restricted	1,556	8,895	6,535	328,584	857	--
Total Fund Balance	1,556	8,895	7,307	328,584	857	--
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,556	\$ 8,895	\$ 18,992	\$ 779,834	\$ 442,017	\$ --

**City of Hillsdale
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022**

	<u>Capital Projects</u>		<u>Permanent</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Capital Improvement</u>	<u>Fire Equipment</u>	<u>R.L. Owen Memorial</u>	<u>Cemetery Perpetual Care</u>	<u>Stock Park Maintenance</u>	
ASSETS						
Cash and investments	\$ 677,481	\$ 328,810	\$ 58,764	\$ 734,257	\$ 83,993	\$ 4,992,449
Accounts receivable, net	800	--	--	--	--	3,846
Special assessments receivable	--	--	--	--	--	451,250
Leases receivable	--	--	--	--	--	62,085
Due from other governmental units	--	--	--	--	--	210,059
Prepaid items	--	--	--	--	--	1,691
Total Assets	\$ 678,281	\$ 328,810	\$ 58,764	\$ 734,257	\$ 83,993	\$ 5,721,380
LIABILITIES						
Accounts payable	\$ 14,141	\$ --	\$ --	\$ --	\$ --	\$ 120,078
Accrued liabilities	--	--	--	--	--	20,033
Unearned revenue	--	--	--	--	--	440,361
Total Liabilities	14,141	--	--	--	--	580,472
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	--	--	--	--	--	451,250
Deferred lease revenues	--	--	--	--	--	62,868
Total Liabilities and Deferred Inflows of Resources	14,141	--	--	--	--	1,094,590
FUND BALANCE						
Nonspendable	--	--	--	--	--	1,691
Restricted	664,140	328,810	58,764	734,257	83,993	4,625,099
Total Fund Balance	664,140	328,810	58,764	734,257	83,993	4,626,790
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 678,281	\$ 328,810	\$ 58,764	\$ 734,257	\$ 83,993	\$ 5,721,380

City of Hillsdale
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue					
	<u>Field of Dreams</u>	<u>Stock Park</u>	<u>Airport</u>	<u>Local Street</u>	<u>Major Street</u>	<u>Library</u>
Revenues						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 137,890
Special assessments	--	--	--	--	--	--
Intergovernmental	--	--	--	297,756	940,982	63,730
Charges for services	5,750	--	--	--	--	6,146
Fines and violations	--	--	--	--	--	31,320
Interest and rentals	24	(1,222)	47,905	(454)	(1,858)	12,931
Miscellaneous	--	33,481	215,955	2,845	14,727	46,637
Total Revenues	<u>5,774</u>	<u>32,259</u>	<u>263,860</u>	<u>300,147</u>	<u>953,851</u>	<u>298,654</u>
Expenditures						
General government	--	--	--	--	--	--
Public safety	--	--	--	--	--	--
Public works	--	--	156,305	318,114	453,191	--
Recreation and culture	2,713	7,912	--	--	--	197,243
Capital outlay	--	--	--	--	--	--
Total Expenditures	<u>2,713</u>	<u>7,912</u>	<u>156,305</u>	<u>318,114</u>	<u>453,191</u>	<u>197,243</u>
Excess of Revenues Over (Under) Expenditures	<u>3,061</u>	<u>24,347</u>	<u>107,555</u>	<u>(17,967)</u>	<u>500,660</u>	<u>101,411</u>
Other Financing Sources (Uses)						
Transfers in	--	--	--	50,000	--	--
Transfers out	--	--	--	(27,159)	(141,006)	(2,000)
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>22,841</u>	<u>(141,006)</u>	<u>(2,000)</u>
Net Change in Fund Balance	<u>3,061</u>	<u>24,347</u>	<u>107,555</u>	<u>4,874</u>	<u>359,654</u>	<u>99,411</u>
Fund Balance at Beginning of Period	2,067	56,250	429,676	405,830	752,685	164,217
Fund Balance at End of Period	<u>\$ 5,128</u>	<u>\$ 80,597</u>	<u>\$ 537,231</u>	<u>\$ 410,704</u>	<u>\$ 1,112,339</u>	<u>\$ 263,628</u>

City of Hillsdale
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	<u>Special Revenue</u>					<u>Debt Service</u>
	<u>Police</u>	<u>Drug Forfeitures</u>	<u>Recreation Commission</u>	<u>Municipal Street</u>	<u>ARPA Grant</u>	<u>Debt Service</u>
Revenues						
Taxes	\$ --	\$ --	\$ --	\$ 865,783	\$ --	\$ 977
Special assessments	--	--	--	194,556	--	--
Intergovernmental	--	--	--	--	400,664	53,896
Charges for services	--	--	59,756	--	--	--
Fines and violations	--	--	--	--	--	--
Interest and rentals	10	71	26,633	1,493	858	509
Miscellaneous	200	--	12,056	18,089	--	--
Total Revenues	<u>210</u>	<u>71</u>	<u>98,445</u>	<u>1,079,921</u>	<u>401,522</u>	<u>55,382</u>
Expenditures						
General government	--	--	--	--	--	44
Public safety	425	1,356	--	--	--	--
Public works	--	--	--	751,337	400,665	--
Recreation and culture	--	--	164,908	--	--	--
Capital outlay	--	--	--	--	--	--
Total Expenditures	<u>425</u>	<u>1,356</u>	<u>164,908</u>	<u>751,337</u>	<u>400,665</u>	<u>44</u>
Excess of Revenues Over (Under) Expenditures	<u>(215)</u>	<u>(1,285)</u>	<u>(66,463)</u>	<u>328,584</u>	<u>857</u>	<u>55,338</u>
Other Financing Sources (Uses)						
Transfers in	--	--	64,054	--	--	--
Transfers out	--	--	--	--	--	(1,119,591)
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>64,054</u>	<u>--</u>	<u>--</u>	<u>(1,119,591)</u>
Net Change in Fund Balance	<u>(215)</u>	<u>(1,285)</u>	<u>(2,409)</u>	<u>328,584</u>	<u>857</u>	<u>(1,064,253)</u>
Fund Balance at Beginning of Period	1,771	10,180	9,716	--	--	1,064,253
Fund Balance at End of Period	<u>\$ 1,556</u>	<u>\$ 8,895</u>	<u>\$ 7,307</u>	<u>\$ 328,584</u>	<u>\$ 857</u>	<u>\$ --</u>

City of Hillsdale
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Capital Projects		Permanent			Total Nonmajor Governmental Funds
	Capital Improvement	Fire Equipment	R.L. Owen Memorial	Cemetery Perpetual Care	Stock Park Maintenance	
Revenues						
Taxes	\$ --	\$ 135,176	\$ --	\$ --	\$ --	\$ 1,139,826
Special assessments	--	--	--	--	--	194,556
Intergovernmental	12,552	145,934	--	--	--	1,915,514
Charges for services	--	--	--	12,963	--	84,615
Fines and violations	--	--	--	--	--	31,320
Interest and rentals	(16,640)	(2,175)	2,953	(4,521)	(2,280)	64,237
Miscellaneous	6,354	12,935	--	--	1,870	365,149
Total Revenues	<u>2,266</u>	<u>291,870</u>	<u>2,953</u>	<u>8,442</u>	<u>(410)</u>	<u>3,795,217</u>
Expenditures						
General government	--	--	--	--	--	44
Public safety	--	23,397	--	--	--	25,178
Public works	--	--	--	302	--	2,079,914
Recreation and culture	--	--	45	--	55	372,876
Capital outlay	458,266	176,953	--	--	--	635,219
Total Expenditures	<u>458,266</u>	<u>200,350</u>	<u>45</u>	<u>302</u>	<u>55</u>	<u>3,113,231</u>
Excess of Revenues Over (Under) Expenditures	<u>(456,000)</u>	<u>91,520</u>	<u>2,908</u>	<u>8,140</u>	<u>(465)</u>	<u>681,986</u>
Other Financing Sources (Uses)						
Transfers in	1,119,591	--	--	--	--	1,233,645
Transfers out	--	--	--	(20,000)	--	(1,309,756)
Net Other Financing Sources (Uses)	<u>1,119,591</u>	<u>--</u>	<u>--</u>	<u>(20,000)</u>	<u>--</u>	<u>(76,111)</u>
Net Change in Fund Balance	663,591	91,520	2,908	(11,860)	(465)	605,875
<i>Fund Balance at Beginning of Period</i>	549	237,290	55,856	746,117	84,458	4,020,915
Fund Balance at End of Period	<u>\$ 664,140</u>	<u>\$ 328,810</u>	<u>\$ 58,764</u>	<u>\$ 734,257</u>	<u>\$ 83,993</u>	<u>\$ 4,626,790</u>

City of Hillsdale
Combining Statement of Net Position
Internal Service Funds
June 30, 2022

	Internal Service				
	Department of Public Service				
	Leave and Benefits	Unemployment Insurance	Revolving Mobile Equipment	Public Service Inventory	Total Internal Service Funds
ASSETS					
<i>Current Assets</i>					
Cash and investments	\$ 54,837	\$ 67,614	\$ 121,706	\$ --	\$ 244,157
Accounts receivable, net	--	--	--	240	240
Inventory	--	--	--	160,857	160,857
Prepaid items	6,934	--	9,349	--	16,283
Total Current Assets	61,771	67,614	131,055	161,097	421,537
<i>Noncurrent Assets</i>					
Capital assets being depreciated, net	--	--	525,053	--	525,053
Total Assets	61,771	67,614	656,108	161,097	946,590
LIABILITIES					
<i>Current Liabilities</i>					
Accounts payable	629	--	9,530	--	10,159
Negative equity in pooled cash	--	--	--	31,176	31,176
Accrued liabilities	--	--	1,665	--	1,665
Total Current Liabilities	629	--	11,195	31,176	43,000
<i>Noncurrent Liabilities</i>					
Compensated absences	60,967	--	7,876	--	68,843
Total Liabilities	61,596	--	19,071	31,176	111,843
NET POSITION					
Net investment in capital assets	--	--	525,053	--	525,053
<i>Unrestricted</i>	175	67,614	111,984	129,921	309,694
Total Net Position	\$ 175	\$ 67,614	\$ 637,037	\$ 129,921	\$ 834,747

City of Hillsdale
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2022

	Internal Service				
	Department of Public Service				
	Leave and Benefits	Unemployment Insurance	Revolving Mobile Equipment	Public Service Inventory	Total Internal Service Funds
Operating Revenues					
Charges for services	\$ --	\$ --	\$ 242,623	\$ 12,411	\$ 255,034
Miscellaneous	161,026	--	22,716	--	183,742
Total Operating Revenues	161,026	--	265,339	12,411	438,776
Operating Expenses					
Salaries	38,984	--	45,348	143	84,475
Fringe benefits	122,042	--	16,481	10	138,533
Supplies	--	--	93,621	47,968	141,589
Contracted services	--	--	9,186	532	9,718
Insurance	--	3,910	30,063	--	33,973
Utilities	--	--	6,197	--	6,197
Miscellaneous	--	--	250	--	250
Depreciation	--	--	105,746	--	105,746
Total Operating Expenses	161,026	3,910	306,892	48,653	520,481
Operating Income (Loss)	--	(3,910)	(41,553)	(36,242)	(81,705)
Non-Operating Revenues (Expenses)					
Interest and investment earnings (losses)	175	(2,695)	744	130	(1,646)
State sources	--	--	5,828	--	5,828
Gain (loss) on disposal of property	--	--	4,050	--	4,050
Net Non-Operating Revenues (Expenses)	175	(2,695)	10,622	130	8,232
Change In Net Position	175	(6,605)	(30,931)	(36,112)	(73,473)
<i>Net Position at Beginning of Period</i>	<i>--</i>	<i>74,219</i>	<i>667,968</i>	<i>166,033</i>	<i>908,220</i>
Net Position at End of Period	\$ 175	\$ 67,614	\$ 637,037	\$ 129,921	\$ 834,747

City of Hillsdale
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022

	Internal Service				Total Internal Service Funds
	Department of Public Service Leave and Benefits	Unemployment Insurance	Revolving Mobile Equipment	Public Service Inventory	
Cash Flows from Operating Activities					
Cash payments to employees for services and benefits	\$ (129,810)	\$ -	\$ (62,496)	\$ (153)	\$ (192,459)
Cash payments to suppliers for goods and services	3,589	(3,910)	(123,877)	(71,074)	(195,272)
Payments for interfund activity	161,026	-	265,339	12,171	438,536
Net Cash Provided (Used) by Operating Activities	34,805	(3,910)	78,966	(59,056)	50,805
Cash Flows from Non-Capital Financing Activities					
Other non-operating income	-	-	5,828	-	5,828
Net Cash Provided by Non-Capital Financing Activities	-	-	5,828	-	5,828
Cash Flows from Capital and Related Financing Activities					
Net disposal capital assets	-	-	4,050	-	4,050
Purchase of capital assets	-	-	(83,328)	-	(83,328)
Net Cash Used by Capital and Related Financing Activities	-	-	(79,278)	-	(79,278)
Cash Flows from Investing Activities					
Interest and investment earnings	175	(2,695)	744	130	(1,646)
Net Cash Provided (Used) by Investing Activities	175	(2,695)	744	130	(1,646)
Net Increase (Decrease) in Cash and Investments	34,980	(6,605)	6,260	(58,926)	(24,291)
<i>Cash and Investments - Beginning of Year</i>	19,857	74,219	115,446	27,750	237,272
Cash and Investments - End of Year	\$ 54,837	\$ 67,614	\$ 121,706	\$ (31,176)	\$ 212,981

**City of Hillsdale
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022**

	<u>Internal Service</u>				
	<u>Department of Public Service Leave and Benefits</u>	<u>Unemployment Insurance</u>	<u>Revolving Mobile Equipment</u>	<u>Public Service Inventory</u>	
Reconciliation of Operating Loss to					
Net Cash Provided by (Used in) Operating Activities					
Operating Loss	\$ -	\$ (3,910)	\$ (41,553)	\$ (36,242)	\$ (81,705)
Adjustments to Reconcile Operating Loss to					
Net Cash Provided by (Used in) Operating Activities					
Depreciation expense	-	-	105,746	-	105,746
Changes in Assets and Liabilities					
Receivables	-	-	-	(240)	(240)
Inventory	-	-	-	(3,186)	(3,186)
Prepaid items	3,597	-	13,645	-	17,242
Accounts payable	220	-	1,795	(19,388)	(17,373)
Accrued liabilities	(228)	-	391	-	163
Compensated absences	31,216	-	(1,058)	-	30,158
Net Cash Provided (Used) by Operating Activities	<u>\$ 34,805</u>	<u>\$ (3,910)</u>	<u>\$ 78,966</u>	<u>\$ (59,056)</u>	<u>\$ 50,805</u>

**City of Hillsdale
Dial-A-Ride Fund
Schedule 1 - Schedule of Local Revenues
For the Year Ended June 30, 2022**

	<u>Jul. 1, 2021 to Sep. 30, 2021</u>	<u>Oct. 1, 2021 to Jun. 30, 2022</u>	<u>Total</u>
Local Revenues			
Demand Response (Farebox)			
Regular Service	\$ 8,619	\$ 31,280	\$ 39,899
Transfers in from General Fund	-	-	-
Total Local Revenues	<u>\$ 8,619</u>	<u>\$ 31,280</u>	<u>\$ 39,899</u>

**City of Hillsdale
Dial-A-Ride Fund
Schedule 1A - Schedule of Local Revenues
For the Year Ended September 30, 2021**

	<u>Oct. 1, 2020 to Jun. 30, 2021</u>	<u>Jul. 1, 2021 to Sep. 30, 2021</u>	<u>Total</u>
Local Revenues			
Demand Response (Farebox)			
Regular Service	\$ 27,270	\$ 8,619	\$ 35,889
Transfers in from General Fund	94,615	-	94,615
Total Local Revenues	<u>\$ 121,885</u>	<u>\$ 8,619</u>	<u>\$ 130,504</u>

City of Hillsdale
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Federal Grantor / Pass Through Grantor Program Title	Federal ALN Number	State Grantor Number	Program or Award Amount	Current Year Expenditures		
				Total	Federal	State
Michigan Department of Transportation (MDOT)						
Local Bus Operating Assistance (Act 51) - Prior Years			\$ (921)	\$ (921)	\$ -	\$ (921)
2021 Local Bus Operating Assistance (Act 51)-Redistribution			22,327	22,327	-	22,327
2021 Local Bus Operating Assistance (Act 51)			32,060	32,060	-	32,060
2022 Local Bus Operating Assistance (Act 51)			98,342	98,342	-	98,342
Mobility Management (FY 21) - Section 5310		2017-0063 - P11	1,250	1,250	-	1,250
Total State Assistance				<u>153,057</u>	<u>-</u>	<u>153,057</u>
U.S. Department of Transportation						
Passed Through MDOT						
Mobility Management (FY 21) - Section 5311	20.509	2017-0063 - P11	5,000	5,000	5,000	-
Operating Assistance (FY 21)	20.509	2017-0063 - P12	27,273	27,273	27,273	-
Operating Assistance (FY 21) - FLEX	20.509	2017-0063 - P13	6,591	6,591	6,591	-
Operating Assistance (FY 22)	20.509	2022-0066-P1	111,775	111,775	111,775	-
Total Federal Assistance				<u>150,639</u>	<u>150,639</u>	<u>-</u>
Total State and Federal Assistance				<u>\$ 303,696</u>	<u>\$ 150,639</u>	<u>\$ 153,057</u>

**City of Hillsdale
Dial-A-Ride Fund
Schedule 2A - Schedule of Federal & State Awards
For the Year Ended June 30, 2022**

	<u>Jul. 1, 2021 to Sep. 30, 2021</u>	<u>Oct. 1, 2021 to Jun. 30, 2022</u>	<u>Total</u>
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 32,060	\$ 98,342	\$ 130,401
Mobility Management	1,250	-	1,250
Prior Year Settlement	-	21,406	21,406
Federal Transit Administration			
Section 5311 - Operating	27,273	111,775	139,048
Section 5311 - Operating (FLEX)	6,591	-	6,591
Mobility Management	5,000	-	5,000
Total	<u>\$ 72,174</u>	<u>\$ 231,522</u>	<u>\$ 303,696</u>

**City of Hillsdale
Dial-A-Ride Fund
Schedule 2B - Schedule of Federal & State Awards
For the Year Ended September 30, 2021**

	<u>Oct. 1, 2020 to Jun. 30, 2021</u>	<u>Jul. 1, 2021 to Sep. 30, 2021</u>	<u>Total</u>
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 104,434	\$ 32,060	\$ 136,494
Mobility Management	3,193	1,250	4,443
Prior Year Settlement	(3,183)	-	(3,183)
Federal Transit Administration			
Section 5311 - Operating	99,787	27,273	127,060
Section 5311 (FLEX)	24,115	6,591	30,706
Mobility Management	12,773	5,000	17,773
Prior Year Settlement	47,245	-	47,245
Total	<u>\$ 288,364</u>	<u>\$ 72,174</u>	<u>\$ 360,538</u>

**City of Hillsdale
Dial-A-Ride Fund
Schedule 3 - Operating & Contract Expenses
For the Year Ended June 30, 2022**

		Nonurban
Expenses		
Labor	\$	161,640
Fringe Benefits		106,096
Services		24,899
Materials and Supplies		43,391
Utilities		8,269
Insurance		11,512
Operating Lease and Rentals		595
Miscellaneous		1,002
Depreciation		53,753
<i>Total Expenses</i>	\$	411,157

**City of Hillsdale
Dial-A-Ride Fund
Schedule 3A - Operating Expenses By Program
For the Year Ended June 30, 2022**

	Nonurban		Total
	July 1, 2021 to Sept. 30, 2021	Oct. 1, 2021 to June 30, 2022	
Expenses			
Labor	\$ 30,875	\$ 130,765	\$ 161,640
Fringe Benefits	24,560	81,536	106,096
Services	7,132	17,767	24,899
Materials and Supplies	12,711	30,680	43,391
Utilities	953	7,316	8,269
Insurance	-	11,512	11,512
Operating Lease and Rentals	80	515	595
Miscellaneous	-	1,002	1,002
Depreciation	-	53,753	53,753
Total Expenses	\$ 76,311	\$ 334,846	\$ 411,157

**City of Hillsdale
Dial-A-Ride Fund
Schedule 3B - Operating Expenses by Program
For the Year Ended September 30, 2021**

	Nonurban		Total
	Oct. 1, 2020 to June 30, 2021	July 1, 2021 to Sept. 30, 2021	
Expenses			
Labor	\$ 156,687	\$ 30,875	\$ 187,562
Fringe Benefits	66,578	24,560	91,138
Services	35,487	7,132	42,619
Materials and Supplies	18,253	12,711	30,964
Utilities	6,131	953	7,084
Insurance	18,128	-	18,128
Operating Lease and Rentals	750	80	830
Miscellaneous	932	-	932
Depreciation	46,894	-	46,894
Total Expenses	\$ 349,840	\$ 76,311	\$ 426,151

**City of Hillsdale
Dial-A-Ride Fund
Schedule 4R - Nonurban Regular Service Revenue Report
For the Year Ended September 30, 2021**

Code	Description	Amount
401	Farebox Revenue	
40100	Passenger Fares	\$ 35,889
409	Local Revenues	
40910	Local Operating Assistance	94,615
411	State Formula and Contracts	
41101	State Operating Assistance	149,999
413	Federal Contracts	
41301	Federal Section 5311 (operating funds only)	128,034
	<i>Total Regular Service Revenues</i>	<u>\$ 408,537</u>

**City of Hillsdale
Dial-A-Ride Fund
Schedule 4E - Regular Service Operating and Contract Expenses
For the Year Ended September 30, 2021**

Operating Expenses

501 Labor	
50101 Operators Salaries and Wages	\$ 105,212
50102 Other Salaries and Wages	37,475
50103 Dispatchers' Salaries and Wages	44,875
502 Fringe Benefits	
50200 Fringe Benefits	91,138
503 Services	
50305 Audit Costs	1,392
50399 Other Services	41,227
504 Materials and Supplies	
50401 Fuel and Lubricants	19,512
50402 Tires and Tubes	1,437
50499 Other Materials and Supplies	10,015
505 Utilities	
50500 Utilities	7,084
506 Insurance	
50603 Liability Insurance	18,128
509 Miscellaneous Expenses	
50902 Travel, Meetings, and Training	-
50999 Other Miscellaneous Expenses	932
512 Operating Leases and Rentals	
51200 Operating Leases and Rentals	830
513 Depreciation	
51300 Depreciation	46,894
Total Operating Expenses	426,151
 550 Ineligible Expense	
55007 Ineligible Depreciation	46,894
604 Ineligible Expense	
57604 Ineligible Mobility Management	22,216
Total Ineligible Expenses	69,110
 Total Eligible Expenses	 \$ 357,041

**City of Hillsdale
Dial-A-Ride Fund
Schedule 5 - Operating Assistance Calculation
For the Year Ended September 30, 2021**

	Nonurban
Total Expenses	\$ 426,151
Less Ineligible Expenses	
Depreciation	46,894
Ineligible Mobility Management	22,216
Total Ineligible Expenses per R&E Manual	69,110
Total State Eligible Expenses	357,041
Eligible Expenses for State Reimbursement	357,041
Reimbursement Rate	42.0118%
State Operating Assistance	\$ 149,999
Total Federal Eligible Expenses	
State Eligible Expense (per above)	\$ 357,041
Less: Additional Federal Ineligible Expenses - Audit Costs	1,392
Eligible Expenses for Federal Reimbursement	355,649
Reimbursement Rate	36.00%
Federal Operating Assistance	\$ 128,034

**City of Hillsdale
Dial-A-Ride Fund
Schedule 4N of Nonfinancial Information
For the Year Ended September 30, 2021**

	<u>Weekday</u>	<u>Saturday</u>	<u>Sunday</u>	<u>Total</u>
Vehicle Hours	4,924	-	-	4,924
Vehicle Miles	44,757	-	-	44,757
Passengers, Regular	6,236	-	-	6,236
Passengers, Elderly	4,854	-	-	4,854
Passengers, Persons w/Disabilities	4,757	-	-	4,757
Passengers, Elderly Persons w/Disabilities	4,662	-	-	4,662
<i>Total Demand Response</i>	20,509	-	-	20,509
Days Operated	244	-	-	244
		<u>Quantity</u>		
Total Demand Response Vehicles		4		
Demand Response Vehicles with Lifts		4		
Diesel/Gasoline Gallons Consumed		7,835		
Total Transit (full-time equivalent) Employees		4		
Total Revenue Vehicles (full-time equivalent) Operators		3		

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*

Honorable Mayor and Members of the City Council
City of Hillsdale, 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, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hillsdale, Michigan (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 21, 2022.

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 on the effectiveness of the City's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, Michigan
November 21, 2022

November 21, 2022

Honorable Mayor and Members of the City Council
City of Hillsdale, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hillsdale, Michigan (the "City") as of and for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the 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 October 7, 2022. 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. There were no new accounting policies adopted and, except as stated in Note 17 to the financial statements, the application of existing policies was not changed during the fiscal year ended June 30, 2022. We noted no transactions entered 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 City's financial statements were:

- Management's estimate of the useful life of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- The assumptions used in the actuarial valuations of the pension plan are based on historical trends and industry standards.

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

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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 November 21, 2022.

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 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. To our knowledge, there were no such consultations 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 management's discussion and analysis, budgetary comparison schedules, and the required pension schedules, which are required supplementary information (RSI) that supplements 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 combining and individual fund financial statements and the Dial-A-Ride transportation fund transit schedules, which accompany 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 information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, MI

City of Hillsdale

Agenda Item Summary

Meeting Date: December 19, 2022

Agenda Item: New Business

SUBJECT: Roberta Hill Pavilion Purchase – Jim’s Amish Structures

BACKGROUND PROVIDED BY STAFF Michelle Loren, Recreation Director

Roberta Hill, a well-respected member of our community, passed away in March, 2021. Donations were received by family and friends to build a pavilion at Sandy Beach in her memory. Barry Hill and his sisters researched pavilions and have settled on a pavilion to be purchased through Jim’s Amish Structures in St. Johns, Michigan. The donations received will cover the bulk of the cost. The Hill family is covering the difference as well as installation costs.

RECOMMENDATION:

The Recreation Department recommends Council approve the purchase of the pavilion from Jim’s Amish Structures in the amount of \$31,048.64.



SOLE SOURCE / BEST SOURCE JUSTIFICATION

To be completed by the Department and forwarded to City Manager for Approval

Vendor *Jim's Amish Structures*

Amount *\$31,048.64*

Department *Recreation*

Date *12/19/2022*

Sole Source – A single vendor is uniquely qualified to meet the City's procurement objective.

Provide an explanation of the need that has to be fulfilled, focusing on the requirements (not a description of the product or service, which satisfies that need). Why is this vendor the only one that can fulfill the need identified? Describe the unique aspects of their product or service or attach letter from vendor:

Check appropriate reason below:

- This is a product manufactured by a single vendor.
- This product or service is sold only through this single distributor.
- This service is unique to a single organization.
- An unusual or compelling urgency exists (explain below).

What activities have already occurred prior to submitting this request? Discuss what other products and services in the market were reviewed and why they didn't fulfill the need. Have you already evaluated products or services available on the market and then made a determination that this product or service is the only one that meets your need? Has the vendor already done any work related to this project or purchase?

Best Source – Does the need meet one of the following "best source" definitions instead of the sole source definition referenced above (explain below):

- The product or service must match or be compatible with current equipment or services; or
- It would not be economically feasible for another vendor to provide the product or service needed; or
- A single vendor is uniquely qualified to fulfill the City's need; or
- An unusual or compelling urgency exists.

This pavilion is being donated by the Hill family in memory of their late mother, Roberta Hill.

Donations were made by family and friends raising the bulk of the cost (the difference will be

paid by Barry Hill personally). Because of the situation, the Hills chose the vendor and designed the pavilion to their liking. Donor researched different vendors. Jim's Amish Structures offered the most customizing choices and colors. The quality of the product came highly recommended by Hillsdale Hospital as this is the vendor they used to build a pavilion somewhat recently on hospital grounds.

REQUESTED BY:

Signature *Michelle Loren* Date *12/13/2022*

(Typed Name) *MICHELLE LOREN*

APPROVALS:

City Manager *David J. Mochel* Date *12-13-22*



Pavilion

Quote

989.224.0515

www.jimsamish.com

Price

Customer Name: Barry Hill
Customer Phone Number: (616)240-9177
Customer Delivery Location: 122 S. Howell St
Hillsdale, Michigan 49242

Customer email: hillbk@comcast.net

Date first created: 8/5/22

Date last Revised: 11/18/2022

Sales Associate(s): Trish

Size: 20x20 Pavilion
Shape: Rectangle
Style: Traditional
Wood or Vinyl: Wood \$22,810.00

Includes:

Asphalt Shingles	Incl.
P.T. Southern Yellow Pine Construction	Incl.
5x5" Posts	Incl.
Half-Moon Braces	Incl.
6/12 Pitch Roof	Incl.

Other Options:

8x8 Posts	\$4,912.00
Stained - Sky Gray	\$3,326.64

Total: \$31,048.64

Tax: \$1,862.92

Delivery: Delivery / Installation / Included south of 55 Incl.

Grand Total: **\$32,911.56**

Deposit: \$1500 needed to order \$1,500.00

COD w/ Check \$31,411.56

Stain Color: Sky Gray
Shingles: Dual Gray

Notes:

Site Prep up to customer. Must be concrete slab or piers

*Any changes made after order submitted require \$150 revision fee.



Picture of 12x20 Traditional Wood Pavilion with Sky Gray stain for color comparison



20x20 Traditional Wood Pavilion

**City of Hillsdale
Agenda Item Summary**

Meeting Date: **December 19, 2022**

Agenda Item #: **New Business**

SUBJECT: **Budget Amendments for the Roberta Hill Pavilion Project**

BACKGROUND PROVIDED BY STAFF

The Uniform Budget and Accounting Act of 1968, as amended, requires the City to make amendments to the budget when appropriations exceed the current budget. These amendments must be approved by the City Council.

Roberta Hill, a well-respected member of our community, passed away in March 2021. Donations were received by family and friends to place a pavilion in Mrs. Stock's Park. The Hill Family has since decided they would like a pavilion by installed at Sandy Beach. The funds need to be transferred from Mrs. Stock's Park Fund to Recreation Fund.

RECOMMENDATION:

City staff recommends City Council approve the budget resolution.

**Attachment
12/19/22 Hillsdale Budget Amendment Resolution
Fiscal Year 2022-2023 Proposed Budget Amendments**

Recreation Fund (Fund 208)

Summary

	<u>Current Budget</u>	<u>Proposed Budget Amendment</u>	<u>New Budget</u>
Revenues	149,238	31,049	180,287
Expenditures:	149,238	31,049	180,287
Excess Revenues/(Expenditures)	-	-	-
Beginning Fund Balance 6/30/2022	7,306		7,306
Ending Fund Balance 6/30/2023 (budget)	7,306	-	7,306

Detail

Expenditure:	To set-up project budget for Roberta Hill Pavilion	Increase	Decrease
208-751.000-970.000	Capital Outlay	31,049	
Revenue:			
208-000.000-675.409	Donation for Roberta Hill	6,874	
208-000.000-699.409	Transfer In from Stock's Park Fund	24,175	

Stock's Park Fund (Fund 409)

Summary

	<u>Current Budget</u>	<u>Proposed Budget Amendment</u>	<u>New Budget</u>
Revenues	10,200	-	10,200
Expenditures:	7,500	24,175	31,675
Excess Revenues/(Expenditures)	2,700	(24,175)	(21,475)
Beginning Fund Balance 6/30/2022	80,597		80,597
Ending Fund Balance 6/30/2023 (budget)	83,297	(24,175)	59,122

Detail

Revenue:		Increase	Decrease
		-	
Expenditure:			
409-756.000-995.208	Transfer Out to Recreation Fund	24,175	

Attachment
12/19/22 Hillsdale Budget Amendment Resolution
Fiscal Year 2022-2023 Proposed Budget Amendments

CITY OF HILLSDALE, MICHIGAN
RESOLUTION NO. _____
AMENDED GENERAL APPROPRIATION ACT RESOLUTION
July 1, 2022 – June 30, 2023

A RESOLUTION TO AMEND THE FISCAL YEAR 2023 BUDGET

WHEREAS, City Council approved the General Appropriation Act Resolution when the FY23 budget was approved in June of 2022;

WHEREAS, pursuant to the Uniform Budgeting and Accounting Act of 1968, as amended, the legislative body shall adopt a balanced budget including all supplemental appropriation approvals; and

WHEREAS, pursuant to the Uniform Budgeting and Accounting Act of 1968, as amended, a balanced budget is defined as estimated total expenditures including an accrued deficit shall not exceed estimated total revenues including a surplus;

NOW, THEREFORE, BE IT RESOLVED that the revenues and expenditures for the fiscal year, commencing July 1, 2022, and ending June 30, 2023, are hereby amended on a departmental and fund total basis as follows:

	Revenues	Expenditures
Recreation Fund (Fund 208)	31,049	31,049
Stock's Park Fund (Fund 409)		24,175

PASSED IN OPEN COUNCIL MEETING THIS 19TH DAY OF DECEMBER, 2022.

Adam L. Stockford, Mayor

Attest:

Katy Price, City Clerk

City of Hillsdale

Agenda Item Summary

Meeting Date: **December 19, 2022**

Agenda Item: **New Business**

SUBJECT **280 Waterworks**

BACKGROUND PROVIDED BY STAFF (Alan Beeker, Zoning Administrator)

The city has been pursuing opportunities to raze the old farmhouse located in the middle of Owen Memorial Park, 280 Waterworks, for years. There have been multiple estimates attained, grant applications submitted but in the end, the costs were not deemed worthwhile. Now the house is attracting squatters and the mold and mildew inside is making it a danger to continue to use as storage. The minimal maintenance is becoming costly and it continues to deteriorate. Recently, Code Enforcement reached out to Parrish Excavating for yet another estimate. The estimate included a substantial discount if the work was performed within a designated timeframe. Consulting with DPS and Recreation, it was decided that this was the opportune time to finally remove the structure. Parrish Excavating and the abatement company, ALAM, Inc. can perform the work during the month of January. Code Enforcement will cover 50% of the demolition, approx. \$16,000 and the Owen Memorial Fund will cover the remaining 50% of the demolition and approx. \$12,000 in misc. expenses to relocate well equipment and install a shed to house it all.

Code Enforcement Staff recommend that Council approve the submitted request to demolish 280 Waterworks.



SOLE SOURCE / BEST SOURCE JUSTIFICATION

To be completed by the Department and forwarded to City Manager for Approval

Vendor Parrish Excavating

Amount \$ 31,432.50

Department Code Enforcement

Date 12/12/2022

Sole Source – A single vendor is uniquely qualified to meet the City’s procurement objective.

Provide an explanation of the need that has to be fulfilled, focusing on the requirements (not a description of the product or service, which satisfies that need). Why is this vendor the only one that can fulfill the need identified? Describe the unique aspects of their product or service or attach letter from vendor:

Check appropriate reason below:

- This is a product manufactured by a single vendor.
- This product or service is sold only through this single distributor.
- This service is unique to a single organization.
- An unusual or compelling urgency exists (explain below).

12/15/2022

What activities have already occurred prior to submitting this request? Discuss what other products and services in the market were reviewed and why they didn't fulfill the need. Have you already evaluated products or services available on the market and then made a determination that this product or service is the only one that meets your need? Has the vendor already done any work related to this project or purchase?

The needed demolition of the house in Owen Memorial Park has been pursued by the city multiple times. The city has attempted to gain assistance in covering the cost of the demolition through various grants but each one has been rejected. The need is becoming an emergency situation as there have been multiple reports of squatters and the pervasive mold in the house has made utilizing it as storage a concern. Code Enforcement reached out to Parrish Excavating, who has assisted in other demolition projects, and asked for an estimate. The estimate included the potential cost savings of \$5000 if the work was performed during the company's slow time. The Code Enforcement budget and the Park's endowment both have enough fund balance to do the work. It has been decided to split the costs between the two funds and finally get the house razed. The demolition of the house will improve the chances of receiving grants for future improvements to the park that have long been on hold due to the existence of the dilapidated farmhouse.

■ Best Source – Does the need meet one of the following “best source” definitions instead of the sole source definition referenced above (explain below):

- The product or service must match or be compatible with current equipment or services; or
- It would not be economically feasible for another vendor to provide the product or service needed; or
- A single vendor is uniquely qualified to fulfill the City's need; or
- An unusual or compelling urgency exists.

REQUESTED BY:

Signature  Date 12/12/2022

(Typed Name) Alan Beeker

APPROVALS:

City Manager  Date 12/12/2022



November 1, 2022
Mr. Alan Becker
Zoning Administrator
97 N. Broad Street
Hillsdale, MI 49242
517-437-6449
abeeker@cityofhillsdale.org

PROPOSAL #B22253 – 280 Waterworks Avenue, Hillsdale - Structure Demo & Remediation

Alan, we are grateful for the opportunity to offer the following scope and cost estimate for the asbestos abatement, structure demo and remediation per City of Hillsdale Specification at 280 Waterworks Avenue, Hillsdale.

WORK SCOPE:

Asbestos Abatement per provided Survey by Certified Contractor
Procure City of Hillsdale ROW Permit, Assumed Fee to be Waived
Procure Hillsdale County Demo Permit
Mobilization of required Equipment & Tools
Site Security
Residential Structure Demo and Disposal of Materials to a Certified Landfill
Water and Septic Service Capped at Foundation Wall and Marked.
Demo & Offsite Disposal of Building Slab & Foundation Debris
Import Class III Material and Compact Fill in Foundation Voids to -4" from existing grade
Import 4" Screened Topsoil & Finish Grade disturbed Area
Provide and Place Grass Seed and Straw Mulch Blankets

ESTIMATE TOTAL: \$37,782.50

IF WORK IS ORDERED IN TIME FOR ABATEMENT AND PERMIT PROCUREMENT SO DEMO CAN BE COMPLETED BETWEEN 11-15-22 AND 12-22-22 DEDUCT \$5,000.00 FROM SUM.

Exclusions

Electric Service Abandonment by City of Hillsdale/HBPU
Water Well Removal
Tree Removal

Note:

We have assumed the City desires to leave the Water Well at address in place. If the Water Well is desired to be Abandoned, we have learned with it being in shale that it will require a Cement Fill Abandonment. If the Well is desired to be Abandoned by a Qualified Contractor ADD \$2,164.00

Alan - If you have any questions or need anything additional, please contact me by any means. We thank you for the opportunity to offer this proposal.

Respectfully,

Mark Diamond
Parrish Excavating, Inc.
269-209-6010 C
mark.diamond@parrish-excavating.com

12/8/2022

Alan Beeker

From: mark.diamond parrish-excavating.com <mark.diamond@parrish-excavating.com>
Sent: Thursday, December 8, 2022 2:18 PM
To: Alan Beeker
Subject: RE: 280 Waterworks

Thank you Alan! I have asked ALAM, Inc., our abatement contractor to notify me when they have settled on a start date. I will forward that date and a brief schedule to share with others when it is determined. As mentioned on the phone if the City/County Permit fees are waived I can deduct an additional 150.00 from the estimate sum. Also, if the HBPU will let us use approx. 200 CYDS of fill I can deduct 1,200.00 from the estimate sum. So If all goes as we talked 37,782.50 - 5,000.00 - 150.00 - 1,200.00 = 31,432.50. Thank you again.

Mark Diamond

Estimator, Production Manager

O 517-639-4656

C 269-209-6010

Parrish Excavating, Inc.

65 Cole St.

Quincy, MI 49082

From: Alan Beeker <abeeker@cityofhillsdale.org>
Sent: Thursday, December 8, 2022 12:28 PM
To: mark.diamond parrish-excavating.com <mark.diamond@parrish-excavating.com>
Subject: 280 Waterworks

Hi Mark,

Here is the signed and dated estimate.

I am excited to finally get the old house removed from the park.

Thank you for you help.

Alan Beeker
MCAT
MSU Certified
Zoning Administrator
517.437.6449



CONFIDENTIALITY NOTICE: This communication and any attachments may contain confidential and privileged information for the use of the designated recipient named above. If you are not the designated recipient, an employee, or agent responsible for delivering this message to the intended recipient, you are hereby notified that you have received this communication in error and that any review, disclosure, dissemination, distribution, or copying of it or its contents is strictly prohibited. If you receive this communication in error, please destroy all copies of this communication and any attachments and notify the sender immediately via phone, fax, or electronic mail. Thank you.

Alan Beeker

From: mark.diamond parrish-excavating.com <mark.diamond@parrish-excavating.com>
Sent: Thursday, December 8, 2022 2:31 PM
To: Alan Beeker
Cc: Ryan Fillmore
Subject: RE: 280 Waterworks

Alan. I got a quick response from Alam. Please find the following as our proposed schedule at 280 Waterworks Ave.

1-2-23 through 1-4-23 Asbestos Abatement
1-5-23 through 1-10-23 Abatement Report Summation
1-11-23 through 1-16-23 County Demolition Permit Procurement
1-11-23 Place Utility Locate
1-16-23 through 1-31-23 Structure & Site Demo & Remediation

We will coordinate soils import with Jake and submit the permits when obtained. Please let me know if you see any issue with the schedule and we will make any needed changes. Thank you Alan.

Mark Diamond

Estimator, Production Manager

O 517-639-4656

C 269-209-6010

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Mark Diamond

Estimator, Production Manager

O 517-639-4656

C 269-209-6010

Parrish Excavating, Inc.

65 Cole St.

Quincy, MI 49082

From: Alan Beeker <abeeker@cityofhillsdale.org>
Sent: Thursday, December 8, 2022 12:28 PM

City of Hillsdale

Agenda Item Summary

Meeting Date: December 19, 2022
Agenda Item: New Business
Subject: 2023 Guidelines for Poverty Exemption from Property Taxes

BACKGROUND PROVIDED BY STAFF (Kimberly Thomas, Assessor)

City Council is required to annually adopt guidelines to be followed by the Board of Review in determining eligibility for exemption from property taxes for reasons of poverty as provided for in Michigan Compiled Laws (MCL), [Section 211.7u](#).

Three (3) taxpayers submitted requests to the board of review for exemption from the 2022 property taxes due to poverty, two (2) of whom were granted.

State Tax Commission [Bulletin 19 of 2022](#) was issued on November 15, 2022 with the updated federal poverty guidelines from the U.S. Department of Health and Human Services to be used in determining eligibility for 2023.

Significant changes were made to MCL 211.7u by Public Act 253 of 2020. Assessing department staff reviewed the amended statute with the Board of Review members to develop clear guidelines for recommendation to Council as detailed in the attached resolution Version 1.

Version 2 of the resolution has been prepared at the request of a taxpayer. This version includes an optional provision for extension of exemptions granted in 2022 to property owners whose sole source of income is public assistance that is not subject to significant annual increases, such as SSI or SSD. The person requesting the exemption in 2022 must still file an affidavit with the assessor to remain exempt for 2023, and must file an affidavit to rescind the exemption if they are no longer the owner or occupant or if their income or assets change. In addition, the statute requires that if this provision is adopted the City must develop and implement an audit program.

This version of the resolution is not recommended by staff for several reasons:

1. This portion of the statute is poorly written and confusing to implement.
2. There is very little benefit to the taxpayer. For 3 years they could submit their affidavit to the assessor instead of the board of review. However, due to the audit requirement, the taxpayer would likely still be required to submit proof of income and household expenses annually due to the low number of exemptions granted and therefore subject to audit.

3. An audit program is going to require expenditure of staff time and resources with little likelihood of collecting any additional taxes.
4. The state tax commission has not made the affidavit to rescind the exemption available.
5. Bypassing the annual application to the board of review may be a violation of [Section 9.3](#) of the Hillsdale City Charter.

Additional guidance and information regarding poverty exemptions can be found online at <https://www.michigan.gov/treasury/local/stc/poverty-exemption-forms-and-policy-related-to-pa-253-of-2020>.

RECOMMENDATION:

Guidelines for the Board of Review to follow in approving or denying requests for exemption due to poverty must be adopted by Council and made available to the public prior to March 7, 2023, the date of the organizational meeting of the 2023 Board of Review.

Council should carefully review both versions of the resolution language presented, and:

1. Pass either version 1 or version 2 of the resolution to adopt the guidelines as submitted; or
2. Amend either version 1 or version 2 of the resolution to adopt alternative guidelines, paying attention to the requirements contained within the statute; or
3. Table the matter and refer the resolution back to the Assessor with recommended changes for consideration at the next regular meeting.



Poverty Exemption – MCL 211.7u – Documentation Checklist

It is highly advised that those applying for the poverty exemption attend the Board of Review meeting to answer any questions and provide additional documentation if requested. Applications may be submitted to the March, July, or December Board of Review.

Please initial next to the documentation you have attached with your exemption request.

Required Documents:

- _____ Form 5737 - *Application for MCL 211.7u Poverty Exemption*
- _____ Form 5739 - *Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty*
- _____ Proof of Income (for each member of the household)
 - _____ Current and prior year income tax returns **OR**
 - _____ Form 5739 (if not required to file taxes) **PLUS**
 - _____ Current paystubs
 - _____ Current award letters for public assistance, VA benefits, SSDI, etc....
 - _____ Scholarship/Grant award letters
 - _____ Rent receipts (for this or other property)
 - _____ Land contract payment receipts (for this or other property)
 - _____ Self-employment balance sheet (receipts and expenses)
 - _____ Miscellaneous income (yard sales, consignments, gifts from others)
- _____ Asset List – Off-road vehicles, recreational vehicles, boats, trailers, campers, fine art, etc....

Recommended Attachments:

- _____ Bank statements (checking, savings, CD's, etc.... - current and last 12 months)
- _____ Appraised/blue book values of assets
- _____ Other proof of income or hardship – applications for assistance from Community Action Agency (CAA) or other charitable organization to pay utilities, food assistance, etc....
- _____ Proof of ownership and/or occupancy of the residence for which you are requesting exemption.
- _____ Documentation of any pending appeals for state or federal assistance.

This is not an exhaustive list. Further documentation may be requested at the discretion of the Board of Review.

CITY OF HILLSDALE, MICHIGAN

Resolution # _____

2023 Resolution to Adopt Poverty Exemption Income Guidelines and Asset Test

WHEREAS, the General Property Tax Act, MCL 211.7u, states that the principal residence of a person who, in the judgment of the supervisor (chief assessing officer) and board of review, by reason of poverty, is unable to contribute toward the public charges is eligible for exemption in whole or in part from the collection of taxes under the General Property Tax Act; and

WHEREAS, the governing body of the local assessing unit is required to determine and make available to the public the policy and guidelines used in determining eligibility for exemption by reason of poverty, including, but not limited to, the specific income and asset levels of the claimant and total household income and assets;

NOW, THEREFORE, BE IT HEREBY RESOLVED, pursuant to MCL 211.7u, that the **City of Hillsdale, Hillsdale County**, adopts the following guidelines for the board of review to implement:

To be eligible for exemption under this section, a person must do all of the following on an annual basis, after January 1 but before the last day of the board of review (tentatively scheduled for 9:00 a.m., Tuesday, December 12, 2023):

- 1) Own and occupy as a principal residence the property for which an exemption is requested. The person shall affirm this ownership and occupancy status in writing by filing Form 5739 – *Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty* (prescribed by the state tax commission) with the local assessing unit.
- 2) File a claim with the board of review on Form 5737 – *Application for MCL 211.7u Poverty Exemption* (prescribed by the state tax commission). This form must be completed in full and shall be accompanied by:
 - a) Most recently filed federal and state income tax returns for all persons residing in the principal residence, including any property tax credit returns. Income tax returns must have been filed in the immediately preceding year or in the current year.
 - b) If federal and state income tax returns are not required for a person residing in the principal residence in the tax year in which the exemption is claimed or in the immediately preceding year, form 4988 – *Poverty Exemption Affidavit* (prescribed by the state tax commission) may be accepted in place of the federal or state income tax return.
 - c) If not submitting income tax returns filed in the current year, proof of current income in the form of paystubs or award letters including, but not limited to rent, employment, alimony, child support, social security, disability, unemployment, veteran’s payments, supplemental social security income (SSI), student financial aid or grants available for

housing, or any other type of public or private assistance for all persons residing in the principal residence.

- d) Profit and loss statements for all self-employment or business ventures for all persons residing in the principal residence.
 - e) Copies of all bank and/or debit card statements for the immediately preceding 6 months for all persons residing in the principal residence.
- 3) Produce a valid driver license or other form of identification if requested by the board of review.
 - 4) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested if requested by the board of review.
 - 5) **INCOME TEST.** Total household income from all sources must be below the federal poverty income guidelines as published in Michigan State Tax Commission Bulletin 19 of 2022, being:

# in Household	Income Limit for Federal Poverty Standard	Monthly Equivalent	Weekly Equivalent
1	\$ 13,590.00	\$ 1,132.50	\$ 261.35
2	\$ 18,310.00	\$ 1,525.83	\$ 352.12
3	\$ 23,030.00	\$ 1,919.17	\$ 442.88
4	\$ 27,750.00	\$ 2,312.50	\$ 533.65
5	\$ 32,470.00	\$ 2,705.83	\$ 624.42
6	\$ 37,190.00	\$ 3,099.17	\$ 715.19
7	\$ 41,910.00	\$ 3,492.50	\$ 805.96
8	\$ 46,630.00	\$ 3,885.83	\$ 896.73
For Each Additional Person	\$ 4,720.00	\$ 393.33	\$ 90.77

Total household income higher than these limits shall result in denial of the poverty exemption.

- 6) **ASSET TEST.** If the applicant passes the income test, the board of review shall also consider the household assets in determining eligibility for exemption. Household assets are an indication of funds available for payment of taxes either directly, through liquidation, or as equity to secure funds. Assets may include but are not limited to cash, checking and savings accounts, prepaid debit or gift cards, real estate, investment accounts, trust accounts, pensions, stocks, automobiles, recreational vehicles, and any other potential source of equity or income. The asset guidelines adopted for 2023 are as follows:
 - a) The board of review shall consider both liquid and non-liquid assets held by any member of the household.

- b) The equity of the principal residence for which exemption is requested shall not be considered as an asset available for payment of the taxes; however, additional buildings and land in excess of the minimum required under local ordinance or state construction code for a residence, even if assessed and taxed on the same parcel, may be considered assets and a potential source of income or equity.
- c) Each working member of the household shall be allowed one vehicle exempt from consideration; provided, however, that the equity in the vehicle (blue book value less secured loan balance) shall not be more than \$5,000.
- d) Total liquid assets (cash, prepaid debit cards, checking and savings accounts, or any other asset easily converted into cash) of the property owner(s) residing in the principal residence must be below \$5,000 to qualify; the combined total equity value of all household assets must be below \$10,000 to qualify.

Household assets in excess of these limits shall result in denial of the poverty exemption.

- 7) **REDUCTION CALCULATION.** MCL 211.7u(5) provides that if an applicant meets all eligibility requirements, the board of review shall grant the poverty exemption in full (100% reduction in taxable value) or in part (50% or 25% reduction). The following guidelines shall be used for determining the reduction in taxable value:
 - a) 100% reduction (full exemption) if liquid assets of the property owner(s) residing in the principal residence are below \$2,500 and total household assets are below \$5,000.
 - b) 50% reduction (partial exemption) if liquid assets of the owner(s) residing in the principal residence are between \$2,500 and \$3,750 *or* total household assets are between \$5,000 and \$7,500.
 - c) 25% reduction (partial exemption) if liquid assets of the owner(s) residing in the principal residence are between \$3,750 and \$5,000 *or* total household assets are between \$7,500 and \$10,000.

BE IT ALSO RESOLVED that the board of review shall follow the above stated policy and guidelines in granting or denying an exemption for poverty from collection of the 2023 property taxes.

These guidelines and the forms referenced shall be made available to the public at the office of the assessor and/or treasurer, and on any website maintained by the local assessing unit.

The foregoing resolution offered by Councilmember _____,

and supported by Councilmember _____.

The vote in favor of the resolution being as follows:

Roll call: _____

Motion passed, ___ - ___

Resolution declared adopted.

Date: _____

Adam Stockford, Mayor

Katy Price, Clerk

CERTIFICATION

As the Clerk for the City of Hillsdale, Hillsdale County, Michigan, I certify that this is a true and complete copy of a resolution adopted by the Hillsdale City Council, Hillsdale County at its Regular meeting, held _____, 2023.

Katy Price, Clerk

CITY OF HILLSDALE, MICHIGAN

Resolution # _____

2023 Resolution to Adopt Poverty Exemption Income Guidelines and Asset Test

WHEREAS, the General Property Tax Act, MCL 211.7u, states that the principal residence of a person who, in the judgment of the supervisor (chief assessing officer) and board of review, by reason of poverty, is unable to contribute toward the public charges is eligible for exemption in whole or in part from the collection of taxes under the General Property Tax Act; and

WHEREAS, the governing body of the local assessing unit is required to determine and make available to the public the policy and guidelines used in determining eligibility for exemption by reason of poverty, including, but not limited to, the specific income and asset levels of the claimant and total household income and assets;

NOW, THEREFORE, BE IT HEREBY RESOLVED, pursuant to MCL 211.7u, that the **City of Hillsdale, Hillsdale County**, adopts the following guidelines for the board of review to implement:

To be eligible for exemption under this section, a person must do all of the following on an annual basis, after January 1 but before the last day of the board of review (tentatively scheduled for 9:00 a.m., Tuesday, December 12, 2023):

- 1) Own and occupy as a principal residence the property for which an exemption is requested. The person shall affirm this ownership and occupancy status in writing by filing Form 5739 – *Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty* (prescribed by the state tax commission) with the local assessing unit.
- 2) File a claim with the board of review on Form 5737 – *Application for MCL 211.7u Poverty Exemption* (prescribed by the state tax commission). This form must be completed in full and shall be accompanied by:
 - a) Most recently filed federal and state income tax returns for all persons residing in the principal residence, including any property tax credit returns. Income tax returns must have been filed in the immediately preceding year or in the current year.
 - b) If federal and state income tax returns are not required for a person residing in the principal residence in the tax year in which the exemption is claimed or in the immediately preceding year, form 4988 – *Poverty Exemption Affidavit* (prescribed by the state tax commission) may be accepted in place of the federal or state income tax return.
 - c) If not submitting income tax returns filed in the current year, proof of current income in the form of paystubs or award letters including, but not limited to rent, employment, alimony, child support, social security, disability, unemployment, veteran’s payments, supplemental social security income (SSI), student financial aid or grants available for

Version 2 – includes provision to extend exemptions granted in 2022 under certain circumstances

housing, or any other type of public or private assistance for all persons residing in the principal residence.

- d) Profit and loss statements for all self-employment or business ventures for all persons residing in the principal residence.
 - e) Copies of all bank and/or debit card statements for the immediately preceding 6 months for all persons residing in the principal residence.
- 3) Produce a valid driver license or other form of identification if requested by the board of review.
 - 4) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested if requested by the board of review.
 - 5) **INCOME TEST.** Total household income from all sources must be below the federal poverty income guidelines as published in Michigan State Tax Commission Bulletin 19 of 2022, being:

# in Household	Income Limit for Federal Poverty Standard	Monthly Equivalent	Weekly Equivalent
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For Each Additional Person	\$ 4,720.00	\$ 393.33	\$ 90.77

Total household income higher than these limits shall result in denial of the poverty exemption.

- 6) **ASSET TEST.** If the applicant passes the income test, the board of review shall also consider the household assets in determining eligibility for exemption. Household assets are an indication of funds available for payment of taxes either directly, through liquidation, or as equity to secure funds. Assets may include but are not limited to cash, checking and savings accounts, prepaid debit or gift cards, real estate, investment accounts, trust accounts, pensions, stocks, automobiles, recreational vehicles, and any other potential source of equity or income. The asset guidelines adopted for 2023 are as follows:
 - a) The board of review shall consider both liquid and non-liquid assets held by any member of the household.

Version 2 – includes provision to extend exemptions granted in 2022 under certain circumstances

- b) The equity of the principal residence for which exemption is requested shall not be considered as an asset available for payment of the taxes; however, additional buildings and land in excess of the minimum required under local ordinance or state construction code for a residence, even if assessed and taxed on the same parcel, may be considered assets and a potential source of income or equity.
- c) Each working member of the household shall be allowed one vehicle exempt from consideration; provided, however, that the equity in the vehicle (blue book value less secured loan balance) shall not be more than \$5,000.
- d) Total liquid assets (cash, prepaid debit cards, checking and savings accounts, or any other asset easily converted into cash) of the property owner(s) residing in the principal residence must be below \$5,000 to qualify; the combined total equity value of all household assets must be below \$10,000 to qualify.

Household assets in excess of these limits shall result in denial of the poverty exemption.

- 7) **REDUCTION CALCULATION.** MCL 211.7u(5) provides that if an applicant meets all eligibility requirements, the board of review shall grant the poverty exemption in full (100% reduction in taxable value) or in part (50% or 25% reduction). The following guidelines shall be used for determining the reduction in taxable value:
 - a) 100% reduction (full exemption) if liquid assets of the property owner(s) residing in the principal residence are below \$2,500 and total household assets are below \$5,000.
 - b) 50% reduction (partial exemption) if liquid assets of the owner(s) residing in the principal residence are between \$2,500 and \$3,750 *or* total household assets are between \$5,000 and \$7,500.
 - c) 25% reduction (partial exemption) if liquid assets of the owner(s) residing in the principal residence are between \$3,750 and \$5,000 *or* total household assets are between \$7,500 and \$10,000.
- 8) **EXTENSION.** Pursuant to the provisions contained in MCL 211.7u(6) a principal residence exempt from collection of taxes under this section in tax year 2022 shall remain exempt under this section for 2023, provided that ALL of the following conditions apply:
 - a) There has not been a change in ownership or occupancy status of the person to whom the exemption was granted in 2022. The person shall affirm this ownership and occupancy status in writing by filing Form 5739 – *Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty* (prescribed by the state tax commission) with the local assessing unit.
 - b) The person to whom the exemption was granted in 2022 receives a fixed income solely from public assistance that is not subject to significant annual increases beyond the rate

Version 2 – includes provision to extend exemptions granted in 2022 under certain circumstances

of inflation, such as federal Supplemental Security Income or Social Security disability or retirement benefits.

- c) The person to whom the exemption was extended shall file an affidavit rescinding the exemption within 45 days if either of the following occurs:
 - i) The person ceases to own or occupy the principal residence for which the exemption was extended.
 - ii) The person experiences a change in household assets or income that defeats eligibility for the exemption.
 - iii) Failure to rescind the exemption within 45 days shall result in repayment of any additional taxes with interest at a rate of 1% per month computed from the date the taxes were last payable without interest. Taxes and interest shall be billed within 30 days of discovery by the assessor, payable within 60 days of billing without additional interest.
- d) Pursuant to the provisions contained in MCL 211.7u(9), the City Assessor shall develop and implement an audit program that includes, but is not limited to, the audit of all information filed by the person to whom the exemption was initially granted to determine eligibility in tax years 2019-2022. If property is determined to be ineligible for exemption as a result of an audit, the person who filed for the exemption is subject to repayment of additional taxes including interest to be paid as provided in MCL 211.7u(6)(b).

BE IT ALSO RESOLVED that the board of review shall follow the above stated policy and guidelines in granting or denying an exemption for poverty from collection of the 2023 property taxes.

These guidelines and the forms referenced shall be made available to the public at the office of the assessor and/or treasurer, and on any website maintained by the local assessing unit.

The foregoing resolution offered by Councilmember _____,
and supported by Councilmember _____.

The vote in favor of the resolution being as follows:

Roll call: _____

Version 2 – includes provision to extend exemptions granted in 2022 under certain circumstances

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Motion passed, __ - __

Resolution declared adopted.

Date: _____

Adam Stockford, Mayor

Katy Price, Clerk

CERTIFICATION

As the Clerk for the City of Hillsdale, Hillsdale County, Michigan, I certify that this is a true and complete copy of a resolution adopted by the Hillsdale City Council, Hillsdale County at its Regular meeting, held _____, 2023.

Katy Price, Clerk

City of Hillsdale

Agenda Item Summary

Meeting Date: December 19, 2022
Agenda Item: NEW BUSINESS
Subject: Millage Fund Expenditure

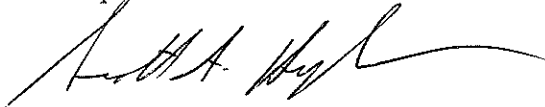
Background:

The residents of the City of Hillsdale passed a millage in 2019 for Fire Department and Public Safety equipment, vehicles, and Capital Improvements. A ten year expenditure plan was completed at that time. As part of this plan in 2024 is the purchase of a new Fire Engine for an estimated cost of \$600,000.00 plus. Because of our increased costs of fuel, tires, repairs and maintenance along with wait time for ordering a new engine we feel purchasing a “mini” pumper on a Ford F550 chassis will better serve our community. This vehicle will be used for medical and inspection runs and can also arrive on a fire scene and initiate all firefighting requirements. The cost is roughly half the price of a full size engine and our vendor currently has four chassis available. Availability and pricing is unknown after this window. Quote is for \$290,000.00 from Advantage Fleet, LLC. This request has been approved by the City Manager, Finance Director and the Public Safety Committee.

Recommendation:

Approval of this request is recommended along with the cost of graphics, a radio, antenna and installation.

Scott A. Hephner



Chief of Police / Fire Chief

COUNTER SALE ESTIMATE

Advantage Fleet, LLC (Axes & Irons)

920 O'Malley Drive
 Coopersville, MI 49404
 accounting@advfleet.com
 6169974053



CS: **9253**

Date: **10/21/2022**

Bill To
 Hillsdale City Fire Department
 77 Carleton Road East
 Hillsdale, MI 49242
 P: 517-437-6461

Ship To
 Hillsdale City Fire
 Department
 77 Carleton Road East
 Hillsdale, MI 49242

Remit To
 Advantage Fleet
 920 O'Malley
 Drive
 Coopersville, MI
 49404

Terms	Due Date	CS	Purchase Order
COD	10/21/2022	9253	

Line	Part #	Description	Quantity	UOM	Rate	Amount
1	Fouts Four Stock Mini Pumper	Stock Unit, Ford F550, Crew cab, 1500 GPM Hale, 300 Gallon, 15 Foam, 2023 Chassis-March Deliver	1		\$282,000.00	\$282,000.00
2	Booster Reel	100ft Booster Reel, Electric Rewind.	1		\$8,000.00	\$8,000.00
Subtotal						\$290,000.00
Coopersville, MI (6.0000%)						\$0.00
Total						\$290,000.00
Balance						\$290,000.00

** A 2% charge will be added to the total invoice if over \$2500 when paying with credit/debit card.

City of Hillsdale

Agenda Item Summary

Meeting Date: December 19, 2022

Agenda Item #: New Business

SUBJECT: Mitchell Building Lease

BACKGROUND PROVIDED BY STAFF: David Mackie, City Manager

PROJECT BACKGROUND:

Attached is the lease prepared between the City and the Friend of the Mitchell Research Center for Mitchell building space. The lease is for one (1) year. The Community Development Committee recommends the City Council approve the lease. Over the next year the Committee's goal is to develop a long term plan for the building.

RECOMMENDATION:

City Council approve the lease with the Friends of the Mitchell Research Center for one (1) year starting January 1st, 2023.

LEASE

THIS LEASE, made and entered into this 1st day of January, 2023, by and between the City of Hillsdale, a Michigan Municipality, of 97 N. Broad Street, Hillsdale, Michigan 49242 (hereinafter referred to as “Lessor”); and, Friends of the Mitchell Research Center, a Michigan Nonprofit Corporation, of 22 N. Manning Street, Hillsdale, Michigan 49242 (hereinafter referred to as “Lessee”);

WITNESSETH:

Lessor leases to Lessee the following described premises located at 22 N. Manning Street, Hillsdale, Michigan 49242.

For a term of one (1) year from January 1, 2023, through December 31, 2023. Lessee shall pay as rent of \$500.00 per month commencing January 1, 2023, and each month thereafter during the term of this lease.

LESSEE AGREES:

- a) That it will pay the said rent at the time and in the manner aforesaid, except only in the case of fire or other unavoidable catastrophe as hereinafter provided.
- b) That it shall maintain renter’s insurance which shall include general liability coverage as well as coverage for all contents located within the premises.
- c) That it will use said premises during the term of said lease or any extension thereof as a non-retail nor commercial research center and in no case for any business or purpose which shall be unlawful or contrary to any laws of this state or ordinances of the City of Hillsdale, County of Hillsdale, or the State of Michigan now or hereafter made or for any use which shall be liable to endanger or affect any insurance on said building or any business deemed to be extra hazardous on account of fire.
- d) Lessee will not make any structural alterations to the premises without the written consent of Lessor.
- e) That it will not assign, sublease or in any way part with the possession of the whole or any portion of the premises without first obtaining the written consent of Lessor.

- f) That no assent, expressed or implied, by Lessor, to any breach of Lessee's covenants shall be deemed to be a waiver of any succeeding breach of the same or subsequent covenant.
- h) Lessee shall not engage in the production, construction or manufacture of any article upon or in the leased premises.

LESSOR AGREES:

- a) That it will keep the premises insured and shall pay the taxes on said premises during the term of said Lease or any extension thereof provided, however, that should any personal property which Lessee has in his possession be assessed for taxes, the payment of said personal property tax shall be the responsibility of Lessee as well as the payment of any insurance on said personal property. Lessor shall pay all gas, electric and other utilities related to the aforesaid premises.
- b) That Lessee shall peacefully hold and enjoy the premises providing they comply with all covenants contained herein.
- c) That it shall keep the sidewalks and approaches to the premises free of snow, ice and other debris at all reasonable times.
- d) That it shall maintain the lawn appropriately, including mowing, leaf and debris removal.

LESSEE AND LESSOR AGREE:

- a) In case any rent shall be due and unpaid, or if default shall be made in any of the covenants herein contained, then it shall be lawful for Lessor to re-enter into, repossess the same premises and to remove and put out the said Lessee and each and every other occupant.

The covenants, conditions and agreements, made and entered into by the several parties hereto, are declared binding on their respective heirs, representatives and assigns.

Witness our hands and seals this day and year first above written.

LESSOR:

City of Hillsdale Michigan
By David Mackie, City Manager

LESSEE:

Friends of the Mitchell Research Center
By: Carol Lackey
Its: _____

Prepared by:

PREPARED BY:
Lovinger & Thompson, P.C.
By: John P. Lovinger
91 S. Broad Street/P.O. Box 358
Hillsdale, Michigan 49242
(517) 437-7210