



### **Board of Trustees**

William J. Fountain, Supervisor	Joseph W. Colaianne, Trustee
Larry N. Ciofu, Clerk	Matthew J. Germane, Trustee
Kathleen A. Horning, Treasurer	Glenn E. Harper, Trustee
	Joseph M. Petrucci, Trustee

### **Board of Trustees Special Meeting Agenda Hartland Township Hall Tuesday, September 17, 2019 6:30 PM**

Call to Order

Roll Call

Approval of Meeting Agenda

Call to the Public

Presentation

[1.](#) Fiscal Year 2018-19 Audit Presentation

Adjournment

## **Hartland Township Board of Trustees Meeting Agenda Memorandum**

**Submitted By:** Andrew Kumar, Project Coordinator

**Subject:** Fiscal Year 2018-19 Audit Presentation

**Date:** September 11, 2019

### **Recommended Action**

Board review and questions.

### **Discussion**

Attached are the FY19 audit report and management letter, prepared by Pfeffer, Hanniford & Palka.

### **Financial Impact**

### **Attachments**

Hartland Township FY18-19 Audit Presentation

Hartland Township FY18-19 Comments - Recommendations

Hartland Township FY18-19 Audit Report

# Hartland Township

Audit Presentation

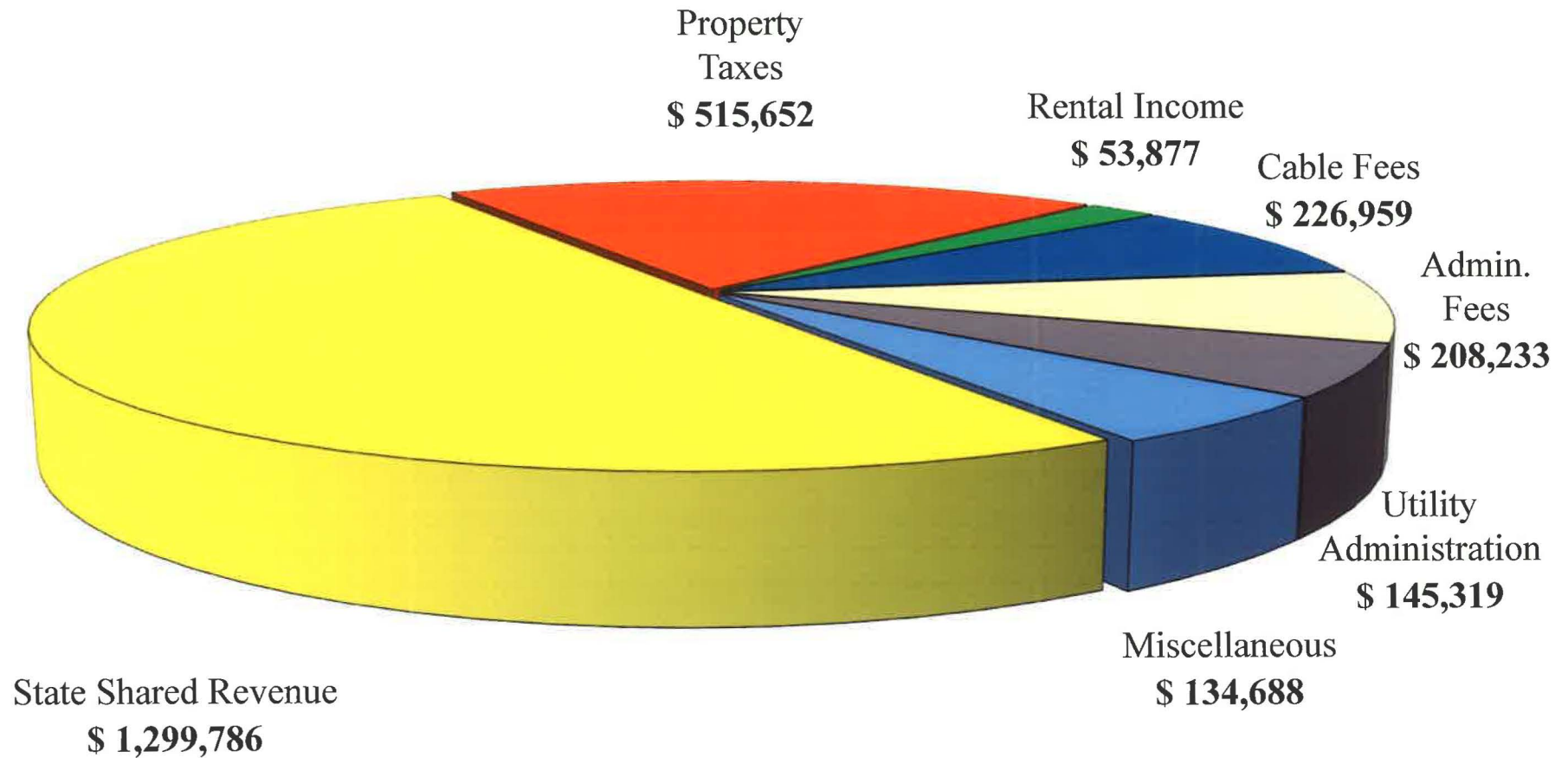
March 31, 2019



PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

BRIGHTON, MICHIGAN

**Hartland Township**  
**General Fund Revenues – Pre GASB 54**  
**For The Year Ended March 31, 2019**

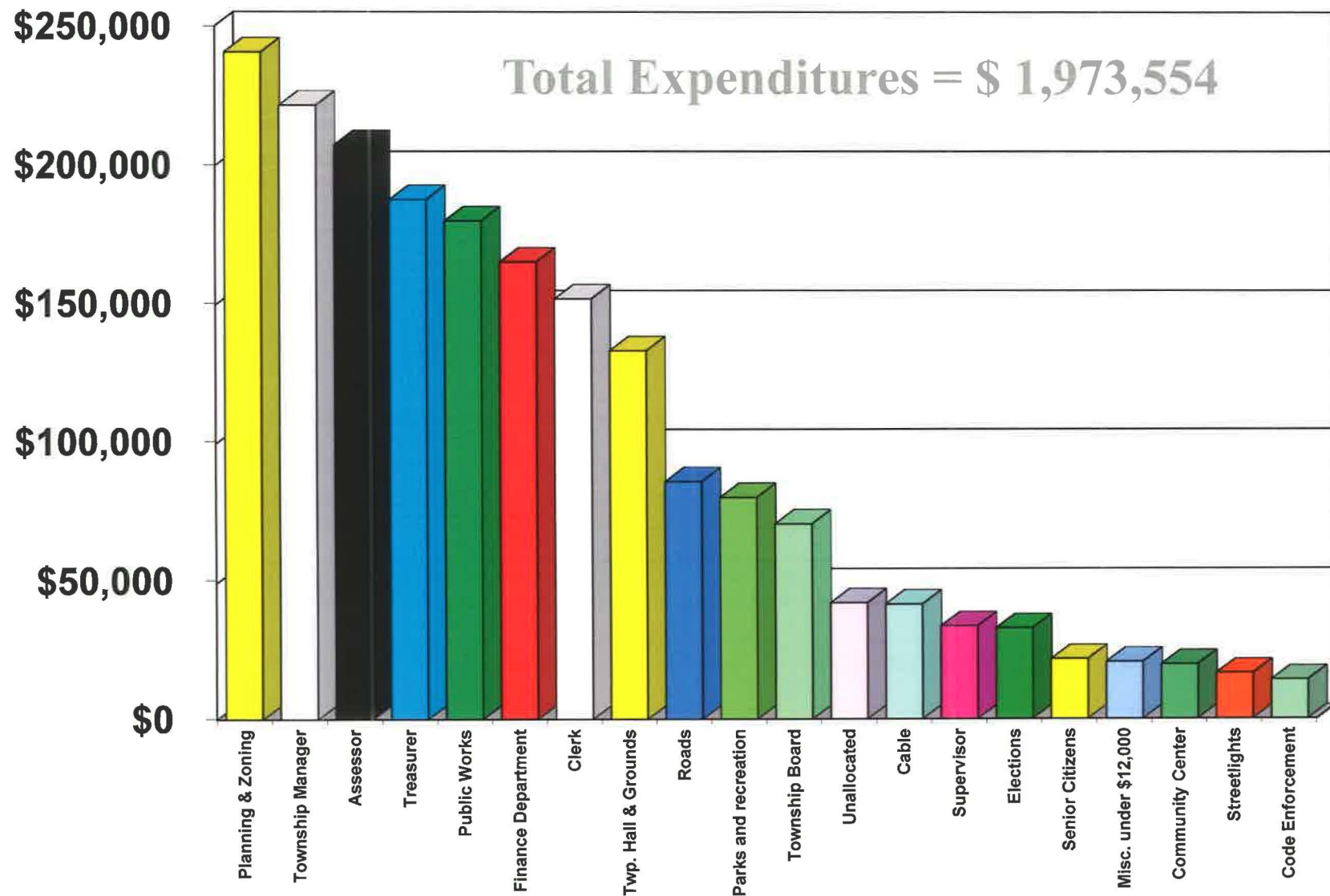


**Total Revenues \$ 2,584,514**

# Hartland Township

## General Fund Expenditures – Pre GASB 54

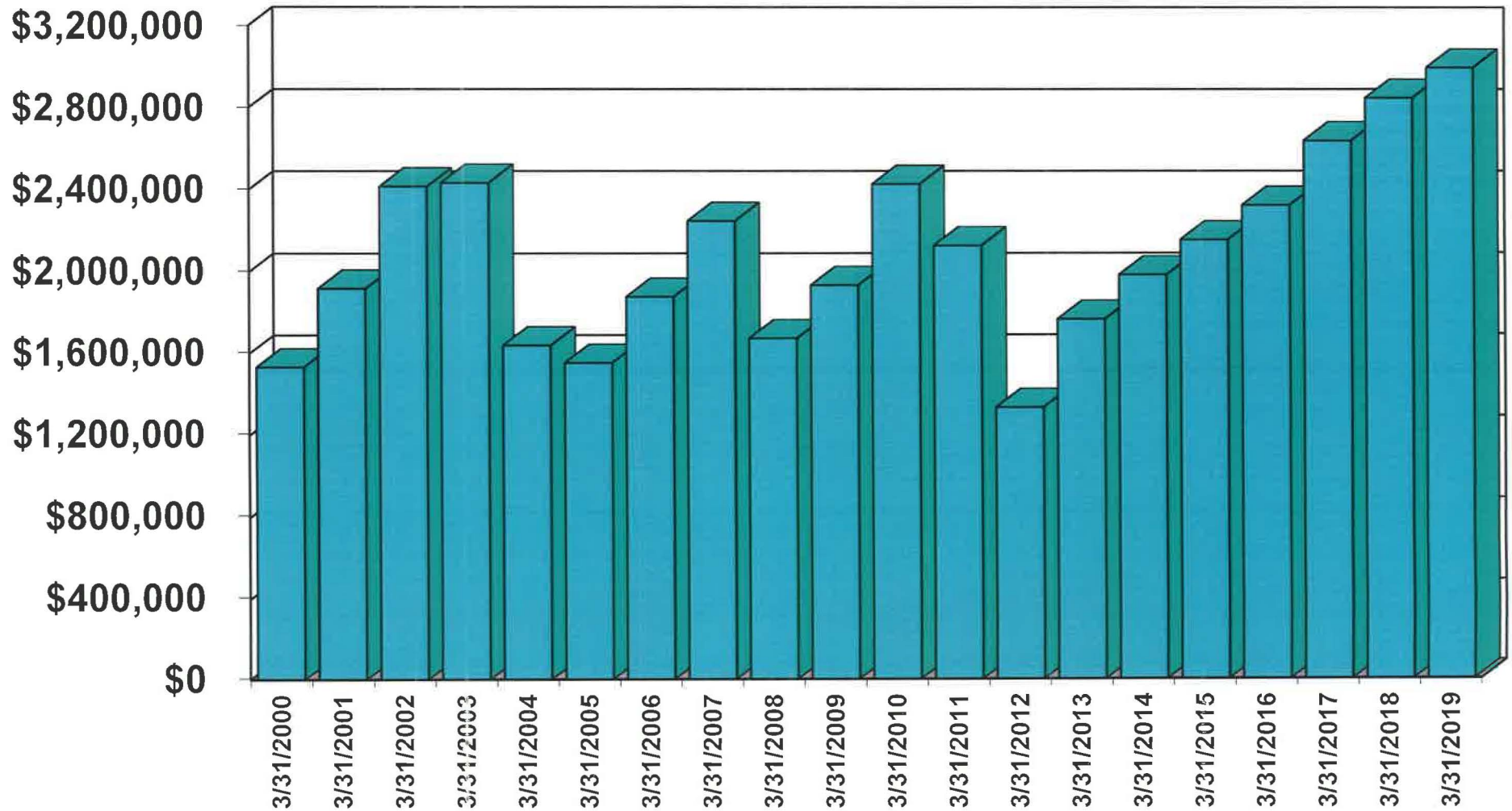
### For The Year Ended March 31, 2019



# Hartland Township

## General Fund - Fund Balance – Pre GASB 54

### March 31, 2000-2019



John M. Pfeffer, C.P.A.  
Patrick M. Hanniford, C.P.A.  
Kenneth J. Palka, C.P.A.

Members:  
AICPA Private Practice Companies Section  
MACPA

225 E. Grand River - Suite 104  
Brighton, Michigan 48116-1575  
(810) 229-5550  
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September 17, 2019

To the Board of Trustees  
Hartland Township  
2655 Clark Road  
Hartland, MI 48353

Dear Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Hartland Township as of and for the year ended March 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Hartland Township's internal control over financial reporting (internal control) as a basis for designing and auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those 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.

The following is a matter we would like to discuss with you as part of our audit presentation. We do not consider this matter a material weakness.

**SPECIAL ASSESSMENT**

The special assessments levied to finance the wastewater treatment plant and collection system is considerably less than the outstanding debt owed by the Township to the bondholders. The Township should continue to reserve funds to meet debt obligations.

**CONCLUSION**

Thank you for your assistance and hospitality toward our firm while conducting the audit of Hartland Township.

If you should have any questions, comments or concerns please do not hesitate to call us.

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 Governmental Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Trustees and management of Hartland Township and is not intended to be and should not be used by anyone other than the specified parties.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

# HARTLAND TOWNSHIP

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**Report on Audit of Financial Statements**

**For the Year Ended March 31, 2019**

**HARTLAND TOWNSHIP**

**TOWNSHIP OFFICIALS**

Supervisor - William Fountain  
Clerk - Larry Ciofu  
Treasurer - Kathleen Horning

**TOWNSHIP BOARD**

Joseph Colaianne  
William Fountain  
Matthew Germane  
Glenn Harper  
Larry Ciofu  
Kathleen Horning  
Joseph Petrucci

**TOWNSHIP ATTORNEY**

Foster, Swift, Collins & Smith, P.C.

**TOWNSHIP AUDITORS**

Pfeffer, Hanniford & Palka  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT**

September 17, 2019

To the Board of Trustees  
Hartland Township  
2655 Clark Road  
Hartland, Michigan 48353

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hartland Township, Michigan, as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

**Management's Responsibility 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.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

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, each major fund and the aggregate remaining fund information of Hartland Township, Michigan, as of March 31, 2019, 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.

## Other Matters

### *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 on pages 8 - 13 and 49 - 51 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.

### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hartland Township, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

## MANAGEMENT DISCUSSION AND ANALYSIS

**Management Discussion and Analysis**  
**March 31, 2019**

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Within this section of Hartland Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2019. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

**Overview of the Financial Statements**

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

***Government-wide Financial Statements***

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, 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 Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing, and from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water and sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

## ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

***Governmental funds*** are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of available resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net position.

***Proprietary funds*** are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

***Fiduciary funds*** are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and statements for individual fund activity are presented in a subsequent section of this report.

## The Township as a Whole - Government-Wide Financial Analysis

The Township's net position at the end of the fiscal year was \$36,244,172. This is a \$850,981 increase over last year's net position of \$35,393,191.

The following tables provide a summary of the Township's financial activities and changes in net position:

### **Summary of Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>3/31/2019</b>	<b>3/31/2018</b>	<b>3/31/2019</b>	<b>3/31/2018</b>	<b>3/31/2019</b>	<b>3/31/2018</b>
<b>ASSETS</b>						
Current and other assets	\$ 12,315,908	\$ 12,065,685	\$ 19,183,650	\$ 19,015,391	\$ 31,499,558	\$ 31,081,076
Capital assets	8,904,087	8,863,509	22,336,541	22,807,080	31,240,628	31,670,589
<b>Total assets</b>	<b>21,219,995</b>	<b>20,929,194</b>	<b>41,520,191</b>	<b>41,822,471</b>	<b>62,740,186</b>	<b>62,751,665</b>
<b>LIABILITIES</b>						
Other liabilities	286,030	1,176,258	1,194,971	2,027,203	1,481,001	3,203,461
Long-term liabilities	7,640,000	6,780,000	17,375,013	17,375,013	25,015,013	24,155,013
<b>Total liabilities</b>	<b>7,926,030</b>	<b>7,956,258</b>	<b>18,569,984</b>	<b>19,402,216</b>	<b>26,496,014</b>	<b>27,358,474</b>
<b>NET POSITION</b>						
Net investment in capital assets	8,904,087	8,863,509	6,031,541	5,767,081	14,935,628	14,630,590
Restricted	4,384,717	3,340,820			4,384,717	3,340,820
Unrestricted	5,161	768,607	16,918,666	16,653,174	16,923,827	17,421,781
<b>Total net position</b>	<b>\$ 13,293,965</b>	<b>\$ 12,972,936</b>	<b>\$ 22,950,207</b>	<b>\$ 22,420,255</b>	<b>\$ 36,244,172</b>	<b>\$ 35,393,191</b>

**Summary of Changes in Activities**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>3/31/2019</b>	<b>3/31/2018</b>	<b>3/31/2019</b>	<b>3/31/2018</b>	<b>3/31/2019</b>	<b>3/31/2018</b>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 435,243	\$ 1,635,023	\$ 3,185,289	\$ 2,997,494	\$ 3,620,532	\$ 4,632,517
Capital contributions		20,794	529,503	480,913	529,503	501,707
General revenues						
State revenues	1,310,319	1,258,805			1,310,319	1,258,805
Property taxes	2,694,929	2,580,198			2,694,929	2,580,198
Interest and rent	335,004	258,578	315,929	372,268	650,933	630,846
Other	383,991	390,990	20,885	1,126,748	404,876	1,517,738
<b>Total revenues</b>	<b>5,159,486</b>	<b>6,144,388</b>	<b>4,051,606</b>	<b>4,977,423</b>	<b>9,211,092</b>	<b>11,121,811</b>
<b>EXPENSES</b>						
General government	1,656,005	1,593,690			1,656,005	1,593,690
Public safety	1,282,725	1,245,528			1,282,725	1,245,528
Parks and recreation	279,225	172,395			279,225	172,395
Public works	1,234,553	970,960			1,234,553	970,960
Community development	42,000	42,000			42,000	42,000
Cemetery	34,321	32,185			34,321	32,185
Interest on governmental long-term debt	309,628	323,675			309,628	323,675
Water system			598,214	765,078	598,214	765,078
Sewer system			2,923,440	2,883,588	2,923,440	2,883,588
<b>Total expenses</b>	<b>4,838,457</b>	<b>4,380,433</b>	<b>3,521,654</b>	<b>3,648,666</b>	<b>8,360,111</b>	<b>8,029,099</b>
<b>Change in net position</b>	<b>321,029</b>	<b>1,763,955</b>	<b>529,952</b>	<b>1,328,757</b>	<b>850,981</b>	<b>3,092,712</b>
<b>Beginning net position</b>	<b>12,972,936</b>	<b>11,208,981</b>	<b>22,420,255</b>	<b>21,091,498</b>	<b>35,393,191</b>	<b>32,300,479</b>
<b>Ending net position</b>	<b>\$ 13,293,965</b>	<b>\$ 12,972,936</b>	<b>\$ 22,950,207</b>	<b>\$ 22,420,255</b>	<b>\$ 36,244,172</b>	<b>\$ 35,393,191</b>

## **Financial Analysis of the Township's Funds**

The Township has five major governmental funds for the year ended March 31, 2019. These funds are the General Fund, Municipal Street Fund, Fire Operating Fund, Millpointe Road Construction and M-59/Hartland Road Debt Service Fund.

- The General Fund increased by \$167,796, primarily due to a steady increase in property tax revenue and State Shared revenue.
- The Municipal Street Fund increased by \$360,286. This fund is supported by a 10-year millage, which expires in 2024. All major construction road projects were completed within the first three years. Annual repair and maintenance projects over the next seven years are planned. Fiscal year 2019 had minimal maintenance projects, resulting in the increase to fund balance.
- The Fire Operating Fund increased \$13,880, which was expected in the amended budget. Annual support for the Hartland Deerfield Fire Authority has stayed within the adopted budgets, however, the millage will expire in two years (2021) and a renewal will be voted on in a future election cycle.
- The Millpointe Road Construction Fund increased \$7,288. This fund is solely for the purpose of repaving the Millpointe subdivision, located off Highland Road (M-59). The project was paid for by issuing bonds and will be repaid through the special assessment district by the property owners. The increase represents a slight difference between project costs and bond funding. The project has been completed subsequent to the year ending March 31, 2019.
- The M-59/Hartland Road Debt Service Fund increased by \$406,775, due to a large special assessment payoff by one property owner. This is not uncommon for special assessment funds. During fiscal year 2020, the associated bond was refunded at a lower interest rate. Please see the Notes to the Financial Statements, page 41 for further details.

The Township has two major business-type funds for the year ended March 31, 2019. These funds are the Water System Fund and the Sewage Disposal System Fund.

- The Water System Fund's net position increased by \$338,417, due to annual rate increases under the Township's current water rate structure and connection fee revenue.
- The Sewage Disposal System Fund increased its net position by \$191,535 due to annual rate increases under the Township's current sewer rate structure and connection fee revenue.

## **General Fund Budgetary Highlights**

The General Fund's budget was adopted prior to the start of the fiscal year ended March 31, 2019. Several amendments were made during the year to bring it closer to economic reality. The Township General Fund was over budget a small amount in the Streetlight activity.

## **Capital Asset and Debt Administration**

### **Governmental Funds:**

The Township acquired \$45,935 of depreciable capital assets during the year for the governmental funds for building improvements and a new fleet vehicle. The Township disposed of \$11,640 of capital assets during the year. The Township had construction in progress of \$321,700 related to sidewalks along Hartland Road. At the fiscal year end, the Hartland Road Sidewalk Project was estimated to be 90% complete. The construction in progress on the two Township parks, Settlers and Heritage, was completed during the fiscal year as well.

The Township issued new road special assessment bonds of \$860,000 for Millpointe subdivision road repaving and improvements. Principal repayments begin in fiscal year 2020. The Township made bond principal payments of \$815,000 during the fiscal year, with a total governmental debt of \$7,640,000 remaining for the year ended March 31, 2019.

#### Business-Type Funds:

The business-type funds acquired \$19,400 of new capital assets related to the Water System during the year. The Water System completed the construction on the pressure reducing valve addition on Highland Road, totaling \$192,859. At year end, the Water System had construction in progress of \$100,267 for a Water Storage Building, which was 69% complete at fiscal year end.

The Township issued no new business-type fund bonds during the fiscal year. Principal paid on outstanding bonds totaled \$787,740, with a total of \$17,375,013 of principal outstanding for the year ended March 31, 2019.

#### **Economic Conditions and Future Activities**

New construction on commercial and residential homes continues at a moderate pace, helping to stabilize the Township's property tax revenues back to pre-recession levels. Outstanding debt related to connecting to the Genesee County's sewage treatment system exceeds the special assessments to repay the bonds, however, the Township continues to cover this shortfall with connection fees and annual planned sewer rate increases. A long-term financial plan is updated annually to ensure that sewer department requirements will be met.

#### **Contacting the Township's Financial Management**

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or to request additional information, please contact Hartland Township at 2655 Clark Road, Hartland, Michigan 48353. Find us on the web at [www.hartlandtwp.com](http://www.hartlandtwp.com).

## BASIC FINANCIAL STATEMENTS

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**HARTLAND TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 7,699,397	\$ 9,073,776	\$ 16,773,173
Cash and cash equivalents - restricted		2,035,815	2,035,815
Receivables			
Taxes	91,993		91,993
State shared revenues	202,253		202,253
Special assessments	4,192,121	6,444,681	10,636,802
Connection fees		452,448	452,448
Accounts	77,404	1,027,503	1,104,907
Interest	1,657	32,410	34,067
Prepaid items	1,887		1,887
Intergovernmental	(9,034)	9,034	
Bond discount - net of amortization	58,230	72,096	130,326
Deposit		35,887	35,887
Non-current assets			
Capital assets			
Non-depreciable	2,656,157	311,082	2,967,239
Depreciable - net of accumulated depreciation	6,247,930	22,025,459	28,273,389
<b>Total assets</b>	<b>21,219,995</b>	<b>41,520,191</b>	<b>62,740,186</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	42,714	649,258	691,972
Accrued wages/taxes	59,682		59,682
Accrued interest payable		209,687	209,687
Compliance reserve	50,504		50,504
Bond premium - net of amortization	133,130	336,026	469,156
Long term liabilities			
Long term obligations			
Other due within one year	860,000	1,485,670	2,345,670
Other due in more than one year	6,780,000	15,889,343	22,669,343
<b>Total liabilities</b>	<b>7,926,030</b>	<b>18,569,984</b>	<b>26,496,014</b>
<b>NET POSITION</b>			
Net investment in capital assets	8,904,087	6,031,541	14,935,628
Restricted	4,384,717		4,384,717
Unrestricted	5,161	16,918,666	16,923,827
<b>Total net position</b>	<b>\$ 13,293,965</b>	<b>\$ 22,950,207</b>	<b>\$ 36,244,172</b>

The accompanying notes are an integral part of these financial statements.

**HARTLAND TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2019**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expenses) Revenue and Changes in Net Assets</b>		
		<b>Charges for Services</b>	<b>Capital Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Governmental activities:</b>						
General government	\$ (1,656,005)	\$ 423,543	\$	\$ (1,232,462)	\$	\$ (1,232,462)
Parks and recreation	(279,225)			(279,225)		(279,225)
Police protection	(17,234)			(17,234)		(17,234)
Fire protection	(1,265,491)			(1,265,491)		(1,265,491)
Cemetery	(34,321)	11,700		(22,621)		(22,621)
Public works	(1,234,553)			(1,234,553)		(1,234,553)
Community development	(42,000)			(42,000)		(42,000)
Interest on long-term debt	(309,628)			(309,628)		(309,628)
<b>Total governmental activities</b>	<b>(4,838,457)</b>	<b>435,243</b>		<b>(4,403,214)</b>		<b>(4,403,214)</b>
<b>Business-type activities:</b>						
Water system	(598,214)	651,577	231,057		284,420	284,420
Sewer system	(2,923,440)	2,533,712	298,446		(91,282)	(91,282)
<b>Total business-type activities</b>	<b>(3,521,654)</b>	<b>3,185,289</b>	<b>529,503</b>		<b>193,138</b>	<b>193,138</b>
<b>Total</b>	<b>\$ (8,360,111)</b>	<b>\$ 3,620,532</b>	<b>\$ 529,503</b>	<b>(4,403,214)</b>	<b>193,138</b>	<b>(4,210,076)</b>
<b>General revenues and transfers</b>						
Property taxes				2,694,929		2,694,929
State shared revenues				1,310,319		1,310,319
Licenses and permits				338,411		338,411
Interest and rents				335,004	315,929	650,933
Other income				45,580	20,885	66,465
<b>Total general revenues</b>				<b>4,724,243</b>	<b>336,814</b>	<b>5,061,057</b>
<b>Changes in net position</b>				<b>321,029</b>	<b>529,952</b>	<b>850,981</b>
<b>Net position, April 1, 2018</b>				<b>12,972,936</b>	<b>22,420,255</b>	<b>35,393,191</b>
<b>Net position, March 31, 2019</b>				<b>\$ 13,293,965</b>	<b>\$ 22,950,207</b>	<b>\$ 36,244,172</b>

The accompanying notes are an integral part of these financial statements.

## FUND FINANCIAL STATEMENTS

**HARTLAND TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>General</u>	<u>Municipal Street</u>	<u>Fire Operating</u>	<u>Millpointe Road Construction</u>	<u>M-59/Hartland Road Debt Service</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and investments	\$ 3,054,991	\$ 1,358,641	\$ 1,202,897	\$ 8,611	\$ 1,457,348	\$ 616,909	\$ 7,699,397
Receivables							
Taxes	21,808	31,099	39,086				91,993
State shared revenues	202,253						202,253
Special assessments	2,003				3,242,127	947,991	4,192,121
Accounts	55,022					22,000	77,022
Interest	1,657						1,657
Due from other funds	85,241					22,193	107,434
Prepaid expenditures	1,887						1,887
<b>Total assets</b>	<u>\$ 3,424,862</u>	<u>\$ 1,389,740</u>	<u>\$ 1,241,983</u>	<u>\$ 8,611</u>	<u>\$ 4,699,475</u>	<u>\$ 1,609,093</u>	<u>\$ 12,373,764</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 31,314	\$	\$ 9,112	\$ 1,252	\$ 125	\$ 911	\$ 42,714
Accrued wages and absences	59,682						59,682
Compliance reserves	50,504						50,504
Due to other funds	31,538	58				84,490	116,086
<b>Total liabilities</b>	<u>173,038</u>	<u>58</u>	<u>9,112</u>	<u>1,252</u>	<u>125</u>	<u>85,401</u>	<u>268,986</u>
<b>DEFERRED INFLOW OF RESOURCES</b>							
Unavailable revenue					3,216,313	944,559	4,160,872
<b>FUND BALANCES</b>							
Nonspendable - prepaid items	1,887						1,887
Restricted							
Roads		1,389,682					1,389,682
Public safety			1,232,871			51,093	1,283,964
Debt service					1,483,037	228,034	1,711,071
Committed							
Capital improvement	256,675			7,359		14,855	278,889
Cable						232,583	232,583
Cemetery						52,463	52,463
Assigned for future deficit						105	105
Unassigned	2,993,262						2,993,262
<b>Total fund balance</b>	<u>3,251,824</u>	<u>1,389,682</u>	<u>1,232,871</u>	<u>7,359</u>	<u>1,483,037</u>	<u>579,133</u>	<u>7,943,906</u>
<b>Total liabilities and deferred inflow of resources and liabilities</b>	<u>\$ 3,424,862</u>	<u>\$ 1,389,740</u>	<u>\$ 1,241,983</u>	<u>\$ 8,611</u>	<u>\$ 4,699,475</u>	<u>\$ 1,609,093</u>	<u>\$ 12,373,764</u>

The accompanying notes are an integral part of these financial statements.

HARTLAND TOWNSHIP

RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
MARCH 31, 2019

<b>Total fund balance per balance sheet</b>		<b>\$ 7,943,906</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 12,494,970	
Depreciation	<u>(3,590,883)</u>	
<b>Capital assets net of depreciation</b>		<b>8,904,087</b>
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable		(7,640,000)
Assessments not collected are reported as unavailable revenue in the fund statements, and are reported as income as levied in the Statement of Activities.		
		4,160,872
Unamortized bond discount and premiums are not recognized in the fund statements.		
		<u>(74,900)</u>
<b>Net position of governmental activities</b>		<b><u>\$ 13,293,965</u></b>

The accompanying notes are an integral part of these financial statements.

HARTLAND TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2019

	General	Municipal Street	Fire Operating	Millpointe Road Construction	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
<b>REVENUES</b>							
Taxes	\$ 515,652	\$ 966,601	\$ 1,212,676	\$	\$	\$	\$ 2,694,929
Special assessments - principal					659,489	163,194	822,683
Special assessments - interest					210,146	45,552	255,698
State revenues	1,301,801	3,778	4,740				1,310,319
Licenses and permits	236,628					101,783	338,411
Interest and rents	68,840	2,824	1,845	322	4,558	917	79,306
Charges for services	423,543					11,700	435,243
Miscellaneous	44,890	7	11			672	45,580
<b>Total revenues</b>	<b>2,591,354</b>	<b>973,210</b>	<b>1,219,272</b>	<b>322</b>	<b>874,193</b>	<b>323,818</b>	<b>5,982,169</b>

The accompanying notes are an integral part of these financial statements.

HARTLAND TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (continued)  
FOR THE YEAR ENDED MARCH 31, 2019

	General	Municipal Street	Fire Operating	Millpointe Road Construction	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
<b>EXPENDITURES</b>							
Current:							
General government	1,547,722						1,547,722
Parks and recreation	80,638						80,638
Capital improvement	8,002						8,002
Police protection/public safety	14,264					2,970	17,234
Fire protection			1,196,292				1,196,292
Cemetery						34,321	34,321
Public works	288,930	10,874		871,034		63,715	1,234,553
Community development	42,000						42,000
Capital outlay:							
General government	36,835						36,835
Fire			9,100				9,100
Parks and recreation	386,534						386,534
Debt service:							
Principal		505,000			270,000	40,000	815,000
Interest and fees		97,050			197,418	15,160	309,628
<b>Total expenditures</b>	<b>2,404,925</b>	<b>612,924</b>	<b>1,205,392</b>	<b>871,034</b>	<b>467,418</b>	<b>156,166</b>	<b>5,717,859</b>
<b>Excess of revenues over (under) expenditures</b>	<b>186,429</b>	<b>360,286</b>	<b>13,880</b>	<b>(870,712)</b>	<b>406,775</b>	<b>167,652</b>	<b>264,310</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Bond proceeds				860,000			860,000
Transfers in	6,367			18,000		37,408	61,775
Transfers (out)	(25,000)					(36,775)	(61,775)
<b>Total other financing sources (uses)</b>	<b>(18,633)</b>			<b>878,000</b>		<b>633</b>	<b>860,000</b>
<b>Net changes in fund balances</b>	<b>167,796</b>	<b>360,286</b>	<b>13,880</b>	<b>7,288</b>	<b>406,775</b>	<b>168,285</b>	<b>1,124,310</b>
<b>FUND BALANCE, APRIL 1, 2018</b>	<b>3,084,028</b>	<b>1,029,396</b>	<b>1,218,991</b>	<b>71</b>	<b>1,076,262</b>	<b>410,848</b>	<b>6,819,596</b>
<b>FUND BALANCE, MARCH 31, 2019</b>	<b>\$ 3,251,824</b>	<b>\$ 1,389,682</b>	<b>\$ 1,232,871</b>	<b>\$ 7,359</b>	<b>\$ 1,483,037</b>	<b>\$ 579,133</b>	<b>\$ 7,943,906</b>

The accompanying notes are an integral part of these financial statements.

HARTLAND TOWNSHIP

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2019

<b>Net change in fund balance - governmental funds</b>	<b>\$ 1,124,310</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their useful lives as depreciation expense. The amount by which depreciation exceeded capital outlay is as follows:	
Capital outlay	\$ 432,469
Depreciation expense	<u>(391,891)</u>
<b>Total</b>	<b>40,578</b>
Issuance of new debt and the repayment of long-term debt are recorded as revenues and expenditures in the governmental funds, but change the outstanding long-term liabilities in the Statement of Net Position.	
Contracts/bonds payable	815,000
Bond discounts and bond premiums are amortized over the life of the bonds on the Statement of Activities.	
Current year amortization	23,824
Assessment not collected are reported as deferred revenue in the fund statements, and are reported as income levied in the Statement of Activities.	
Principal collected during the year	(822,683)
Proceeds from loans are financing sources in the governmental funds, but are recorded as long-term liabilities in the Statement of Net Position.	
Bond proceeds	<u>(860,000)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 321,029</u></b>

The accompanying notes are an integral part of these financial statements.

**HARTLAND TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**MARCH 31, 2019**

	ENTERPRISE FUNDS			
	Water System	Sewage Disposal System	Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 1,395,931	\$ 5,815,240	\$	\$ 7,211,171
Investments	100,087	1,762,518		1,862,605
Special assessment receivable	12,040	46,164		58,204
Accounts receivable - billing	182,553	844,950		1,027,503
Deposit	35,887			35,887
Interest receivable	7,328	25,082		32,410
Due from other funds	17,422		(8,077)	9,345
<b>Total current assets</b>	<b>1,751,248</b>	<b>8,493,954</b>	<b>(8,077)</b>	<b>10,237,125</b>
<b>RESTRICTED ASSETS</b>				
Cash and cash equivalents	483,626	1,300,935		1,784,561
Investments	251,254			251,254
Special assessments receivable, net of \$400,000 allowance	668,464	5,718,013		6,386,477
Connection fees receivable		452,448		452,448
Bond discount, net of amortization		72,096		72,096
<b>Total restricted assets</b>	<b>1,403,344</b>	<b>7,543,492</b>		<b>8,946,836</b>
<b>CAPITAL ASSETS</b>				
Land	300,000	11,082		311,082
Utility systems, net	5,399,542	16,625,917		22,025,459
<b>Net capital assets</b>	<b>5,699,542</b>	<b>16,636,999</b>		<b>22,336,541</b>
<b>Total assets</b>	<b>8,854,134</b>	<b>32,674,445</b>	<b>(8,077)</b>	<b>41,520,502</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable	15,225	154,658		169,883
Accrued expenditures	8,562			8,562
Accrued interest payable	6,083	203,604		209,687
Due to others		8,976		8,976
Chargeback payable		461,837		461,837
Bonds and contracts - current portion	260,000	1,225,670		1,485,670
Due to other funds		8,388	(8,077)	311
<b>Total current liabilities</b>	<b>289,870</b>	<b>2,063,133</b>	<b>(8,077)</b>	<b>2,344,926</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds and contracts payable long term portion	470,000	15,419,343		15,889,343
Bond premiums, net of amortization	5,887	330,139		336,026
<b>Total long-term liabilities</b>	<b>475,887</b>	<b>15,749,482</b>		<b>16,225,369</b>
<b>Total liabilities</b>	<b>765,757</b>	<b>17,812,615</b>	<b>(8,077)</b>	<b>18,570,295</b>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	4,969,542	1,061,999		6,031,541
Unrestricted	3,118,835	13,799,831		16,918,666
<b>Total net position</b>	<b>\$ 8,088,377</b>	<b>\$ 14,861,830</b>	<b>\$</b>	<b>\$ 22,950,207</b>

The accompanying notes are an integral part of these financial statements.

**HARTLAND TOWNSHIP**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2019**

	<b>ENTERPRISE FUNDS</b>		
	<b>Water System</b>	<b>Sewage Disposal System</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
User charges	\$ 651,577	\$ 2,533,712	\$ 3,185,289
<b>OPERATING EXPENSES</b>	<u>585,091</u>	<u>2,429,847</u>	<u>3,014,938</u>
<b>Operating (loss)</b>	<u>66,486</u>	<u>103,865</u>	<u>170,351</u>
<b>NON-OPERATING REVENUES AND (EXPENSES)</b>			
Interest income - cash and cash equivalents	7,656	55,069	62,725
Interest income - special assessments	25,456	227,748	253,204
Other income	20,885		20,885
Interest expense and bond fees	(12,123)	(493,593)	(505,716)
Bond issuance costs	<u>(1,000)</u>		<u>(1,000)</u>
<b>Total non-operating revenues and (expenses)</b>	<u>40,874</u>	<u>(210,776)</u>	<u>(169,902)</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Connection fees, net of refund	231,057	200,110	431,167
Surcharge fees		<u>98,336</u>	<u>98,336</u>
<b>Total capital contributions</b>	<u>231,057</u>	<u>298,446</u>	<u>529,503</u>
<b>Changes in net position</b>	<u>338,417</u>	<u>191,535</u>	<u>529,952</u>
<b>NET POSITION AT APRIL 1, 2018</b>	<u>7,749,960</u>	<u>14,670,295</u>	<u>22,420,255</u>
<b>NET POSITION AT MARCH 31, 2019</b>	<u>\$ 8,088,377</u>	<u>\$ 14,861,830</u>	<u>\$ 22,950,207</u>

The accompanying notes are an integral part of these financial statements.

**HARTLAND TOWNSHIP**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2019**

	<b>ENTERPRISE FUNDS</b>		
	<b>Water System</b>	<b>Sewage Disposal System</b>	<b>Total</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 647,649	\$ 2,539,857	\$ 3,187,506
Payments to other suppliers for goods or services	(281,156)	(2,001,908)	(2,283,064)
Payments made to employees	(102,633)		(102,633)
<b>Net cash (used) provided by operating activities</b>	<b>263,860</b>	<b>537,949</b>	<b>801,809</b>
<b>CASH FLOW FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES</b>			
Principal and interest paid on capital debt	(297,400)	(1,028,809)	(1,326,209)
Collections of special assessment (principal and interest)	371,460	856,049	1,227,509
Connection fees	231,057	275,517	506,574
Acquisition of fixed assets	(210,186)		(210,186)
Other revenue	19,885	98,336	118,221
<b>Net cash from capital and related financing activities</b>	<b>114,816</b>	<b>201,093</b>	<b>315,909</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest received on cash and cash equivalents	4,484	21,430	25,914
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>383,160</b>	<b>760,472</b>	<b>1,143,632</b>
<b>CASH AND CASH EQUIVALENTS AT APRIL 1, 2018</b>	<b>1,496,397</b>	<b>6,355,703</b>	<b>7,852,100</b>
<b>CASH AND CASH EQUIVALENTS AT MARCH 31, 2019</b>	<b>\$ 1,879,557</b>	<b>\$ 7,116,175</b>	<b>\$ 8,995,732</b>
<b>ADJUSTMENTS TO OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES</b>			
Operating gain (loss)	\$ 66,486	\$ 103,865	\$ 170,351
Adjustments to reconcile operating income to net cash provided (used by) operating activities:			
Depreciation	244,056	436,670	680,726
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(3,928)	6,145	2,217
(Increase) decrease in prepaid expense	(35,153)	563	(34,590)
(Increase) decrease due from other funds	(8,945)		(8,945)
Increase (decrease) accounts payable	723	(17,959)	(17,236)
Increase (decrease) due to other funds		(311)	(311)
Increase (decrease) due to others		8,976	8,976
Increase (decrease) in accrued expenditures	621		621
<b>Total adjustments</b>	<b>197,374</b>	<b>434,084</b>	<b>631,458</b>
<b>Net cash provided by operating activities</b>	<b>\$ 263,860</b>	<b>\$ 537,949</b>	<b>\$ 801,809</b>

The accompanying notes are an integral part of these financial statements.

HARTLAND TOWNSHIP

STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
MARCH 31, 2019

	Current Tax Collection	Trust and Agency	Totals
<b>ASSET</b>			
Cash	\$ 382	\$ 188,602	\$ 188,984
<b>LIABILITIES</b>			
Due to other funds	\$ 382	\$	\$ 382
Due to others		188,602	188,602
<b>Total liabilities</b>	\$ 382	\$ 188,602	\$ 188,984

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

#### **A. BASIC FINANCIAL STATEMENTS**

In accordance with GASB standards, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. 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. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net position, with the assets and liabilities shown in order of their relative liquidity. Net positions are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net positions not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township'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 Fire Operating Fund accounts for property taxes collected for and the related costs to provide fire protection to the Township residents.

The Millpointe Road Construction Fund accounts for costs for road improvements.

The Municipal Street Fund accounts for property taxes collected for and related costs to improve township roads.

The M-59/Hartland Road Debt Service Fund accounts for the activity related to the debt and assessments to finance a road project.

The Township reports the following major proprietary funds:

The Sewage Disposal System Fund accounts for all the activity associated with the operations and maintenance of operating a sewage treatment system.

The Water System Fund accounts for all the activity associated with the operations and maintenance of operating a water distribution system.

#### **B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities' column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.

Enterprise funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB standards, the Township has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

When both restricted and unrestricted revenues are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**HARTLAND TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs. The Township currently maintains an agency fund to account for the monies collected and paid on behalf of developer's escrow accounts.

**C. CAPITAL ASSETS**

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental fund's financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real properties are considered capital assets regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

**D. BUDGETARY DATA**

The Board of Trustees follows the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The budget process is detailed in the approval of the General Appropriations Act adopted by the Board. The proposed budget is then submitted for discussion and approved by the entire Township Board. The budget is approved by activity rather than line item. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township Board at any of their regular meetings. Budget appropriations made, but not expended by year end, will lapse with the fiscal year end.

For the year ended March 31, 2019, expenditures did exceed appropriations immaterially in the General Fund.

## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **E. PROPERTY TAXES**

The Township's property taxes are levied and become a lien on each December 1st based on the taxable value of property located in the Township as of the preceding December 31st. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The Township recognized the amount levied December 1, 2018 as revenue for the year ended March 31, 2019.

The 2018 taxable valuation of the Township totaled \$659,185,550. The delinquent real property taxes of the Township are purchased by Livingston County. The county sells tax notes, the proceeds of which will be used to pay the Township for these property taxes. The county disbursed the delinquent taxes to the Township in June 2019.

The Township levies the following millage:

General Township	.7823
Fire and fire capital improvements	1.8397
Road improvement	<u>1.4664</u>
Total millage	<u>4.0884</u>

##### **F. MANAGEMENT'S ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **G. CASH EQUIVALENTS**

For purposes of the statement of cash flow, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

##### **H. RISK MANAGEMENT**

The Township is exposed to various risks of loss pertaining to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for these claims. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

##### **I. INVENTORIES AND PREPAID ITEMS**

Inventories are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

**HARTLAND TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. CAPITALIZATION OF INTEREST**

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets. No such interest has been incurred during the year ended March 31, 2019.

**K. INCOME TAXES**

As a governmental agency, the Township is exempt from income taxes.

**L. RECEIVABLES**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. See Note 9 for further discussion on special assessment receivables and related allowance for uncollectable receivables.

**M. INVESTMENTS**

Investments are stated at market value; except investments in high quality commercial paper or negotiable certificates of deposit with maturities of 270 days or less at date of acquisition are stated at cost as such does not differ significantly from fair value.

**N. FUND EQUITY**

According to GASB standards, the Township wishes to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned.

## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **N. FUND EQUITY (continued)**

In the fund financial statements, governmental funds report the following components of fund balance:

- Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed - Amounts that have been formally set aside by the Township Board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township Board.
- Assigned - Intent to spend resources on specific purposes expressed by the Township Board; or Supervisor, Clerk, and Treasurer; who are authorized by policy approved by the Township Board to make assignments. All current year assignments have been made by the Supervisor, Clerk, and Treasurer.
- Unassigned - Amounts that do not fall into any other category above. This is the residual classification of amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

##### **O. DEFERRED INFLOW AND OUTFLOW OF RESOURCES**

The Township has previously adopted GASB No. 65 "Items Previously Reported as Assets and Liabilities". Under this standard the Township will report two new sections in the Statement of Net Position (Government Wide Statements) and in the Balance Sheet (Fund Statements) which are called Deferred Outflow of resources (previously called assets) and Deferred Inflow of resources (previously called liabilities).

These separate financial statement elements which meet the definition of deferred outflow and inflow of resources, are no longer considered assets or liabilities.

Deferred outflow of resources represents a consumption of net position that applies to a future period. The element will not be recognized as an expense and (or) expenditure until the time restriction is met. The Township did not have any deferred outflows as of March 31, 2019.

Deferred inflow of resources represents an acquisition of net position that applies to a future period. The element will not be recognized as revenue until the time restriction is met. The Township has one transaction type which consist of elements considered deferred inflows listed on the balance sheets of various funds and the Statement of Net Position.

The transaction type listed as a deferred inflow of resources are special assessments levied over a period of years, in which the future principle collections exceeding one year are unavailable for fund accounting purposes. Therefore, the deferred inflow is only listed on the Balance Sheets under Fund Accounting.

**HARTLAND TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**P. BOND ISSUANCE COSTS AND BOND DISCOUNTS**

On government-wide financial statements, bond discounts and premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. The unamortized portion is recorded as unamortized bond discounts or premiums on the statement of net positions.

On the governmental fund financial statements, issuance costs and bond discounts or premiums are recognized in the current period. Bond issuance costs are classified as expenditures.

**NOTE 2 - DESCRIPTION OF REPORTING ENTITY**

In accordance with Governmental Accounting Standards Board (GASB) standards, all funds, agencies, and activities of Hartland Township have been included in the basic financial statements.

The following potential component unit has been evaluated under the criteria established by GASB statement number 39 and determined not to be a component unit based upon financial independence and accountability:

**HARTLAND DEERFIELD FIRE AUTHORITY**

Hartland Township appoints two members of the Authority's four-member board. The Authority is fiscally independent from the Township. The Authority is audited as an independent entity in compliance with Public Act. 2.

**HARTLAND TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2019, was as follows:

	Balance 4/1/2018	Additions	Deletions	Reclass	Balance 3/31/2019
<b>Governmental activities:</b>					
Capital assets not being depreciated					
Construction in progress	\$ 155,068	\$ 386,534	\$	\$ (219,902)	\$ 321,700
Land	2,334,457				2,334,457
Total assets not being depreciated	2,489,525	386,534		(219,902)	2,656,157
Other capital assets:					
Buildings and improvements	5,741,377	22,935			5,764,312
Parks	3,202,168			219,902	3,422,070
Vehicles and equipment	641,071	23,000	(11,640)		652,431
Total other capital assets	9,584,616	45,935	(11,640)	219,902	9,838,813
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(2,288,132)	(147,952)			(2,436,084)
Parks	(440,393)	(198,587)			(638,980)
Vehicles and equipment	(482,107)	(45,352)	11,640		(515,819)
Total accumulated depreciation	(3,210,632)	(391,891)	11,640		(3,590,883)
Other capital assets, net	6,373,984	(345,956)		219,902	6,247,930
<b>Governmental capital assets, net</b>	<b>\$ 8,863,509</b>	<b>\$ 40,578</b>	<b>\$</b>	<b>\$</b>	<b>\$ 8,904,087</b>

There is no related long-term debt outstanding.

Depreciation was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 124,105
Public safety	69,199
Parks and recreation	198,587
	<u>\$ 391,891</u>

# HARTLAND TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### NOTE 3 - CAPITAL ASSETS (continued)

	Balance 4/1/2018	Additions	Deletions	Deletions	Balance 3/31/2019
<b>Business-type activities:</b>					
Capital assets not being depreciated					
Land - sewer	\$ 11,082	\$	\$	\$	\$ 11,082
Land - water	300,000				300,000
Construction in progress	102,340	190,786		(192,859)	100,267
<b>Total other capital assets not being depreciated</b>	<b>413,422</b>	<b>190,786</b>		<b>(192,859)</b>	<b>411,349</b>
Other capital assets:					
Intangible-sewer system and related equipment	21,839,792				21,839,792
Water plant and distribution system	8,908,249	19,400		192,859	9,120,508
<b>Total other capital assets at historical cost</b>	<b>30,748,041</b>	<b>19,400</b>		<b>192,859</b>	<b>30,960,300</b>
<b>Less accumulated depreciation for:</b>					
Sewer system	(4,777,204)	(436,670)			(5,213,874)
Water system	(3,577,178)	(244,056)			(3,821,234)
<b>Total accumulated depreciation</b>	<b>(8,354,382)</b>	<b>(680,726)</b>			<b>(9,035,108)</b>
<b>Other capital assets, net</b>	<b>22,393,659</b>	<b>(661,326)</b>		<b>192,859</b>	<b>21,925,192</b>
<b>Business-type capital assets, net</b>	<b>\$ 22,807,081</b>	<b>\$ (470,540)</b>	<b>\$</b>	<b>\$</b>	<b>22,336,541</b>
Related long-term debt outstanding at March 31, 2019					(16,305,000)
<b>Business-type capital assets, net related long-term debt</b>					<b>\$ 6,031,541</b>

Depreciation was charged to functions as follows:

#### Business-type activities:

Sewer	\$ 436,670
Water service	244,056
<b>Total</b>	<b>\$ 680,726</b>

**HARTLAND TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**NOTE 4 - INTERFUND ACTIVITIES AND BALANCES**

Interfund receivables and payables exist at March 31, 2019. These represent short-term borrowings and amounts owed for reimbursements between other funds.

<b>INTERFUND RECEIVABLE</b>		<b>INTERFUND PAYABLE</b>	
General Fund	\$ 382	Current Tax Fund	\$ 382
General Fund	311	Sewer Fund	311
Capital Projects Fund	58	Municipal Streets Fund	58
Capital Projects Fund	84,490	Ore Valley SAD Fund	84,490
Water System Fund	9,345	General Fund	9,345
Water System Fund	8,077	Sewer Fund	8,077
Cable Fund	22,193	Clearing Fund	22,193
	<u>\$ 124,856</u>		<u>\$ 124,856</u>

Interfund transfers for the year ended March 31, 2019 were as follows:

<b>Transfer In</b>	<b>Transfer Out</b>	<b>Purpose</b>	<b>Amount</b>
Cemetery Fund	General Fund	Future improvements	\$ 25,000
Capital Projects Fund	Rolling Hills SAD Fund	Future improvements	6,367
Ore Valley SAD Fund	Ore Valley Construction	Future improvements	12,408
Millpointe Construction	Millpoint Debt Service	Future improvements	18,000
<b>Totals</b>			<u>\$ 61,775</u>

**HARTLAND TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**NOTE 5 - LONG TERM LIABILITIES**

**General Obligation Bonds**

The Township has issued general obligation special assessment bonds to provide funds used for road construction projects, and water and sewer system expansion projects. General obligation bonds are outstanding as of March 31, 2019 for governmental and business-type activities as follows:

<b>Purpose</b>	<b>Issuance Amount</b>	<b>Annual Principal Installments</b>	<b>Final Maturity</b>	<b>Interest Rate(s)</b>	<b>Debt Outstanding</b>
<b>Governmental activities:</b>					
M-59/Hartland Road, Series 2009	\$ 6,470,000	\$265,000 - \$270,000	5/1/33	4.00 - 5.125%	\$ 4,050,000
Capital Improvement, Series 2015	1,650,000	170,000 - 205,000	4/1/24	3.00%	955,000
Capital Improvement, Series 2016	2,750,000	325,000 - 375,000	4/1/24	3.00%	1,775,000
Road Special Assessment, Series 2018	860,000	85,000 - 110,000	6/1/27	3.00 - 3.125%	860,000
<b>Total for governmental activities</b>					<b>7,640,000</b>
<b>Business-type activities:</b>					
Water System, Series 2017	1,010,000	225,000 - 280,000	5/1/21	2.00%	730,000
Sewer System - Refunding Series 2011	5,610,000	700,000 - 705,000	11/1/33	4.00 - 5.25%	5,610,000
Sewer System - Refunding Series 2016	11,430,000	400,000 - 1,175,000	11/1/30	1.50 - 3.00%	9,965,000
Sewer System - Lake Tyrone 2016	1,312,640	52,740 - 79,673	4/1/35	2.50%	1,070,013
<b>Total for business-type activities</b>					<b>17,375,013</b>
<b>Total general obligation bonds payable</b>					<b>\$ 25,015,013</b>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b>Year Ending March 31,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
3/31/2020	\$ 860,000	\$ 292,929	\$ 1,485,670	\$ 527,400
3/31/2021	890,000	264,161	1,475,670	497,559
3/31/2022	900,000	234,078	1,433,600	467,967
3/31/2023	930,000	203,500	1,178,600	441,252
3/31/2024	945,000	171,610	1,156,530	417,387
4/1/2024 - 3/31/2029	1,765,000	534,924	5,873,160	1,655,173
4/1/2029 - 3/31/2034	1,350,000	172,294	4,692,110	612,543
3/31/2035			79,673	1,991
	<b>\$ 7,640,000</b>	<b>\$ 1,873,496</b>	<b>\$ 17,375,013</b>	<b>\$ 4,621,272</b>

# HARTLAND TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### NOTE 5 - LONG TERM LIABILITIES (continued)

#### Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended March 31, 2019:

	<u>Balance 4/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 3/31/2019</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
<u>General obligation bonds payable</u>					
M-59/Hartland Road Series 2009	\$ 4,320,000	\$	\$ 270,000	\$ 4,050,000	\$ 270,000
Hartland Shores Road Series 2009	40,000		40,000		
Capital Improvement Series 2015	1,135,000		180,000	955,000	180,000
Capital Improvement Series 2016	2,100,000		325,000	1,775,000	325,000
Road Special Assessment Series 2018		860,000		860,000	85,000
<b>Governmental activities long-term liabilities</b>	<u>7,595,000</u>	<u>860,000</u>	<u>815,000</u>	<u>7,640,000</u>	<u>860,000</u>
<b>Business-type activities:</b>					
<u>General obligation bonds payable</u>					
Water System, Series 2017	1,010,000		280,000	730,000	260,000
Sewer System Refunding, Series 2011	5,610,000			5,610,000	
Sewer System Refunding, Series 2016	10,420,000		455,000	9,965,000	1,170,000
Lake Tyrone, Series 2016	1,122,753		52,740	1,070,013	55,670
<b>Business-type activities long-term liabilities</b>	<u>18,162,753</u>		<u>787,740</u>	<u>17,375,013</u>	<u>1,485,670</u>
<b>Total long-term liabilities</b>	<u>\$ 25,757,753</u>	<u>\$ 860,000</u>	<u>\$ 1,602,740</u>	<u>\$ 25,015,013</u>	<u>\$ 2,345,670</u>

It should be noted that the M-59/Hartland Road Series 2009 bond will be refinanced in May of 2019. The remaining balance of \$3,780,000 (as of May, 2019) will be extinguished using \$1,000,000 of Hartland Township cash and the issuance of refunding bonds of \$2,780,000. A new sum of \$4,200,000 will be received from Huntington Bank at a true interest cost of 2.480177%. The new principle balance will be extinguished in May of 2033.

## **HARTLAND TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

#### **NOTE 6 - EMPLOYEE RETIREMENT PLAN**

The Township participated in three 401(a) defined contribution plans with International City/County Management Association Retirement Corporation (ICMA-RA).

ICMA- RA 401(a) plan #109341 covers all full-time employees hired prior to July 1, 2017, the Clerk, Treasurer, Supervisor and four Trustees. Full-time employees, the Clerk and the Treasurer are required to contribute 2.5% of his/her compensation and the Township contributes 10%. The Supervisor and four Trustees are required to contribute \$25 monthly and the Township contributes \$75 monthly. The plan vests 100% immediately. The plan members and Township contributed \$19,153 and \$75,111, respectively during the fiscal year ended March 31, 2019.

IRMA-RA 401(a) plan #109348 covers all full-time employee hired after July 1, 2017. Employees are required to contribute 2.5% and the Township contributes 10%. The plan vests 100% at year 5. The plan members and Township contributed \$2,760 and \$11,035, respectively during the fiscal year ended March 31, 2019.

IMCA-RA 401(a) plan #109350 covers all officials elected after July 1, 2017. The Clerk and Treasurer are required to contribute 2.5 % and the Township contributes 10%. The Supervisor and Trustee are required to contribute \$25 monthly and the Township contributes \$75 monthly. The plan vests 100% at year 4. There are currently no employees in this plan.

The Township also participates in the IMCA-RA 457 Deferred Compensation Plan (a defined contribution plan). Substantially all full-time employees, elected official and trustees are included in the Plan. Plan eligibility is a minimum age of 18 (and not more than a maximum age of 75). Employee contributions to the Plan are voluntary and the Township does not contribute to the Plan. For the year ended March 31, 2019, employees contributed \$35,186 to the Plan.

Amounts in the defined contribution plans are available to participants in accordance with Internal Revenue Service guidelines for such plans.

#### **NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The deposits are in accordance with statutory authority.

The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investments in all the investments mentioned in the preceding paragraph.

**HARTLAND TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)**

As of March 31, 2019, cash, cash equivalents, and investments consist of the following:

	<u>Total</u>	<u>Cash</u>	<u>Investments</u>
<b>Deposits</b>			
Checking accounts	\$ 2,587,862	\$ 2,587,862	\$
Money market and savings accounts	13,916,898	13,916,898	
Non-negotiable CDs	<u>1,970,734</u>		<u>1,970,734</u>
<b>Total deposits</b>	18,475,494	16,504,760	1,970,734
<b>Investments</b>			
US government bonds	239,587		239,587
Negotiable CDs	<u>347,424</u>		<u>347,424</u>
<b>Total investments</b>	<u>587,011</u>		<u>587,011</u>
<b>Total deposits and investments</b>	<u>\$ 19,062,505</u>	<u>\$ 16,504,760</u>	<u>\$ 2,557,745</u>

Cash and investments are presented in the financial statements in the following areas:

**Statement of Net Position**

Cash and investments \$ 18,808,988

**Fiduciary Funds**

Cash 188,984

**Total cash and investments** \$ 18,997,972

The carrying amount of cash is stated at \$18,997,972 as of March 31, 2019. The difference between the carrying amounts and amounts mentioned above stem from outstanding checks and outstanding deposits.

**Deposits - Custodial Credit Risk**

This is the risk that in the event of a bank failure, the Township will not be able to recover its deposits. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Insured by FDIC	\$ 5,121,474
Uninsured and collateralized	504,764
Uninsured and uncollateralized	<u>12,849,256</u>
	<u>\$ 18,475,494</u>

# HARTLAND TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

#### Investments - Custodial Credit Risk

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

As of March 31, 2019 investments of \$587,011 are subject to custodial credit risk as follows:

Insured by FDIC	\$ 347,424
Insured by SIPC	239,587
	<u>\$ 587,011</u>

#### Concentration of Credit Risk

Concentration of credit risk is the risk attributed to the magnitude of a Township's investment in a single issuer. The Township's investment policy requires diversification with a primary focus on safety. With the exception of U.S. Treasury Securities and authorized pools, no more than 50% of the Township's total investment portfolio can be invested with a single financial institution.

<u>Investment Type</u>	<u>Issuer</u>	<u>Percent of Portfolio</u>
Negotiable Certificate of Deposit	Mbank Manistique	42%
Negotiable Certificate of Deposit	Wells Fargo Bank	17%
US Government Bonds	Federal Home Loan Mortgage	41%

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair values of investments and cash deposits. The Township's investment policy requires this risk to be minimized by investing primarily in short term deposits and investments thus avoiding the need to sell prior to maturity.

As of March 31, 2019, the Township had the following investments subject to interest rate risk:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less than 1</u>	<u>1-3</u>
Negotiable CDs	\$ 347,424	\$ 247,337	\$ 100,087
US Government Bonds	239,587		239,587
	<u>\$ 587,011</u>	<u>\$ 247,337</u>	<u>\$ 339,674</u>

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)**

**Investments - Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township investment policy limits investments to those authorized by Public Act 20 of 1943. Commercial paper must be rated within the two (2) highest classifications established by not less than two (2) standard ratings services. Ratings are not required for U.S. Treasuries and money market accounts.

As of March 31, 2019, the Township had the following investments exposed to credit risk as follows:

<u>Investment Type</u>	<u>S &amp; P</u>	<u>Amount</u>
Negotiable Certificates of Deposits	Unrated	\$ 347,424
U.S. Government Bond	AA+	239,587
		<u>\$ 587,011</u>

**NOTE 8 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The Township maintains two enterprise funds, which provide water and sewer services. Segment information for the year ended March 31, 2019, was as follows:

	<u>Water System Fund</u>	<u>Sewer Disposal System Fund</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 651,577	\$ 2,533,712	\$ 3,185,289
Depreciation	244,056	436,670	680,726
Operating income (loss)	66,486	103,865	170,351
Non-operating revenues (expenses)	40,874	(210,776)	(169,902)
Change in net position	338,417	191,535	529,952
Total assets	8,854,134	32,674,445	41,528,579
Accounts payable	15,225	154,658	169,883
Net working capital	1,441,378	6,430,821	7,872,199
Total equity	8,088,377	14,861,830	22,950,207

## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

#### **NOTE 9 - SPECIAL ASSESSMENTS RECEIVABLE**

Special assessments are levied on various properties within the Township that benefit from certain capital improvements. Generally, such assessments are established in accordance with Public Act 188 of 1954 and collected from property owners in annual installments over a period of five (5) to twenty (20) years. The annual receipts of such assessments are typically used to service debt which financed capital improvements in the assessment district.

The current economic environment has caused a number of property owners in various special assessment districts to become delinquent on their obligation to pay the annual installments in a timely manner. In normal times these delinquent assessments would be satisfied through a lien and foreclosure process. However, due to the decline in the value of the property collateralizing such assessments it has become apparent a portion, if not all, of certain assessments will ultimately be uncollectable.

Management has estimated that the following long-term special assessments receivable will be uncollectable:

	<b>Water System</b>	<b>Sewage Disposal System</b>	<b>Total</b>
Gross special assessments receivable	\$ 668,464	\$ 6,118,013	\$ 6,786,477
Less: allowance for uncollectable assessments		(400,000)	(400,000)
Net special assessments receivable	\$ 668,464	\$ 5,718,013	\$ 6,386,477
Total debt	\$ 730,000	\$ 16,645,013	\$ 17,375,013

#### **NOTE 10 - HEALTH SAVINGS ACCOUNT**

The Township adopted a Health Savings Account (HSA) effective July 1, 2009. A Health Savings Account was created for the purpose of saving and paying for qualified medical expenses in connection with a high deductible health plan (HDHP). The Township's HDHP is a health plan that: (1) has an annual deductible of \$1,600 for single coverage or (2) has an annual deductible of \$4,000 for family (coverage of more than one individual). In addition, the annual out-of-pocket expenses required to be paid under the plan cannot exceed \$4,000 for individual coverage and \$8,000 for family coverage.

Only employees that are eligible for the HDHP are eligible to participate in the HSA. The Township contributes \$1,600 annually for individual coverage, and \$3,200 for couple/family coverage. Deposits are made directly into the participating individual's personal account in four equal installments at the beginning of each quarter. Employees can elect to contribute to their personal accounts, but are not required to do so. There is no third party involved with the HSA, the personal accounts are held at a national bank. Payments of qualified medical expenses are withdrawn directly from the individual's personal bank account.

## **HARTLAND TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

#### **NOTE 11 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 17, 2019, which is the date the financial statements were available to be issued. Management has determined that the Township does not have any other material recognizable or non-recognizable events, except as discussed in Note 5.

#### **NOTE 12 - UPCOMING GASB PRONOUNCEMENTS**

##### **GASB 84 - FIDUCIARY ACTIVITIES**

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 84, Fiduciary Activities to establish criteria for identifying fiduciary activities for all state and local governments. Activities meeting the criteria of a fiduciary activity should be presented in a separate statement of fiduciary net position and statement of changes in fiduciary net position and establishes four types of fiduciary funds: pension and other employee benefits trust funds, investment trust funds, private purpose trust funds and custodial funds.

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended March 31, 2020.

##### **GASB 87 - LEASES**

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 87, Leases to improve the accounting and financial reporting of leases by governments. This standard requires the recognition of lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This standard will require a lessee to recognize a lease liability and right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources.

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended March 31, 2021.

##### **GASB 89 - ACCOUNTING FOR INTEREST COST INCURRED BEFORE THE END OF A CONSTRUCTION PERIOD**

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 89 to establish accounting requirements for interest costs that are incurred before the end of a construction period. This statement will require interest costs incurred before the end of a construction period to be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As such, the interest will no longer be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard should be applied prospectively.

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended March 31, 2021.

## REQUIRED SUPPLEMENTARY INFORMATION

**HARTLAND TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2019**

	<b>Budgets</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$	\$	\$ 515,652	\$
State grants			1,301,801	
Licenses and permits			236,628	
Interest and rents			68,840	
Charges for services			423,543	
Miscellaneous			44,890	
<b>Total revenues</b>	<b>2,525,117</b>	<b>2,536,509</b>	<b>2,591,354</b>	<b>54,845</b>
<b>EXPENDITURES</b>	<b>2,462,037</b>	<b>2,526,988</b>	<b>2,404,925</b>	<b>122,063</b>
<b>Excess of revenues over (under) expenditures</b>	<b>63,080</b>	<b>9,521</b>	<b>186,429</b>	<b>176,908</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			6,367	
Transfers (out)			(25,000)	
<b>Total other financing sources (uses)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(18,633)</b>	<b>6,367</b>
<b>Net change in fund balance</b>	<b>38,080</b>	<b>(15,479)</b>	<b>167,796</b>	<b>183,275</b>
<b>FUND BALANCE, APRIL 1, 2018</b>	<b>3,084,028</b>	<b>3,084,028</b>	<b>3,084,028</b>	
<b>FUND BALANCE, MARCH 31, 2019</b>	<b>\$ 3,122,108</b>	<b>\$ 3,068,549</b>	<b>\$ 3,251,824</b>	<b>\$ 183,275</b>

**HARTLAND TOWNSHIP**

**MUNICIPAL STREET FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2019**

	<b>Budgets</b>		<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$	\$	\$ 966,601	\$
State grants - PPT reimbursement			3,778	
Interest and rent			2,824	
Other revenue			7	
<b>Total revenues</b>	<b>960,851</b>	<b>960,851</b>	<b>973,210</b>	<b>12,359</b>
<b>EXPENDITURES</b>				
Project costs			10,874	
Debt				
Principal			505,000	
Interest			97,050	
<b>Total expenditures</b>	<b>629,175</b>	<b>629,175</b>	<b>612,924</b>	<b>16,251</b>
<b>Net change in fund balance</b>	<b>331,676</b>	<b>331,676</b>	<b>360,286</b>	<b>28,610</b>
<b>FUND BALANCE, APRIL 1, 2018</b>	<b>1,029,396</b>	<b>1,029,396</b>	<b>1,029,396</b>	
<b>FUND BALANCE, MARCH 31, 2019</b>	<b>\$ 1,361,072</b>	<b>\$ 1,361,072</b>	<b>\$ 1,389,682</b>	<b>\$ 28,610</b>

**HARTLAND TOWNSHIP**

**FIRE OPERATING FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2019**

	<b>Budgets</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$	\$	\$ 1,212,676	\$
State grants - PPT reimbursement			4,740	
Interest			1,845	
Miscellaneous			11	
<b>Total revenues</b>	<b>1,203,961</b>	<b>1,203,961</b>	<b>1,219,272</b>	<b>15,311</b>
<b>EXPENDITURES</b>				
Authority contributions			1,178,188	
Repairs and maintenance			24,366	
Tax chargebacks			1,050	
Professional fees			850	
Utility/assessments			938	
<b>Total expenditures</b>	<b>1,212,718</b>	<b>1,221,818</b>	<b>1,205,392</b>	<b>16,426</b>
<b>Net change in fund balance</b>	<b>(8,757)</b>	<b>(17,857)</b>	<b>13,880</b>	<b>31,737</b>
<b>FUND BALANCE, APRIL 1, 2018</b>	<b>1,218,991</b>	<b>1,218,991</b>	<b>1,218,991</b>	
<b>FUND BALANCE, MARCH 31, 2019</b>	<b>\$ 1,210,234</b>	<b>\$ 1,201,134</b>	<b>\$ 1,232,871</b>	<b>\$ 31,737</b>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

HARTLAND TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE- BUDGETARY INFORMATION**

**Budget Overruns**

The following expenditures exceeded appropriations in one fund:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance (Unfavorable)</u>
General fund			
Street lighting	<u>\$ 15,450</u>	<u>\$ 16,710</u>	<u>\$ (1,260)</u>
	<u>\$ 15,450</u>	<u>\$ 16,710</u>	<u>\$ (1,260)</u>

## SUPPLEMENTARY INFORMATION

## COMBINING FINANCIAL STATEMENTS

**HARTLAND TOWNSHIP**  
**COMBINING BALANCE SHEETS**  
**FUNDS INCLUDED IN GASB 54 CONSOLIDATION**  
**MARCH 31, 2019**

	<u>General Fund Pre GASB 54 - Consolidation</u>	<u>Capital Improvement Fund</u>	<u>Totals Restated General Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,878,159	\$ 176,832	\$ 3,054,991
Taxes receivable	21,808		21,808
State shared revenue receivable	202,253		202,253
Special assessments receivable		2,003	2,003
Accounts receivable - other	55,022		55,022
Interest	1,657		1,657
Prepaid expense	1,887		1,887
Due from other funds	693	84,548	85,241
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 3,161,479</b>	<b>\$ 263,383</b>	<b>\$ 3,424,862</b>
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
Accounts payable	\$ 24,606	\$ 6,708	\$ 31,314
Accrued expense	59,682		59,682
Compliance reserves	50,504		50,504
Due to other funds	31,538		31,538
	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>166,330</b>	<b>6,708</b>	<b>173,038</b>
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES</b>			
Nonspendable	1,887		1,887
Committed - capital improvement		256,675	256,675
Unassigned	2,993,262		2,993,262
	<hr/>	<hr/>	<hr/>
<b>Total fund balance</b>	<b>2,995,149</b>	<b>256,675</b>	<b>3,251,824</b>
	<hr/>	<hr/>	<hr/>
<b>Total liabilities and fund balance</b>	<b>\$ 3,161,479</b>	<b>\$ 263,383</b>	<b>\$ 3,424,862</b>
	<hr/>	<hr/>	<hr/>

**HARTLAND TOWNSHIP**  
**COMBINING BALANCE SHEETS**  
**ALL NONMAJOR FUNDS**  
**MARCH 31, 2019**

	<b>SPECIAL REVENUE FUNDS</b>			<b>DEBT SERVICE FUNDS</b>			
	<b>Cemetery</b>	<b>Liquor Law Enforcement</b>	<b>Cable Television</b>	<b>Hartland Shores</b>	<b>Ore Valley</b>	<b>Millpointe Road SAD</b>	<b>Totals</b>
<b>ASSETS</b>							
Cash and investments	\$ 52,896	\$ 51,198	\$ 188,868	\$ 14,462	\$ 63,881	\$ 245,604	\$ 616,909
Special assessment receivable				393	41,372	906,226	947,991
Due from other funds			22,193				22,193
Fees receivable			22,000				22,000
<b>Total assets</b>	<b>\$ 52,896</b>	<b>\$ 51,198</b>	<b>\$ 233,061</b>	<b>\$ 14,855</b>	<b>\$ 105,253</b>	<b>\$ 1,151,830</b>	<b>\$ 1,609,093</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 433	\$	\$ 478	\$	\$	\$	\$ 911
Due to other funds					84,490		84,490
<b>Total liabilities</b>	<b>433</b>		<b>478</b>		<b>84,490</b>		<b>85,401</b>
<b>DEFERRED INFLOW OF RESOURCES</b>							
Unavailable revenue					41,372	903,187	944,559
<b>FUND BALANCE</b>							
Restricted							
Public safety		51,093					51,093
Debt service					(20,609)	248,643	228,034
Committed							
Cemetery	52,463						52,463
Cable			232,583				232,583
Capital improvement				14,855			14,855
Assigned for future budget deficit		105					105
<b>Total fund balance (deficit)</b>	<b>52,463</b>	<b>51,198</b>	<b>232,583</b>	<b>14,855</b>	<b>(20,609)</b>	<b>248,643</b>	<b>579,133</b>
<b>Total liabilities, deferred inflow of resources and fund balance</b>	<b>\$ 52,896</b>	<b>\$ 51,198</b>	<b>\$ 233,061</b>	<b>\$ 14,855</b>	<b>\$ 105,253</b>	<b>\$ 1,151,830</b>	<b>\$ 1,609,093</b>

**HARTLAND TOWNSHIP**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FUNDS INCLUDED IN GASB 54 CONSOLIDATION  
FOR THE YEAR ENDED MARCH 31, 2019**

	<b>General Fund - Pre GASB 54 Consolidation</b>	<b>Capital Improvement Fund</b>	<b>Eliminations</b>	<b>Totals Restated General Fund</b>
<b>REVENUES</b>				
Taxes	\$ 515,652	\$	\$	\$ 515,652
State grants	1,301,801			1,301,801
Licenses and permits	230,564	6,064		236,628
Interest and rents	68,064	776		68,840
Charges for services	423,543			423,543
Miscellaneous	44,890			44,890
<b>Total revenues</b>	2,584,514	6,840		2,591,354
<b>EXPENDITURES</b>	1,973,554	431,371		2,404,925
<b>Excess of revenues over (under) expenditures</b>	610,960	(424,531)		186,429
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		443,716	(437,349)	6,367
Transfers (out)	(462,349)		437,349	(25,000)
<b>Total other financing sources (uses)</b>	(462,349)	443,716		(18,633)
<b>Net changes in fund balances</b>	148,611	19,185		167,796
<b>FUND BALANCE, APRIL 1, 2018</b>	2,846,538	237,490		3,084,028
<b>FUND BALANCE, MARCH 31, 2019</b>	\$ 2,995,149	\$ 256,675	\$	\$ 3,251,824

HARTLAND TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL NONMAJOR FUNDS  
FOR THE YEAR ENDED MARCH 31, 2019

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS	DEBT SERVICE FUNDS				
	Cemetery	Liquor Law Enforcement	Cable Television	Ore Valley	Rolling Hills	Hartland Shores	Ore Valley	Millpointe Road SAD	Totals
REVENUES									
Special assessments									
Principal	\$	\$	\$	\$	\$	\$ 24,652	\$ 20,686	\$ 117,856	\$ 163,194
Interest						1,304	1,241	43,007	45,552
Licenses and permits		10,973	90,810						101,783
Interest and rents	71	83	361			69	83	250	917
Charges for services	11,700								11,700
Miscellaneous	672								672
Total revenues	12,443	11,056	91,171			26,025	22,010	161,113	323,818
EXPENDITURES									
Public safety		2,970							2,970
Cemetery	34,321								34,321
Public works			63,715						63,715
Debt service									
Principal						40,000			40,000
Interest						1,691		13,469	15,160
Total expenditures	34,321	2,970	63,715			41,691		13,469	156,166
Excess of revenues over (under) expenditures	(21,878)	8,086	27,456			(15,666)	22,010	147,644	167,652
OTHER FINANCING SOURCES (USES)									
Bond proceeds									
Transfers in	25,000						12,408		37,408
Transfers (out)				(12,408)	(6,367)			(18,000)	(36,775)
Total other financing sources (uses)	25,000			(12,408)	(6,367)		12,408	(18,000)	633
Net change in fund balances	3,122	8,086	27,456	(12,408)	(6,367)	(15,666)	34,418	129,644	168,285
FUND BALANCE (DEFICIT), APRIL 1, 2018	49,341	43,112	205,127	12,408	6,367	30,521	(55,027)	118,999	410,848
FUND BALANCE (DEFICIT), MARCH 31, 2019	\$ 52,463	\$ 51,198	\$ 232,583	\$	\$	\$ 14,855	\$ (20,609)	\$ 248,643	\$ 579,133

## INDIVIDUAL FUNDS

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)**

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**HARTLAND TOWNSHIP**

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
BALANCE SHEET  
MARCH 31, 2019**

**ASSETS**

Cash and investments	\$	2,878,159
Accounts receivable		
Taxes		21,808
State revenues		202,253
Other		55,022
Interest		1,657
Due from other funds		693
Prepaid expenditures		1,887
		<hr/>
<b>Total assets</b>	\$	<b>3,161,479</b>

**LIABILITIES**

Accounts payable	\$	24,606
Accrued expenditures		59,682
Compliance reserves		50,504
Due to other funds		31,538
		<hr/>
<b>Total liabilities</b>	\$	<b>166,330</b>

**FUND BALANCE**

		<hr/>
		2,995,149
		<hr/>
<b>Total liabilities and fund balance</b>	\$	<b>3,161,479</b>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**HARTLAND TOWNSHIP**

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes	\$	\$ 515,652	\$
Licenses and permits		230,564	
State grants		1,301,801	
Interest and rent		68,064	
Charges for services		423,543	
Other revenues		44,890	
<b>Total revenues</b>	<u>2,519,142</u>	<u>2,584,514</u>	<u>65,372</u>
<b>EXPENDITURES</b>	<u>2,104,719</u>	<u>1,973,554</u>	<u>131,165</u>
<b>Excess of revenues over (under) expenditures</b>	414,423	610,960	196,537
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	<u>(470,449)</u>	<u>(462,349)</u>	<u>8,100</u>
<b>Net change in fund balance</b>	<u>(56,026)</u>	<u>148,611</u>	<u>204,637</u>
<b>FUND BALANCE, APRIL 1, 2018</b>	<u>2,846,538</u>	<u>2,846,538</u>	
<b>FUND BALANCE, MARCH 31, 2019</b>	<u>\$ 2,790,512</u>	<u>\$ 2,995,149</u>	<u>\$ 204,637</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**HARTLAND TOWNSHIP**

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF REVENUES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>TAXES</b>			
Current property taxes	\$ 511,542	\$ 515,652	\$ 4,110
<b>LICENSES AND PERMITS</b>			
Mobile home		3,113	
Dog licenses		492	
Cable fees		226,959	
<b>Total licenses and permits</b>	<u>243,730</u>	<u>230,564</u>	<u>(13,166)</u>
<b>STATE GRANTS</b>			
State shared revenue		1,299,786	
Other - PPT Reimbursement		2,015	
<b>Total state grants</b>	<u>1,255,929</u>	<u>1,301,801</u>	<u>45,872</u>
<b>CHARGES FOR SERVICES</b>			
Utility administration		145,319	
Tax administration fee		208,233	
Zoning fees		33,945	
Tax collections fees		17,301	
Other		18,745	
<b>Total charges for services</b>	<u>416,480</u>	<u>423,543</u>	<u>7,063</u>
<b>INTEREST AND RENT</b>			
Rental income		53,877	
Interest income		11,343	
Unrealized gains (losses)		2,844	
<b>Total interest and rent</b>	<u>60,236</u>	<u>68,064</u>	<u>7,828</u>
<b>MISCELLANEOUS REVENUES</b>			
Donations		21,075	
Reimbursements		12,358	
Miscellaneous		8,693	
Farmers market		2,764	
<b>Total miscellaneous revenues</b>	<u>31,225</u>	<u>44,890</u>	<u>13,665</u>
<b>Total revenues</b>	<u>\$ 2,519,142</u>	<u>\$ 2,584,514</u>	<u>\$ 65,372</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

# HARTLAND TOWNSHIP

## GENERAL FUND (PRE GASB 54 - RESTATEMENT) STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL FOR THE YEAR ENDED MARCH 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>TOWNSHIP BOARD</b>			
Trustee fees	\$	\$ 27,900	\$
Retirement		3,600	
Taxes - payroll		2,134	
Supplies and postage		114	
Audit		9,160	
Legal		8,219	
Membership and dues		19,637	
Bank charges		80	
Education and training		285	
<b>Total township board</b>	<u>77,461</u>	<u>71,129</u>	<u>6,332</u>
<b>SUPERVISOR</b>			
Supervisor salary		31,000	
Taxes - payroll		2,371	
Retirement		900	
<b>Total supervisor</b>	<u>34,372</u>	<u>34,271</u>	<u>101</u>
<b>TOWNSHIP MANAGER</b>			
Wages		120,346	
Secretary wages		48,764	
Taxes - payroll		12,344	
Insurance - health		31,439	
Retirement		3,681	
Supplies and postage		417	
Contracted services		51	
Membership and dues		1,409	
Education and training		2,658	
Travel and meetings		460	
<b>Total township manager</b>	<u>224,227</u>	<u>221,569</u>	<u>2,658</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**HARTLAND TOWNSHIP**

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>ELECTIONS</b>			
Wages and fees		18,218	
Taxes - payroll		5	
Supplies and postage		8,277	
Contract services		3,382	
Printing and publications		130	
Miscellaneous		3,485	
<b>Total elections</b>	<u>36,539</u>	<u>33,497</u>	<u>3,042</u>
<b>FINANCE DEPARTMENT</b>			
Salaries		115,546	
Taxes - payroll		8,335	
Insurance - benefits		23,311	
Retirement		11,541	
Supplies and postage		974	
Membership and dues		310	
Repairs and maintenance		2,641	
Education and training		2,669	
<b>Total finance department</b>	<u>166,195</u>	<u>165,327</u>	<u>868</u>
<b>ASSESSOR</b>			
Salaries and wages		139,460	
Taxes - payroll		10,612	
Insurance - benefits		1,726	
Retirement		10,966	
Supplies and postage		1,019	
Contracted services		10,025	
Membership and dues		2,408	
Tax preparation		3,473	
Legal fees		19,787	
Printing and publications		323	
Repairs and maintenance		5,570	
Other		21	
Education and training		2,068	
<b>Total assessor</b>	<u>209,024</u>	<u>207,458</u>	<u>1,566</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**HARTLAND TOWNSHIP**

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CLERK</b>			
Clerk salary		62,000	
Other - clerical salary		47,906	
Taxes - payroll		8,092	
Insurance - benefits		20,990	
Retirement		9,565	
Supplies and postage		667	
Membership and dues		240	
Printing and publishing		2,005	
Education and training		658	
<b>Total clerk</b>	<u>159,579</u>	<u>152,123</u>	<u>7,456</u>
<b>VEHICLE USE</b>	<u>3,550</u>	<u>2,219</u>	<u>1,331</u>
<b>BOARD OF REVIEW</b>			
Fees		1,960	
Taxes - payroll		150	
Supplies and postage		220	
Printing and publishing		270	
<b>Total board of review</b>	<u>4,541</u>	<u>2,600</u>	<u>1,941</u>
<b>TREASURER</b>			
Treasurer salary		62,000	
Assistant wages		51,934	
Taxes - payroll		7,758	
Insurance - benefits		36,509	
Retirement		10,290	
Supplies and postage		1,054	
Membership and dues		870	
Tax preparation		9,027	
Repairs and maintenance		5,249	
Education and training		2,376	
Capital outlay		780	
<b>Total treasurer</b>	<u>190,535</u>	<u>187,847</u>	<u>2,688</u>
<b>DATA PROCESSING</b>	<u>8,010</u>	<u>6,300</u>	<u>1,710</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**HARTLAND TOWNSHIP**

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>TOWNSHIP HALL AND GROUNDS</b>			
Wages		4,854	
Taxes - payroll		371	
Supplies		2,160	
Snow removal and mowing		34,630	
Contract services		21,635	
Telephone		11,267	
Utilities		32,695	
Repairs and maintenance		25,629	
Assessments		257	
<b>Total township hall and grounds</b>	<u>133,792</u>	<u>133,498</u>	<u>294</u>
<b>UNALLOCATED</b>			
PTO payout		7,549	
Office supplies and postage		5,956	
Tax chargebacks		748	
Insurance and bonds		23,345	
Repairs and maintenance		5,111	
Education and training		113	
<b>Total unallocated</b>	<u>61,258</u>	<u>42,822</u>	<u>18,436</u>
<b>PLANNING AND ZONING</b>			
Wages		172,062	
Taxes - payroll		14,463	
Insurance - benefits		2,642	
Retirement		15,877	
Planning commission		10,281	
Supplies and postage		765	
Contract services		16,469	
Membership and dues		2,165	
Legal fees		5,175	
Printing and publications		240	
Repairs and maintenance		317	
Education and training		217	
<b>Total planning and zoning</b>	<u>270,397</u>	<u>240,673</u>	<u>29,724</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**HARTLAND TOWNSHIP**

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PUBLIC WORKS</b>			
Salaries		119,147	
Taxes - payroll		8,724	
Insurance - benefits		13,508	
Retirement		11,198	
Supplies and postage		1,107	
Contracted services		12,246	
Sampling		13,433	
Membership and dues		221	
Miscellaneous		404	
Education and training		179	
<b>Total public works</b>	<u>186,543</u>	<u>180,167</u>	<u>6,376</u>
<b>ZONING BOARD OF APPEALS</b>	<u>3,604</u>	<u>2,874</u>	<u>730</u>
<b>SIDEWALKS</b>	<u>6,000</u>	<u>5,725</u>	<u>275</u>
<b>STREETLIGHTS</b>	<u>15,450</u>	<u>16,710</u>	<u>(1,260)</u>
<b>ROADS</b>	<u>96,991</u>	<u>86,328</u>	<u>10,663</u>
<b>CABLE</b>			
Salaries		31,483	
Taxes - payroll		2,408	
Contacted services		2,313	
Printing and publishing		4,622	
Postage and supplies		1,316	
Education and training		198	
<b>Total cable</b>	<u>46,810</u>	<u>42,340</u>	<u>4,470</u>
<b>CODE ENFORCEMENT</b>	<u>17,919</u>	<u>14,264</u>	<u>3,655</u>
<b>DRAINS</b>	<u>14,000</u>	<u>1,175</u>	<u>12,825</u>
<b>SENIOR CITIZENS</b>	<u>22,000</u>	<u>22,000</u>	
<b>COMMUNITY CENTRAL</b>	<u>20,000</u>	<u>20,000</u>	
<b>PARKS AND RECREATION</b>	<u>95,922</u>	<u>80,638</u>	<u>15,284</u>
<b>Total expenditures</b>	<u>\$ 2,104,719</u>	<u>\$ 1,973,554</u>	<u>\$ 131,165</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**MUNICIPAL STREET FUND**

**HARTLAND TOWNSHIP**

**MUNICIPAL STREET FUND  
BALANCE SHEET  
MARCH 31, 2019**

**ASSET**

Cash	\$ 1,358,641
Taxes receivable	<u>31,099</u>
<b>Total assets</b>	<b><u>\$ 1,389,740</u></b>

**LIABILITIES**

Due to other funds	\$ 58
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**FUND BALANCE**

	<u>1,389,682</u>
<b>Total liabilities and fund balance</b>	<b><u>\$ 1,389,740</u></b>

**HARTLAND TOWNSHIP**

**MUNICIPAL STREET FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes	\$	\$ 966,601	\$
State grants - PPT reimbursement		3,778	
Interest and rent		2,824	
Other revenue		7	
<b>Total revenues</b>	<u>960,851</u>	<u>973,210</u>	<u>12,359</u>
<b>EXPENDITURES</b>			
Public works		10,874	
Debt			
Principal		505,000	
Interest		97,050	
<b>Total expenditures</b>	<u>629,175</u>	<u>612,924</u>	<u>16,251</u>
<b>Net change in fund balance</b>	<u>331,676</u>	<u>360,286</u>	<u>28,610</u>
<b>FUND BALANCE, APRIL 1, 2018</b>	<u>1,029,396</u>	<u>1,029,396</u>	
<b>FUND BALANCE, MARCH 31, 2019</b>	<u>\$ 1,361,072</u>	<u>\$ 1,389,682</u>	<u>\$ 28,610</u>

**FIRE OPERATING FUND**

**HARTLAND TOWNSHIP**

**FIRE OPERATING FUND  
BALANCE SHEET  
MARCH 31, 2019**

**ASSETS**

Cash	\$ 1,202,897
Taxes receivable	<u>39,086</u>
<b>Total assets</b>	<b><u>\$ 1,241,983</u></b>

**LIABILITIES**

Accounts payable	\$ 9,112
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**FUND BALANCE**

	<u>1,232,871</u>
<b>Total liabilities and fund balance</b>	<b><u>\$ 1,241,983</u></b>

**HARTLAND TOWNSHIP**

**FIRE OPERATING FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes	\$	\$ 1,212,676	\$
State grants - PPT reimbursement		4,740	
Interest		1,845	
Miscellaneous		11	
<b>Total revenues</b>	<u>1,203,961</u>	<u>1,219,272</u>	<u>15,311</u>
<b>EXPENDITURES</b>			
Authority contributions		1,178,188	
Repairs and maintenance		24,366	
Tax chargebacks		1,050	
Professional fees		850	
Utility/assessments		938	
<b>Total expenditures</b>	<u>1,221,818</u>	<u>1,205,392</u>	<u>16,426</u>
<b>Net change in fund balance</b>	<u>(17,857)</u>	<u>13,880</u>	<u>31,737</u>
<b>FUND BALANCE, APRIL 1, 2018</b>	<u>1,218,991</u>	<u>1,218,991</u>	
<b>FUND BALANCE, MARCH 31, 2019</b>	<u>\$ 1,201,134</u>	<u>\$ 1,232,871</u>	<u>\$ 31,737</u>

**MILLPOINTE ROAD CONSTRUCTION FUND**

**HARTLAND TOWNSHIP**  
**MILLPOINTE ROAD CONSTRUCTION FUND**  
**BALANCE SHEET**  
**MARCH 31, 2019**

**ASSETS**

Cash	\$ 8,611
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**LIABILITIES**

Accounts payable	\$ 1,252
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**FUND BALANCE**

	<u>7,359</u>
Total liabilities and fund balance	<u>\$ 8,611</u>

**HARTLAND TOWNSHIP**

**MILLPOINTE ROAD CONSTRUCTION FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Interest	\$	\$ 322	\$ 322
<b>EXPENDITURES</b>			
Project costs	<u>970,460</u>	<u>871,034</u>	<u>99,426</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(970,460)</u>	<u>(870,712)</u>	<u>99,748</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds	860,000	860,000	
Transfers in	<u>110,460</u>	<u>18,000</u>	<u>(92,460)</u>
<b>Total other financing sources (uses)</b>	<u>970,460</u>	<u>878,000</u>	<u>(92,460)</u>
<b>Net change in fund balance</b>		7,288	7,288
<b>FUND BALANCE, APRIL 1, 2018</b>	<u>71</u>	<u>71</u>	
<b>FUND BALANCE, MARCH 31, 2019</b>	<u>\$ 71</u>	<u>\$ 7,359</u>	<u>\$ 7,288</u>

**M-59/HARTLAND ROAD DEBT SERVICE FUND**

**HARTLAND TOWNSHIP**

**M-59/HARTLAND ROAD DEBT SERVICE FUND  
BALANCE SHEET  
MARCH 31, 2019**

**ASSETS**

Cash	\$ 1,457,348
Special assessments receivable	<u>3,242,127</u>
<b>Total assets</b>	<u><u>\$ 4,699,475</u></u>

**LIABILITIES**

Accounts payable	\$ 125
------------------	--------

**DEFERRED INFLOW OF RESOURCES**

Unavailable revenues	3,216,313
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**FUND BALANCE**

	<u>1,483,037</u>
<b>Total liabilities, deferred inflow of resources and fund balance</b>	<u><u>\$ 4,699,475</u></u>

HARTLAND TOWNSHIP

M-59/HARTLAND ROAD DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2019

**REVENUES**

Special assessments		
Principal	\$	659,489
Interest		210,146
Interest income		<u>4,558</u>
<b>Total revenues</b>	\$	<b>874,193</b>

**EXPENDITURES**

Debt		
Principal		270,000
Interest		197,168
Fees		<u>250</u>
<b>Total expenditures</b>		<u><b>467,418</b></u>

<b>Net change in fund balance</b>		<b>406,775</b>
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<b>FUND BALANCE, APRIL 1, 2018</b>		<u><b>1,076,262</b></u>
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<b>FUND BALANCE, MARCH 31, 2019</b>	\$	<u><u><b>1,483,037</b></u></u>
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**WATER SYSTEM FUND**

HARTLAND TOWNSHIP

WATER SYSTEM FUND  
BALANCE SHEET  
MARCH 31, 2019

**CURRENT ASSETS**

Cash and investments - operating	\$	949,610	
Cash and investments - capital replacement		446,321	
Investments		100,087	
Accounts receivable - customers		182,553	
Special assessment receivable		12,040	
Deposit		35,887	
Interest receivable		7,328	
Due from other funds		17,422	
<b>Total current assets</b>			\$ 1,751,248

**RESTRICTED ASSETS**

Cash and investments restricted for debt		483,626	
Investments		251,254	
Special assessment receivable		668,464	
<b>Total restricted assets</b>			1,403,344

**PROPERTY, PLANT AND EQUIPMENT**

Capital assets			
Land		300,000	
Water plant and equipment		9,220,775	
		9,520,775	
Less: accumulated depreciation		(3,821,233)	
<b>Total property, plant and equipment</b>			5,699,542
<b>Total assets</b>			\$ 8,854,134

**CURRENT LIABILITIES**

Accounts payable	\$	15,225	
Accrued expenditures		8,562	
<b>Total current liabilities</b>			\$ 23,787

**CURRENT LIABILITIES (from restricted assets)**

Accrued interest		6,083	
Bonds payable - current portion		280,000	
<b>Total current liabilities (from restricted assets)</b>			286,083

**LONG-TERM LIABILITIES (from restricted assets)**

Bonds payable after one year		450,000	
Bond premiums, net of discounts and amortization		5,887	
<b>Total long-term liabilities (from restricted assets)</b>			455,887
<b>Total liabilities</b>			765,757

**NET POSITION**

Invested in capital assets, net of related debt		4,969,542	
Restricted		3,118,835	
<b>Total net position</b>			8,088,377
<b>Total liabilities and net position</b>			\$ 8,854,134

**HARTLAND TOWNSHIP**  
**WATER SYSTEM FUND**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**OPERATING REVENUES**

User charges	\$ 651,577
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**OPERATING EXPENSES**

Wages	\$ 95,959	
Taxes - payroll	7,295	
Insurance - benefits	899	
Retirement	8,781	
Administration fees	76,231	
Depreciation	244,056	
Contracted services	12,197	
Professional fees	4,628	
Repair and maintenance	58,079	
Insurance	9,893	
Supplies and postage	22,316	
Miscellaneous	1,923	
Meters	16,935	
Utilities and telephone	25,899	
<b>Total operating expenses</b>		585,091
<b>Operating income</b>		66,486

**NON-OPERATING REVENUES (EXPENSES)**

Other income	20,885	
Interest income - cash	7,656	
Interest income - special assessments	25,456	
Interest expense	(12,123)	
Bond fees	(1,000)	
<b>Total non-operating revenues (expenses)</b>		40,874

**CAPITAL CONTRIBUTIONS**

Connection fees	231,057
<b>Net income</b>	338,417

<b>NET POSITION APRIL 1, 2018</b>	7,749,960
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<b>NET POSITION, MARCH 31, 2019</b>	\$ 8,088,377
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**HARTLAND TOWNSHIP**  
**WATER SYSTEM FUND**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 647,649	
Payments to other suppliers for goods or services	(281,156)	
Payments to employees	(102,633)	
<b>Net cash from operating activities</b>		<b>\$ 263,860</b>

**CASH FLOWS FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES**

Principal and interest paid on bonds	(297,400)	
Collections of special assessment (principal and interest)	371,460	
Acquisition of fixed assets	(210,186)	
Connection fees	231,057	
Other revenue	19,885	
<b>Net cash from capital and related financing activities</b>		<b>114,816</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received on cash and cash equivalents		4,484
<b>Net decrease in cash and cash equivalents</b>		<b>383,160</b>

**CASH AND CASH EQUIVALENTS AT APRIL 1, 2018**

1,496,397

**CASH AND CASH EQUIVALENTS AT MARCH 31, 2019**

**\$ 1,879,557**

**RECONCILIATION OF OPERATING INCOME TO NET**

**CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income		\$ 66,486
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Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation	\$ 244,056	
Changes in assets and liabilities		
(Increase) - Decrease in accounts receivable	(3,928)	
(Increase) - Decrease in prepaid expense	(35,153)	
(Increase) - Decrease in due from other funds	(8,945)	
Increase - (Decrease) in accounts payable	723	
Increase - (Decrease) in accrued wages	621	

**Total adjustments** **197,374**

**Net cash provided by operating activities** **\$ 263,860**

**SEWAGE DISPOSAL SYSTEM FUND**

**HARTLAND TOWNSHIP**  
**SEWAGE DISPOSAL SYSTEM FUND**  
**BALANCE SHEET**  
**MARCH 31, 2019**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 5,815,240	
Investments	1,762,518	
Accounts receivable - billings	844,950	
Interest receivable	25,082	
Special assessments receivable	<u>46,164</u>	
<b>Total current assets</b>		<b>\$ 8,493,954</b>

**RESTRICTED ASSETS**

Cash and cash equivalents	1,300,935	
Special assessment receivable, net of allowance of \$400,000	<u>5,718,013</u>	
<b>Total restricted assets</b>		<b>7,018,948</b>

**PROPERTY, PLANT AND EQUIPMENT**

Land	11,082	
Sewer system and office equipment	<u>21,839,791</u>	
	21,850,873	
Less: accumulated depreciation	<u>(5,213,874)</u>	
<b>Total property, plant and equipment</b>		<b>16,636,999</b>

**OTHER ASSETS**

Connection fees receivable	452,448	
Bond discount, net of amortization	<u>72,096</u>	
<b>Total other assets</b>		<u>524,544</u>

<b>Total assets</b>		<b>\$ 32,674,445</b>
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**CURRENT LIABILITIES**

Accounts payable	\$ 154,658	
Accrued interest payable	203,604	
Due to others	8,976	
Due to other funds	8,388	
Chargebacks payable	461,837	
Bonds payable	1,225,670	
Bond premium - net of amortization	<u>330,139</u>	
<b>Total current liabilities</b>		<b>\$ 2,393,272</b>

**LONG-TERM LIABILITIES (from restricted assets)**

Bonds payable after one year	<u>15,419,343</u>	
<b>Total liabilities</b>		<b>17,812,615</b>

**NET POSITION**

Invested in capital assets, net of related debt	1,061,999	
Unrestricted	<u>13,799,831</u>	
<b>Total net position</b>		<u>14,861,830</u>
<b>Total liabilities and net position</b>		<b>\$ 32,674,445</b>

HARTLAND TOWNSHIP

SEWAGE DISPOSAL SYSTEM FUND  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2019

**OPERATING REVENUES**

User charges	\$ 2,247,153	
Septage station fees	<u>286,559</u>	
<b>Total revenue</b>		\$ 2,533,712

**OPERATING EXPENSES**

Administration	69,088	
Depreciation	436,670	
Sewer usage fees	1,900,944	
Professional fees	10,774	
Repair and maintenance	1,075	
Insurance	9,803	
Supplies and postage	<u>1,493</u>	
<b>Total operating expenses</b>		<u>2,429,847</u>
<b>Operating income</b>		103,865

**NON-OPERATING REVENUES (EXPENSES)**

Interest income - cash	55,069	
Interest income - special assessments	227,748	
Interest expense and bond fees	<u>(493,593)</u>	
<b>Total non-operating revenues (expenses)</b>		(210,776)

**CAPITAL CONTRIBUTIONS**

Connection fees	200,110	
Surcharge fees	<u>98,336</u>	
<b>Total capital contributions</b>		<u>298,446</u>
<b>Net income</b>		191,535

<b>NET POSITION, APRIL 1, 2018</b>	<u>14,670,295</u>
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<b>NET POSITION, MARCH 31, 2019</b>	<u>\$ 14,861,830</u>
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**HARTLAND TOWNSHIP**  
**SEWAGE DISPOSAL SYSTEM FUND**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 2,539,857	
Payments to other suppliers for goods or services	<u>(2,001,908)</u>	
<b>Net cash from operating activities</b>		<b>\$ 537,949</b>

**CASH FLOWS FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES**

Principal and interest paid on capital debt	(1,028,809)	
Collections of special assessment (principal and interest)	856,049	
Connection fees	275,517	
Other revenue	<u>98,336</u>	
<b>Net cash from capital and related financing activities</b>		<b>201,093</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received on cash and cash equivalents		<u>21,430</u>
<b>Net increase in cash and cash equivalents</b>		<b>760,472</b>

**CASH AND CASH EQUIVALENTS AT APRIL 1, 2018**

6,355,703

**CASH AND CASH EQUIVALENTS AT MARCH 31, 2019**

\$ 7,116,175

**RECONCILIATION OF OPERATING INCOME TO NET**

**CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income		\$ 103,865
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 436,670	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	6,145	
(Increase) decrease in prepaid expenditures	563	
Increase (decrease) in accounts payable	(17,959)	
Increase (decrease) due to others	8,976	
Increase (decrease) due to other funds	<u>(311)</u>	
<b>Total adjustments</b>		<u>434,084</u>
<b>Net cash provided by operating activities</b>		<u><u>\$ 537,949</u></u>