



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

September 21, 2023

**Request for Improvement
of Deficiencies -**

Corrective Action Plan

Fiscal Year: 2023

Municipality Code: 807517

Report ID Number: 146773

Sent Via Email

Hartford Fire Board

outlook_E174757C0C6BC03B@outlook.com

Dear Governing Body:

The Community Engagement and Finance Division has received the audit report for the fiscal year referenced above. It is the responsibility of this division to administer certain State statutes. Consequently, your audit has been reviewed to determine compliance with budgeting, accounting, auditing, and statutory compliance related activities. This review has identified issues that we believe need your attention.

Please note the following issues corresponding to response(s) on the auditing procedures report:

- Actual expenditures exceeded the amounts authorized in the budget. Please describe actions being taken to prevent budget variances.
- There is non-compliance with guidance issued by the Community Engagement and Finance Division of the Department of Treasury. Please provide an explanation.

The matter(s) described above are either violations of state statute or are deficiencies of the local unit that may impede the local unit's ability to comply with state statute.

Additional deficiencies in your report are usually found in the form of comments and recommendations located toward the end of the report or may be filed separately. The plan should identify each Auditing Procedure Report question listed above, each additional deficiency, the corrective action to be taken, the supporting documentation requested, if any, and the date in which the action is to be implemented.

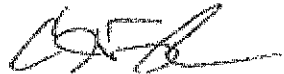
Therefore, within **30 days** from the date of this letter, please submit to us a detailed Corrective Action Plan to resolve the above-mentioned matter(s), including other deficiencies noted in your audit report. To submit your Corrective Action Plan, visit the department's online filing site at [Michigan.gov/localfinancialreporting](https://www.michigan.gov/localfinancialreporting) and select the File Online Reports tab. You must request local unit user access if one does not already exist. We do not accept hard-copy or emailed responses. Please combine multiple documents as only one document can be uploaded.

Failure to respond within 30 days or an inability to demonstrate that corrective action has been implemented may result in one or more of the following:

- Denial of subsequent year qualified status under Public Act 34 of 2001, the Revised Municipal Finance Act (possibly preventing your municipality the ability to borrow money);
- Subject the local unit to an audit and/or review performed by Department of Treasury auditors at the expense of the local unit.

Please contact the audit review staff at LAFD_Audits@michigan.gov if you have any questions.

Sincerely,



Cary Jay Vaughn, CPA, CGFM
Local Audit and Finance Division



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

September 21, 2023

Approval

Municipality Code: 807517
Fiscal Year Ended: 6/2023
Report ID Number: 146774

Dear Chief Administrative Officer:

Thank you for submitting a Qualifying Statement for Hartford Fire Board to the Michigan Department of Treasury on September 20, 2023. Based upon the information provided in the Qualifying Statement, we have determined that the municipality is in material compliance with the criteria identified in Section 303(3) of Public Act 34 of 2001.

The municipality is now authorized to issue municipal securities under this Act without further approval from Treasury. This authorization will remain in effect for six months plus 30 business days after the end of your next fiscal year, or when Treasury has made a new determination, whichever occurs first.

Within 15 business days after the issuance of a municipal security, you will need to upload with the Department a Treasury Website (Security Report) and the documents required in Michigan Legislature Website (Section 319) of Public Act 34 of 2001.

If you would like to speak with a member of our team, please email our office at Treas_MunicipalFinance@Michigan.gov.

Sincerely,

Cary Jay Vaughn, CPA, Administrator
Local Audit and Finance Division

GL NUMBER	DESCRIPTION	2023-24		YTD BALANCE		ACTIVITY FOR	AVAILABLE	BUDGET	USED
		AMENDED BUDGET	NORMAL (ABNORMAL)	10/31/2023	INCREASE (DECREASE)				
Fund 206 - FIRE FUND									
Revenues									
Dept 000									
206-000-401.000	HARTFORD TOWNSHIP	157,305.85		42,903.57		0.00	114,402.28	27.27	
206-000-402.000	HARTFORD CITY	128,794.78		42,358.22		10,589.57	86,346.56	32.91	
206-000-420.000	BANGOR TWP COST RECOVERY	4,142.47		1,781.75		0.00	2,360.72	43.01	
206-000-421.000	COST RECOVERY	6,743.10		591.00		0.00	6,152.10	8.76	
206-000-422.000	FIRE REPORTS/ FOIA	46.66		0.00		0.00	46.66	0.00	
206-000-539.000	GRANTS	2,500.00		1,400.00		0.00	1,100.00	56.00	
206-000-582.000	TOWNSHIP GRANTS	2,800.00		1,600.00		0.00	1,200.00	16.67	
206-000-584.000	VEEMS	2,198.33		3,050.00		0.00	(861.67)	139.20	
206-000-565.000	INTEREST	0.00		230.65		0.00	(230.65)	100.00	
Total Dept 000		311,241.19		93,925.19		10,589.57	217,316.00	30.18	
TOTAL REVENUES		311,241.19		93,925.19		10,589.57	217,316.00	30.18	
Expenditures									
Dept 336 - FIRE OPERATING									
206-336-702.000	BOARD SALARY	4,200.00		600.00		180.00	3,600.00	14.29	
206-336-704.000	CHIEF SALARY	56,141.00		14,035.26		2,339.21	42,105.74	25.00	
206-336-710.000	FIREFIGHTER/ MER	55,900.00		14,311.51		3,455.76	40,688.49	26.02	
206-336-712.000	SHIFT COVERAGE	14,400.00		3,135.00		1,050.00	11,265.00	21.77	
206-336-714.000	SUPPORT STAFF	9,000.00		80.00		0.00	8,920.00	0.89	
206-336-720.000	PAYROLL TAXES	14,800.00		2,460.37		537.38	11,539.63	17.57	
206-336-724.000	RETIREMENT	4,000.00		701.75		140.35	3,298.25	17.54	
206-336-730.000	GASOLINE & DIESEL	9,400.00		1,707.98		951.40	7,692.02	18.17	
206-336-731.000	VEHICLE MAINTENANCE	9,500.00		3,543.47		120.83	5,956.53	37.30	
206-336-733.000	EQUIPMENT MAINTENANCE	12,900.00		1,384.88		633.48	11,515.12	10.74	
206-336-740.000	OPERATING SUPPLIES	350.00		30.00		0.00	320.00	8.57	
206-336-741.000	MEDICAL SUPPLIES	2,500.00		220.50		25.65	2,279.50	8.82	
206-336-742.000	ANNUAL TESTING	8,150.00		1,463.10		0.00	6,686.90	17.95	
206-336-751.000	PHONES	6,815.20		2,045.50		627.19	4,569.70	30.92	
206-336-753.000	UTILITIES	10,000.00		1,262.25		393.00	8,737.75	12.62	
206-336-763.000	BUILDING MAINTENANCE	11,550.00		758.69		212.73	10,791.31	6.57	
206-336-767.000	DUES/ SUBSCRIPTIONS	4,125.00		1,968.34		0.00	2,156.66	47.72	
206-336-781.000	TURN OUT GEAR/ UNIFORMS	16,000.00		12,660.38		0.00	3,339.62	79.13	
206-336-785.000	EDUCATION/ TRAINING	8,700.00		4,251.02		347.45	4,448.98	48.86	
206-336-796.000	PHYSICALS	8,300.00		372.00		186.00	7,928.00	4.48	
206-336-799.000	OFFICE/ COMPUTER	5,910.00		751.47		496.45	5,158.53	12.72	
206-336-801.000	PROFESSIONAL SERVICES	10,000.00		12,295.00		9,895.00	(2,295.00)	122.95	
206-336-810.000	GRANT MATCH	2,500.00		0.00		0.00	2,500.00	0.00	
206-336-815.000	GENERAL INSURANCE	28,000.00		9,021.00		0.00	18,979.00	32.22	
Total Dept 336 - FIRE OPERATING		311,241.20		89,059.47		21,591.88	222,181.73	28.61	
TOTAL EXPENDITURES		311,241.20		89,059.47		21,591.88	222,181.73	28.61	
Fund 206 - FIRE FUND:									
TOTAL REVENUES		311,241.19		93,925.19		10,589.57	217,316.00	30.18	
TOTAL EXPENDITURES		311,241.20		89,059.47		21,591.88	222,181.73	28.61	
NET OF REVENUES & EXPENDITURES		(0.01)		4,865.72		(11,002.31)	(4,865.73)	7,200.00	

top level revenue & revenue

need city transfer

mileage typed

from budget - do adjustment - adjustment

6 months in

Vendor Name	Description	Amount
1. AT&T MOBILITY	CELL PHONES	405.51
2. BRONSON HELP NET	INSURANCE	186.00
3. COMCAST	TELEPHONES & INTERNET	254.38
4. CRYSTAL FLASH	DIESEL	528.60
5. FIRST NATIONAL BANK OMAHA	COMPUTER, TRAINING & SUPPLIES	1,222.03
6. INDIANA MICHIGAN POWER	ELECTRIC	393.00
7. MFE INC	GAS DETECTOR SERVICE	412.92
8. PETER STANISLAWSKI	FINANCE SERVICES	900.00
9. REED LAW PLC	LEGAL FEES	2,495.00
10. S&A AUTOMOTIVE INC	MAINTENANCE	48.14
	MAINTENANCE	59.90
	TOTAL	108.04
11. SHELL FLEET PLUS	DIESEL & GASOLINE	422.80
12. SIEGFRIED CRANDALL PC	AUDIT	6,500.00
13. US BUSINESS SYSTEMS INC	COPIER	93.60
TOTAL - ALL VENDORS		13,921.88

5013 C



*Will be in
 Nov. packet?*

Hartford Fire Board
Van Buren County, Michigan

FINANCIAL STATEMENTS

Year ended June 30, 2023

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Fax 269-349-1344

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Hartford Fire Board

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Hartford Fire Board (the Board), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Hartford Fire Board, as of June 30, 2023, and the respective changes in financial position 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. 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 Board, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Board'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 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, 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 Board'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 Board's ability to continue as a going concern for a reasonable period of time.

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

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the contents, be presented to supplement the basic financial statements. Such information, 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.

Sigfried Crandall P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Hartford Fire Board's (the Board) financial performance provides a narrative overview of the Board's financial activities for the year ended June 30, 2023. Please read it in conjunction with the Board's financial statements.

FINANCIAL HIGHLIGHTS

- The Board's total net position increased by \$68,597 as a result of this year's activities.
- Total net position, in the amount of \$1,569,005, was reported, of which \$1,134,058 is invested in capital assets. This leaves the Board with unrestricted net position of \$434,947, which is available to be spent at the discretion of the Board without constraints established by debt covenants, enabling legislation, or other legal requirements.
- At June 30, 2023, the unassigned fund balance of the Operating Fund was \$446,078, which represents 145 percent of the actual total Operating Fund expenditures for the current fiscal year.

Overview of the financial statements

The Board's annual report is comprised of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include information that presents two different views of the Board:

- The government-wide financial statements provide both long-term and short-term information about the Board's overall financial status.
- The fund financial statements focus on individual parts of the Department's government, reporting the Board's operations in more detail than the government-wide financial statements.
 - Governmental funds statements explain how government services, like general government and public safety, were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2023 and 2022 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Board as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Board's net position and how it has changed. Net position (the difference between the Board's assets and liabilities) is one way to measure the Board's financial health, or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Board, you need to consider additional nonfinancial factors, such as changes in the Board's property tax base and the condition of the Board's capital assets.

The government-wide financial statements consist solely of governmental activities. The Board's basic service, public safety, is included here. Contributions from member units of government finance these activities.

Fund financial statements

The fund financial statements provide more detailed information about the Board's most significant funds - not the Board as a whole. Funds are accounting devices that the Board uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and bond agreements.
- The Board may establish other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and other revenues.

The Board has one type of fund:

- Governmental funds. The Board's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.

FINANCIAL ANALYSIS OF THE BOARD AS A WHOLE

Net position

Net position may serve, over time, as a useful indicator of a Board's financial position. In the Board's case, assets exceeded liabilities at the end of the fiscal year by \$1,569,005. The Board's net investment in capital assets, a component of the total net position, amounts to \$1,134,058. The Board uses these capital assets to provide essential services to its customers; as such, these assets are not available to be liquidated for future spending needs. The remaining net position, in the amount of \$434,947, is unrestricted.

*Condensed financial information
Net position*

	<u>2023</u>	<u>2022</u>
Current assets	\$ 466,933	\$ 326,701
Capital assets	<u>1,134,058</u>	<u>1,209,162</u>
Total assets	<u>1,600,991</u>	<u>1,535,863</u>
Current liabilities	20,855	21,957
Long-term liabilities	<u>11,131</u>	<u>13,498</u>
Total liabilities	<u>31,986</u>	<u>35,455</u>
Net position:		
Investment in capital assets	1,134,058	1,209,162
Unrestricted	<u>434,947</u>	<u>291,246</u>
Total net position	<u>\$ 1,569,005</u>	<u>\$ 1,500,408</u>

Changes in net position

The Board experienced an increase in net position of \$68,597 during the current fiscal year compared to a \$21,690 decrease in the prior year.

The Board's total revenues were \$449,300 in 2023, compared to \$398,921 in 2022, or an increase of \$50,379. The increase is primarily due to increases in member contributions. Contributions from participating units, in the amount of \$405,314, represent 90 percent of the Board's total revenues for 2023.

The total cost of the Board's operations amounted to \$380,703 in 2023, compared to \$420,611 in 2022, or a decrease of \$39,908 (9 percent). The decrease in expenses related primarily to a decrease in personnel costs and repairs and maintenance costs compared to the prior year. Depreciation expense, in the amount of \$74,284, represents more than 20 percent of the Board's expenses. Nearly \$133,789 (35 percent) of the Board's expenses in 2023 relate to payroll expenses.

Condensed financial information
Changes in net position

	<u>2023</u>	<u>2022</u>
Program revenues:		
Charges for services	\$ 23,857	\$ 23,020
Operating grants and contributions	419,954	376,824
General revenues:		
Interest	(1,663)	18
Other	<u>7,152</u>	<u>(941)</u>
 Total revenues	 <u>449,300</u>	 <u>398,921</u>
 Expenses - public safety	 <u>380,703</u>	 <u>420,611</u>
 Changes in net position	 <u>\$ 68,597</u>	 <u>\$ (21,690)</u>
 Net position, end of year	 <u>\$ 1,569,005</u>	 <u>\$ 1,500,408</u>

FINANCIAL ANALYSIS OF THE BOARD'S FUND

The Board's only governmental fund is its Operating Fund. The fund balance increased by \$141,334, as revenues of \$442,148 and other financing sources of \$7,152 exceeded total expenditures of \$307,966. Fund balance at the end of the fiscal year was \$446,078.

Operating Fund budgetary highlights

The Board did not amend the operating budget during the fiscal year.

Revenues were \$102,312 more than budgeted, with the primary difference occurring in member contributions. Expenditures were \$32,152 lower than the amounts appropriated, which was primarily due to lower than expected salaries and wages and fringe benefit expenditures.

These variances resulted in a \$141,616 positive budget variance, with an actual increase in fund balance of \$141,334, compared to a budget that anticipated a decrease of \$282 in fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Board's investment in capital assets as of June 30, 2023, totals \$1,134,058 (net of accumulated depreciation). Capital assets consist of buildings, equipment, and vehicles. The net decrease in capital assets totaled \$75,104, including \$74,284 in depreciation expense and a loss on disposal of \$820.

More detailed information about the Board's capital assets is presented in Note 4 of the notes to the basic financial statements.

Debt

The Board had no debt outstanding at the beginning or end of the fiscal year.

Other long-term obligations consist of \$11,131 of accrued compensated absences.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board continues to rely on support from its participating municipalities to finance most operating costs and capital acquisitions.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Board's finances to its customers and creditors and to demonstrate the Board'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 the Hartford Fire Board, 436 E. Main Street, Hartford, MI 49057 or at (269) 621-4707

BASIC FINANCIAL STATEMENTS

Hartford Fire Board

STATEMENT OF NET POSITION

June 30, 2023

ASSETS

Current assets:

Cash	\$	349,032
Investments		100,531
Receivables		<u>17,370</u>

Total current assets 466,933

Noncurrent assets:

Capital assets not being depreciated		10,365
Capital assets being depreciated, net		<u>1,123,693</u>

Total noncurrent assets 1,134,058

Total assets 1,600,991

LIABILITIES

Current liabilities:

Payables		13,514
Accrued payroll		<u>7,341</u>

Total current liabilities 20,855

Noncurrent liabilities:

Compensated absences		<u>11,131</u>
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Total liabilities 31,986

NET POSITION

Investment in capital assets		1,134,058
Unrestricted		<u>434,947</u>

Total net position \$ 1,569,005

See notes to financial statements

Hartford Fire Board

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

EXPENDITURES/EXPENSES

Public safety \$ 380,703

PROGRAM REVENUES

Charges for services 23,857

Operating grants and contributions 419,954

Total program revenues 443,811

NET PROGRAM REVENUES

63,108

GENERAL REVENUES

Interest (1,663)

Insurance recoveries 7,152

Total general revenues 5,489

CHANGE IN NET POSITION

68,597

NET POSITION - BEGINNING

1,500,408

NET POSITION - ENDING

\$ 1,569,005

See notes to financial statements

Hartford Fire Board

BALANCE SHEET - Governmental Fund

June 30, 2023

	<u>Operating Fund</u>
ASSETS	
Cash	\$ 349,032
Investments	100,531
Receivables	<u>17,370</u>
Total assets	<u><u>\$ 466,933</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 13,514
Accrued payroll	<u>7,341</u>
Total liabilities	<u>20,855</u>
Fund balances:	
Unassigned	<u>446,078</u>
Total liabilities and fund balances	<u><u>\$ 466,933</u></u>

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - Operating Fund	\$ 446,078
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Amounts reported for *governmental activities* in the statement of net position (page 9) are different because:

Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	1,134,058
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Compensated absences are not due and payable in the current period and are not reported in the funds.	<u>(11,131)</u>
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Net position of <i>governmental activities</i>	<u><u>\$ 1,569,005</u></u>
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See notes to financial statements

Hartford Fire Board

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
Governmental Fund**
Year ended June 30, 2023

	<u>Operating Fund</u>
REVENUES	
Local unit contributions	\$ 405,314
Intergovernmental	12,315
State grants	6,545
Charges for service	10,542
Interest	(1,663)
Other	<u>9,095</u>
Total revenues	<u>442,148</u>
EXPENDITURES	
Current - public safety	293,295
Capital outlay	<u>14,671</u>
Total expenditures	<u>307,966</u>
EXCESS OF REVENUES OVER EXPENDITURES	134,182
OTHER FINANCING SOURCES	
Insurance recoveries	<u>7,152</u>
Total other financing sources	<u>7,152</u>
NET CHANGES IN FUND BALANCES	141,334
FUND BALANCES - BEGINNING	<u>304,744</u>
FUND BALANCES - ENDING	<u>\$ 446,078</u>
Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities.	
Net change in fund balance	\$ 141,334
Amounts reported for <i>governmental activities</i> in the statement of activities (page 10) are different because:	
Capital assets:	
Less depreciation expense	(74,284)
Loss on disposal of assets	(820)
Decrease in compensated absences	<u>2,367</u>
Change in net position	<u>\$ 68,597</u>

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hartford Fire Board (the Board) conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting entity:

As required by generally accepted accounting, these financial statements present only the Board (located in Van Buren County), as there are no other entities for which the Board is financially accountable.

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 activities of the Board. Currently, all activities of the Board are classified as governmental activities, primarily supported by intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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. Intergovernmental support and other items not properly included among program revenues are reported instead as general revenues.

Measurement focus, basis of accounting, and financial statement presentation:

The statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues are recognized in the year for which they are intended. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Operating 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 if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Board generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Board reports a single major governmental fund, the Operating Fund, which accounts for all financial resources of the Board. Revenues are primarily derived from contributions from local units of government.

State grants, charges for services, 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. All other revenue items are considered to be measurable only when cash is received by the Board.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all intergovernmental support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, liabilities, and equity:

Cash and investments - Cash is considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, with changes in value recognized in the operating statement of each fund. Realized and unrealized gains and losses are included in investment income.

Capital assets - Capital assets, which include vehicles and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received.

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

Buildings and improvements	15 - 40 years
Equipment	5 - 10 years
Vehicles	7 - 25 years

Compensated absences - It is the Board's policy to permit eligible full-time employees to accumulate earned but unused sick pay benefits. A liability for unpaid accumulated sick leave has been recorded for the portion due to employees upon separation from service with the Fire Board. Vested compensated absences are accrued when earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Net position - Net position represents the difference between assets and liabilities. The Board may report three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or donors. Restricted net position is reduced by liabilities related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Board.

Net position flow assumption - Sometimes, the Board 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Board's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund equity - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact. Restricted fund balances are reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Board retains the authority to assign fund balances as to purpose. Unassigned fund balances are amounts that do not fall into any other category above. When the Board incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Board's policy to use the restricted fund balance first, then assigned fund balance, and, finally, unassigned fund balance.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - An annual budget is adopted on a basis consistent with generally accepted accounting principles for the Operating Fund. The budget document presents information by function and line-item. The legal level of budgetary control adopted by the governing body is the activity level. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of expenditures over appropriations - The following schedule sets forth the reportable budget variances:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Operating	Public safety	Repairs and maintenance	\$ 39,550	\$ 58,940	\$ 19,390
		Fuel	7,400	10,164	2,764
	Capital outlay	Capital outlay	13,900	14,671	771

NOTE 3 – CASH AND INVESTMENTS

At June 30, 2023, cash and investments are classified in the basic financial statements as follows:

	<u>Governmental activities</u>
Deposits	\$ 349,032
Investments	100,531
Totals	<u>\$ 449,563</u>

Deposits - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Board's investment policy authorize the Board to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Board's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Board will not be able to recover its deposits. The Board's investment policy does not specifically address custodial credit risk for deposits. At June 30, 2023, \$101,049 of the Board's corresponding bank balances of \$351,049 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments - State statutes and the Board's investment policy authorize the Board to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds composed of otherwise legal investments; and f) investment pools organized under the local government investment pool act. The Board's investment policy does not address credit risk or interest rate risk for investments.

Investments at June 30, 2023, which are reported at fair value, consist of mutual funds in the amount of \$100,531.

Fair value measurement - The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The mutual funds are considered level 1 inputs.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS (Continued)

The Michigan CLASS investment Pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasury agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. The Pool purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school Boards, authorities, and other public agencies.

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 10,365	\$ -	\$ -	\$ 10,365
Capital assets being depreciated:				
Buildings and improvements	176,039	-	(4,100)	171,939
Vehicles	1,701,876	-	-	1,701,876
Equipment	113,500	-	(18,620)	94,880
Subtotal	<u>1,991,415</u>	<u>-</u>	<u>(22,720)</u>	<u>1,968,695</u>
Less accumulated depreciation for:				
Buildings and improvements	(116,302)	(4,302)	3,280	(117,324)
Vehicles	(562,816)	(69,982)	-	(632,798)
Equipment	(113,500)	-	18,620	(94,880)
Subtotal	<u>(792,618)</u>	<u>(74,284)</u>	<u>21,900</u>	<u>(845,002)</u>
Total capital assets being depreciated, net	<u>1,198,797</u>	<u>(74,284)</u>	<u>(820)</u>	<u>1,123,693</u>
Governmental activities capital assets, net	<u>\$ 1,209,162</u>	<u>\$ (74,284)</u>	<u>\$ (820)</u>	<u>\$ 1,134,058</u>

NOTE 5 - DEFINED CONTRIBUTION RETIREMENT PLAN

The Board contributes to a defined contribution plan covering all eligible employees in accordance with the provisions of the Internal Revenue Code Section 457. Funds are paid to the City of Hartford and invested in the 457 plan sponsored by the City of Hartford for its employees. The pension plan is available to all full-time employees of the Board after 6 months of employment. The Board contributes 6% of each eligible employee's salary to the retirement plan. During the year ended June 30, 2023, the Board contributed \$3,377 to the plan.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 -- LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended June 30, 2023, was as follows:

	<u>Beginning balance</u>	<u>Net change</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:				
Compensated absences	\$ 13,498	\$ (2,367)	\$ 11,131	\$ -

NOTE 7 - RISK MANAGEMENT

The Board is exposed to various risks of loss due to general liability, property and casualty, and workers' compensation potential claims. The Board has purchased commercial insurance for property loss, worker's compensation, and errors and omissions. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

NOTE 8 - CHANGE IN ACCOUNTING PRINCIPLE

The Board implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, which replaces GASB Statement No. 16, *Accounting For Compensated Absences*, in fiscal year 2023. The goal of the new standard is to create a more consistent model to account for compensated absences that can be applied to all types of compensated absence arrangements. These changes were incorporated in the Board's 2023 financial statements and had no effect on the beginning fund balance or net position of any fund.

REQUIRED SUPPLEMENTARY INFORMATION

Hartford Fire Board

BUDGETARY COMPARISON SCHEDULE - Operating Fund

Year ended June 30, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Contributions from local units:				
City of Hartford	122,504	122,504	171,113	48,609
Hartford Township	183,756	183,756	234,201	50,445
Other intergovernmental	13,325	13,325	12,315	(1,010)
State grants	2,500	2,500	6,545	4,045
Charges for services	17,751	17,751	10,542	(7,209)
Interest	-	-	(1,663)	(1,663)
Donations	-	-	8,095	8,095
Other	-	-	1,000	1,000
	<u>339,836</u>	<u>339,836</u>	<u>442,148</u>	<u>102,312</u>
EXPENDITURES				
Public safety:				
Salaries and wages	151,582	151,582	133,789	17,793
Payroll taxes	14,000	14,000	9,431	4,569
Fringe benefits	31,600	31,600	9,468	22,132
Professional services	10,000	10,000	9,060	940
Operating and medical supplies	2,850	2,850	2,500	350
Utilities	7,225	7,225	7,584	(359)
Telephone	7,616	7,616	7,153	463
Repairs and maintenance	39,550	39,550	58,940	(19,390)
Insurance	28,000	28,000	22,985	5,015
Training	8,600	8,600	5,948	2,652
Testing and physicals	8,300	8,300	8,338	(38)
Dues and subscriptions	3,725	3,725	3,093	632
Office supplies and other	5,770	5,770	4,842	928
Fuel	7,400	7,400	10,164	(2,764)
Capital outlay	13,900	13,900	14,671	(771)
	<u>340,118</u>	<u>340,118</u>	<u>307,966</u>	<u>32,152</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(282)	(282)	134,182	134,464
OTHER FINANCING SOURCES				
Insurance recoveries	-	-	7,152	7,152
NET CHANGES IN FUND BALANCES	(282)	(282)	141,334	141,616
FUND BALANCES - BEGINNING	<u>304,744</u>	<u>304,744</u>	<u>304,744</u>	-
FUND BALANCES - ENDING	<u>\$ 304,462</u>	<u>\$ 304,462</u>	<u>\$ 446,078</u>	<u>\$ 141,616</u>

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September 15, 2023

To the Fire Board
Hartford Fire Board

We have audited the financial statements of the governmental activities and the major fund of the Hartford Fire Board for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, 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 June 27, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Hartford Fire Board are described in Note 1 to the financial statements. Except as noted in note 8, no new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2023. We noted no transactions entered into by the Hartford Fire Board 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 estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Board's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that they are 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.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 September 15, 2023.

Other 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 Hartford Fire Board's auditor. 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 and the budgetary comparison schedule, 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 response 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.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the governmental activities and the major fund of the Hartford Fire Board as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Hartford Fire Board's internal control over financial reporting (internal control) to determine the 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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we have identified a deficiency in internal control that we consider to be a material weakness.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the Hartford Fire Board's internal control to be a material weakness.

Financial statement preparation:

Criteria: All governmental units in Michigan are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e. maintaining internal accounting records), and (2) reporting government-wide and fund financial statements, including the related notes to the financial statements (i.e. external financial reporting).

Condition: As is the case with many small and medium-sized governmental units, the Board has historically relied on its independent external auditor to assist with the preparation of the financial statements, the related notes, and the management's discussion and analysis as part of its external financial reporting process. Accordingly, the Board's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditor, who cannot by definition be considered part of the Board's internal controls. This is a repeat finding.

Cause: This condition was caused by the Board's decision to outsource the preparation of its annual financial statements to the external auditor rather than incur the costs of obtaining the necessary training and expertise required for the Board to perform this task internally because outsourcing the task is considered more cost effective.

Effect: The Board lacks complete internal controls over the preparation of its financial statements in accordance with GAAP and relies, at least in part, on assistance from its external auditor with this task.

Auditor's Recommendation: We recommend that management continue to monitor the relative costs and benefits of securing the internal or other external resources necessary to develop material adjustments and prepare a draft of the Board's annual financial statements versus contracting with its auditor for these services.

Management Response: Management has made an ongoing evaluation of the respective costs and benefits of obtaining internal or external resources, specifically for the preparation of financial statements, and has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so. Management will continue to review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

Fire Board
Hartford Fire Board
Page 4
September 15, 2023

The Hartford Fire Board's response to the internal control finding described above was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Restriction on Use

This information is intended solely for the use of the Fire Board of the Hartford Fire Board and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall P.C.

Qualifying Statement

Local Unit Basic Information

County: Van Buren Type: Authority Local Unit Name: Hartford Fire Board
Municode: 80-7-517 FY Ending: 2023 Year End Month: 6

Audit Filed Under MUNI: 80-7-517
Audit Filed Under MUNI name: _____

1. During the fiscal year for which this qualifying statement is being submitted, was the municipality required by the terms of a court order OR judgment to levy a tax?

- Yes. We levy a tax under the terms of a court order or judgment levy.
- No. We do not levy a tax under the terms of a court order or judgment levy.

If Yes,
Do you levy more than one tax under the terms of a court order or judgment levy?
 Yes. We levy more than one tax under the terms of a court order or judgment levy.
 No. We only levy one tax under the terms of a court order or judgment levy.

2. a) Enter the total fund balance remaining in all UNLIMITED tax levy funded debt retirement funds at the end of the fiscal year for which this qualifying statement is being submitted. An UNLIMITED tax levy debt is a voter approved debt that is secured by a pledge of ad valorem property taxes that are not limited in rate or amount. This information may be found in the municipality's annual audit.

\$ -

2. b) Enter the total amount of principal and interest payments for all outstanding municipal securities funded from an UNLIMITED tax levy due the fiscal year immediately following the fiscal year for which this qualifying statement is being submitted. This information may be found in the notes to the municipality's annual audit. Do not include limited tax debt.

\$ -

3. Is the municipality currently exceeding its statutory or constitutional debt limits? The statutory and constitutional debt limit is the maximum borrowing power of a governmental entity.

- Yes. We are currently exceeding our statutory or constitutional debt limit.
- No. We are not currently exceeding our statutory or constitutional debt limit.

If Yes,
Provide details about why you are exceeding your statutory or constitutional debt limit.

4. Are all outstanding securities of the municipality authorized by statute?

- Yes. All outstanding municipal securities are authorized by statute.
- No. We have outstanding municipal securities that are not authorized by statute.
- N/A. We currently do not have any outstanding municipal securities.

If No,
Provide details about the outstanding securities not authorized by statute.

5. Is the municipality in violation of any provision in the covenants for an outstanding security currently or in the fiscal year for which this qualifying statement is being submitted?

- Yes. We are in violation of provisions in the covenants for an outstanding security.
- No. We are not in violation of provisions in the covenants for an outstanding security.

If Yes,
Provide details about the covenants violated and what outstanding securities were impacted.

6. During the fiscal year for which this qualifying statement is being submitted, was the municipality delinquent (greater than 30 days beyond the due date) more than one time IN ANY of the following:

Transferring employee taxes withheld to the appropriate agency?

Yes
 No

If Yes,
Provide details as to why you were delinquent in transferring employee taxes withheld to the appropriate agency.

In making all required pension, retirement, or benefit plan contributions?

Yes
 No

If Yes,
Provide details as to why you were delinquent in making all required pension, retirement, or benefit plan contributions.

Transferring taxes collected as an agent for another taxing entity to that taxing unit?

Yes
 No

If Yes,
Provide details as to why you were delinquent in transferring taxes collected as an agent for another taxing entity to that taxing unit.

7. a) Enter the total dollar amount of the property taxes levied by the municipality that became delinquent as of the most recent March 1st. This amount should agree with the delinquent taxes of the municipality identified on the settlement report to the county treasurer from the tax-collecting unit.

\$ -

7. b) Enter the total dollar amount of property taxes that were levied by the municipality in the tax year, related to the delinquencies. These property taxes should include both operating and debt taxes levied by the municipality. For schools include sinking fund taxes levied. The property taxes should not include specific taxes (e.g. Industrial Facility Taxes, Neighborhood Enterprise Zone, etc.), special assessments, SET Taxes, or Tax Administrative Fees.

\$ -

8. Did the municipality submit a qualifying statement or an application for any other municipal security to the Department of Treasury in the preceding 12 months that was materially false or incorrect?

Yes. We submitted a qualifying statement or an application that was materially false or incorrect.
 No. We did not submit a qualifying statement or an application that was materially false or incorrect.

If Yes,
Provide details about what was materially false or incorrect.

9. Is the municipality in default on the payment of any debt for which it is financially liable? Default occurs when the borrower has not made a scheduled payment of principal or interest.

Yes. We are currently in default for debt which we are financially liable.
 No. We are not in default for any debt which we are financially liable.

If Yes,
Provide details about the municipal security for which you are currently in default.

10. Did the municipality end the fiscal year for which this qualifying statement is being submitted with an unrestricted deficit (sum of committed, assigned, and unassigned) in any fund in its most recent audited financial statements?

- Yes
 No

If Yes,

Does this deficit require a deficit elimination plan in accordance with Department of Treasury Numbered Letter 2016-1?

If Yes,

Select the one that applies.

- We have submitted our deficit elimination plan to the Department of Treasury and the plan was approved.
 We have not yet submitted our deficit elimination plan to the Department of Treasury.
 We have submitted our deficit elimination plan to the Department of Treasury and are awaiting a determination.
 We have submitted our deficit elimination plan to the Department of Treasury and the plan was denied.

11. As determined by a court of competent jurisdiction, did the municipality violate any State or Federal finance or tax related statutes during the fiscal year for which this qualifying statement is being submitted?

- Yes. We have been found to be in violation of State or Federal finance or tax related statutes during the fiscal year this qualifying statement is being submitted.
 No. We are not in violation of any State or Federal finance or tax related statutes during the fiscal year this qualifying statement is being submitted.

If Yes,

Provide details about the State or Federal finance or tax related statutes that have been violated.

12. Has the municipality been in compliance with the provisions of Public Act 34 of 2001 during the fiscal year for which the qualifying statement is being submitted? This includes but is not limited to the filing of a prior approval application and the payment of filing fees under Section 303(7), and the timely filing (within 15 business days after issuance) of a security report and other required documents and the payment of filing fees under Section 319.

- Yes. We are in compliance with the provisions of Public Act 34 of 2001.
 No. We are not in compliance with the provision of Public Act 34 of 2001.

If No,

Provide details describing why you are not in compliance with Public Act 34 of 2001.

13. During the fiscal year for which this qualifying statement is being submitted, did the municipality issue a funding security to avoid a potential default on an outstanding security?

- Yes. We issued a refunding security to avoid a potential default on an outstanding security.
 No. We did not issue a refunding security to avoid a potential default on an outstanding security.

If Yes,

Provide details as to why a refunding was necessary to avoid a potential default.

Certify and submit

Chief Administrative Officer	Ronald Sefcik	Email Address	RonaldSefcik@frontier.com
Clerk or other contact if no clerk	Robbie Harting	Email Address	hartfordfirechief@gmail.com
Certified Public Accountant Firm Name	Steve Bryer Siegfried Crandall P.C.	Email Address	sbryer@scpro.net

- I certify that the Chief Administrative officer is aware of the information included in this filing and has asserted to me that this is complete and accurate in all respects. It is understood (by the CAO and/or myself) that providing false information for this is a misdemeanor pursuant to the Michigan Penal Code (MCL 750 489)

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Auditing Procedures Report Worksheet

Local Unit Basic Information

County: Van Buren Type: Authority Local Unit Name: Hartford Fire Board
 Municode: 80-7-517 FY Ending: 2023 Year End Month: 6

REPORTING

Enter Opinion Date: 9/15/23 No Pension or OPEB Reporting

Select type of audit opinion for the following: Choices: <u>Unmodified / Qualified / Adverse / Disclaimer / N/A</u>	
Governmental activities: <u>unmodified</u>	Business-type activities: <u>N/A</u>
Aggregate discretely presented component units: <u>N/A</u>	Major fund(s): <u>unmodified</u>
Aggregate remaining fund information: <u>N/A</u>	Aggregate discretely presented component units and remaining fund information: <u>N/A</u>

Has the local unit complied with generally accepted accounting principles (GAAP)? YES NO

Are all required component units/funds/significant others of the local unit included in the financial statements and disclosed in the reporting entity notes to the financial statements when applicable? YES NO

If NO, Please check and list all of the following that are missing:
 Component Units Funds Significant Others

Is this unit in compliance with the *Uniform Chart of Accounts* issued by the Department of Treasury? YES NO

Nothing came to my attention that caused me to believe that the local unit failed to comply with guidance issued by the Local Government Financial Services Division (i.e., Uniform Reporting Format, Accounting Manual, Audit Manual, Budget Manual, Numbered Letters, MCGAA Statements). If nothing came to your attention, mark yes. YES NO

Budget violation

STATUTORY

Nothing came to my attention that caused me to believe that the local unit failed to comply with charters or ordinances. If nothing came to your attention, mark yes. YES NO

If NO, Indicate section of charter or ordinance with which the local unit is not in compliance:

Does the local unit have a court ordered judgment tax levy or judgment bond? YES NO

If YES, Is this a one year levy? YES NO

Has the local unit distributed tax revenues that were collected for another taxing unit timely as required by the general property tax act? YES NO N/A

Has the current year pension actuarially determined contribution been paid by the unit required by the State Constitution Article 9, Section 24? YES NO N/A

Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the manual for Audits of Local Units of Government in Michigan, as revised (see Appendix H of manual)? YES NO

If NO, Has a description of the illegal or unauthorized expenditures been included in the audit? YES NO

If YES, Please provide page number:
 If NO, Describe

Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of the audit that have not been previously communicated to the Local Government Financial Services Division? YES NO

If NO, Has a written report (forensic audit) been produced? YES NO

 Has law enforcement been notified? YES NO

Does the audit report identify violations of other statutes not described in above? YES NO

If YES, Describe:

BORROWING / DEBT / DEFICIT

Does the local unit have a negative fund balance in any of its unrestricted (unassigned, assigned and committed) fund balances/unrestricted fund net position (not government-wide statements)? YES NO

If YES, You must complete the "Deficit Worksheet" section below.

Is the local unit in compliance with Public Act 34 of 2001, Revised Municipal Finance Act (i.e., authorized borrowing, annual filing of a qualifying statement, filing of a security report within 15 days of any issuance)? YES NO

Is the local unit in compliance with orders issued under Public Act 243 of 1980, Emergency Municipal Loan Act? YES NO N/A

BUDGET

Did the local unit adopt a budget for all required funds (MCL 141.436)? YES NO N/A

Was a public hearing on the budget held in accordance with State statute? YES NO N/A

Were the local unit's actual expenditures within the amounts authorized in the budget? YES NO N/A

If NO, Are there any individual expenditures or other financing uses that exceed 10% of total expenditures? YES NO

If YES, Are any of those over budget by 10% or more? YES NO

INTERNAL CONTROLS

Has the board or council approved all disbursements prior to payment as required by charter or statute? YES NO

Do all deposits / investments comply with statutory requirements including the adoption of an investment policy?

YES	NO
X	

To your knowledge, were the bank reconciliations performed timely?

YES	NO
X	

Are there any reported deficiencies other than segregation of duties and/or the preparation of financial statements?

YES	NO
	X

If YES,

How many are: Enter a number from 0 to 20+:

Material weaknesses? Significant deficiencies? Statutory non-compliance?

Are any reported deficiencies repeated from the prior year?

YES	NO

Were there any reported deficiencies including those that would be related to internal controls, statutory compliance, or other areas of concern?

YES	NO
X	

FINANCIAL STATEMENTS

Please enter the following:

General Fund Revenue:	\$ 442,148	Governmental net position:	\$ 1,569,005
General Fund Expenditure (Must be positive):	\$ 307,966	Business type net position:	\$ -
General Fund Other financing net sources/ (uses) (Can be positive or negative):	\$ 7,152	Component units total net position:	\$ -
General Fund Beginning Balance:	\$ 304,744	Governmental Activities Long-Term Debt:	\$ 11,131
General Fund Ending Balance:	\$ 446,078	Major Fund Deficit Amount:	\$ -
Calculated General Fund Ending Balance:	\$ 446,078	Governmental fund revenues	\$ 442,148

If the Calculated General Fund Ending Balance is different than the entered General Fund Ending Balance then please explain the difference:

Certified Public Accountant Information

- We affirm that we are certified public accountants licensed to practice in Michigan. No Pension or OPEB Reporting
- We affirm that all answers are correct to the best of our knowledge.
- We further affirm that all material weaknesses, significant deficiencies, and statutory noncompliance violations as well as all budget violations that were reported to the auditee are reported to the Michigan Dept of Treasury.

CPA Name: Steven Bryer Ten Digit License Number: 1101028264

Please provide a primary email address for the local unit contact: RonaldSefcik@frontier.com

No pension - No OPEB