



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 15, 2020
6:00 PM

1. Call to Order
2. Roll Call
3. Approval of the Agenda
4. Call to the Public
5. Presentation
 - a. [Fiscal Year 2019-20 Audit Presentation](#)
6. Adjournment

Hartland Township Board of Trustees Meeting Agenda Memorandum

Submitted By: Andrew Kumar, Project Coordinator

Subject: Fiscal Year 2019-20 Audit Presentation

Date: September 10, 2020

Recommended Action

Board Review and Questions

Discussion

Attached are the FY20 audit report and management letter, prepared by Pfeffer, Hanniford & Palka.

Attachments

Hartland Township FY19-20 Audit Presentation

Hartland Township FY19-20 Comments - Recommendations

Hartland Township FY19-20 Audit Report

Hartland Township

Audit Presentation
March 31, 2020



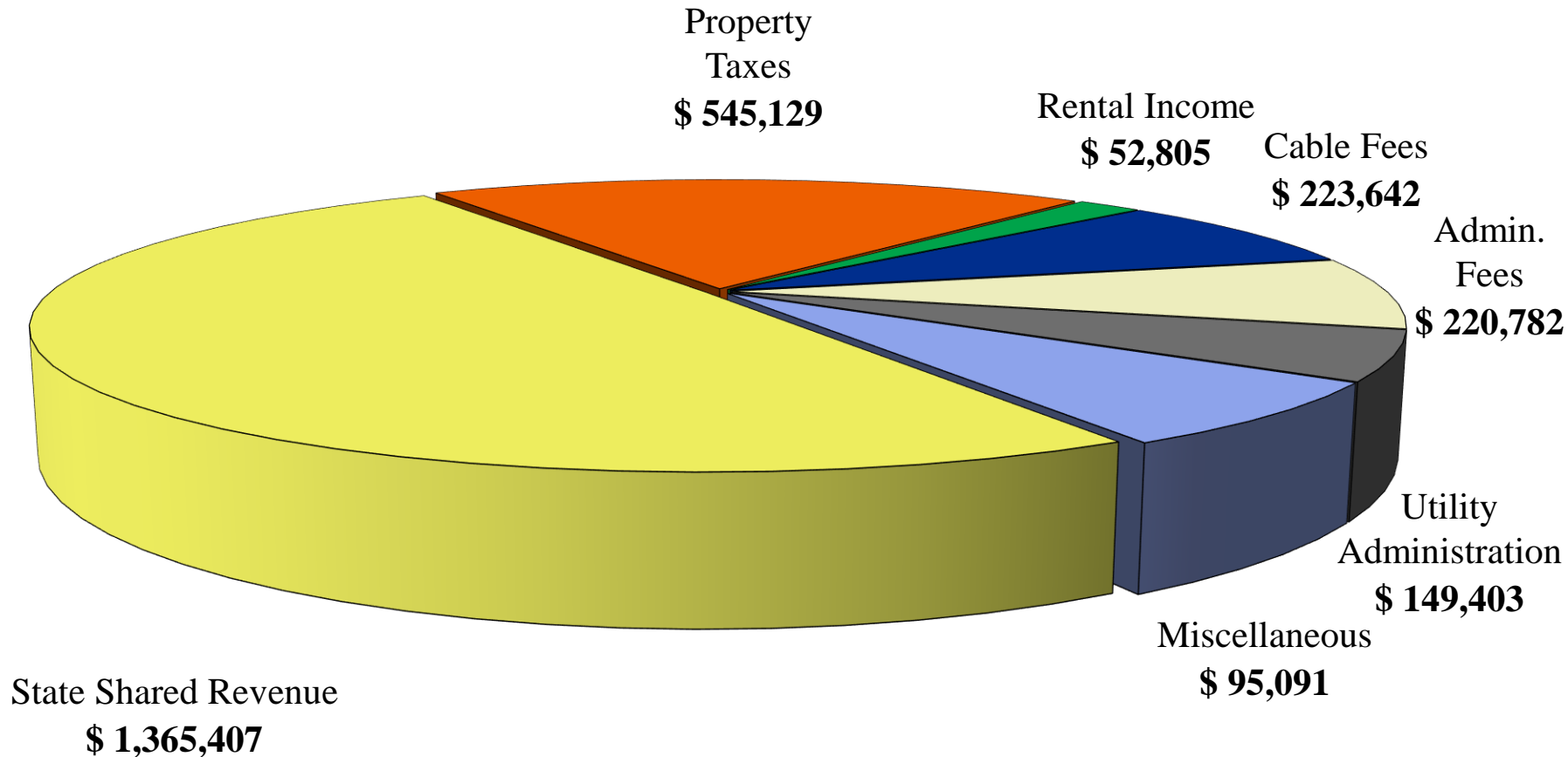
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BRIGHTON, MICHIGAN

Hartland Township

General Fund Revenues – Pre GASB 54

For The Year Ended March 31, 2020

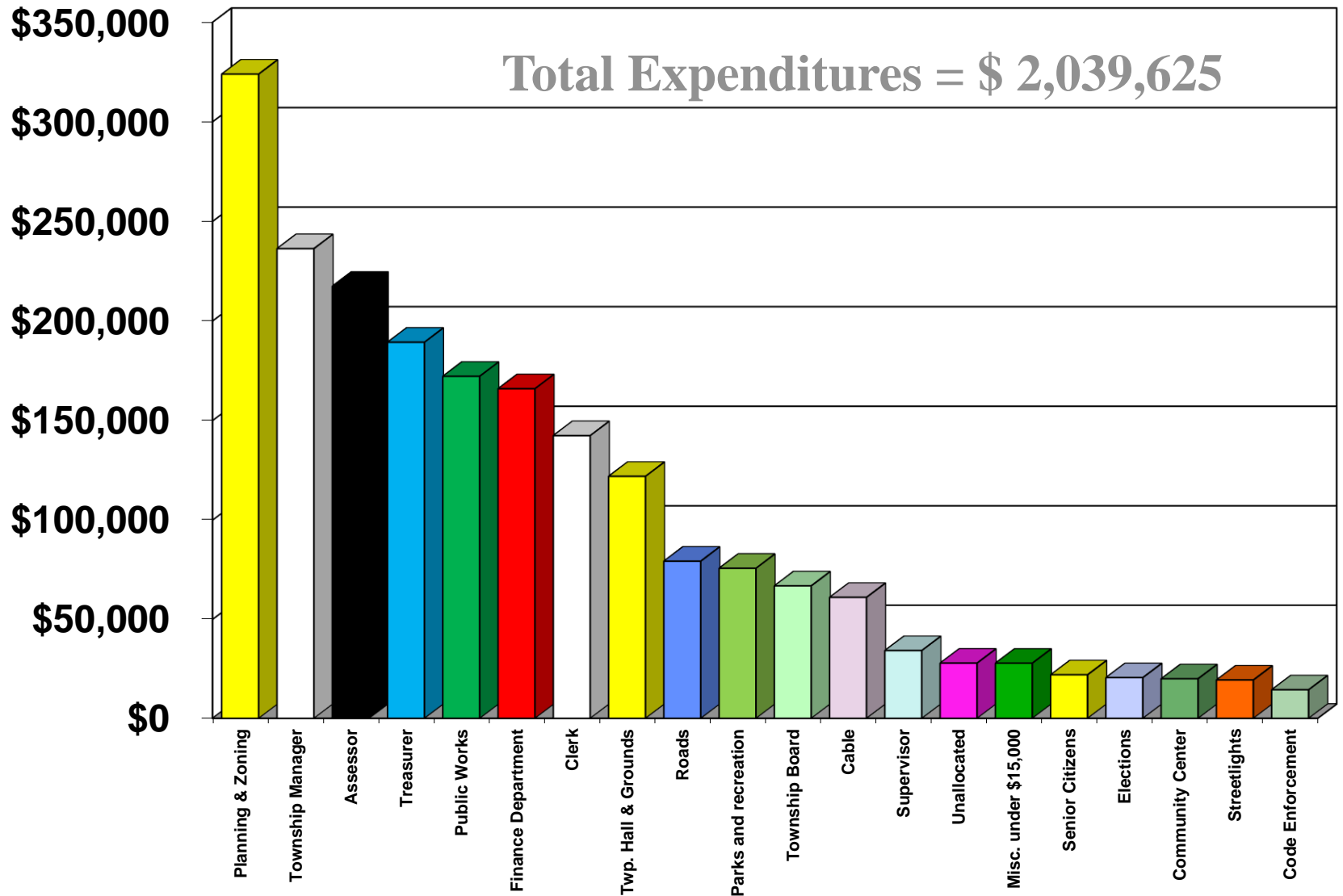


Total Revenues \$ 2,752,259

Hartland Township

General Fund Expenditures – Pre GASB 54

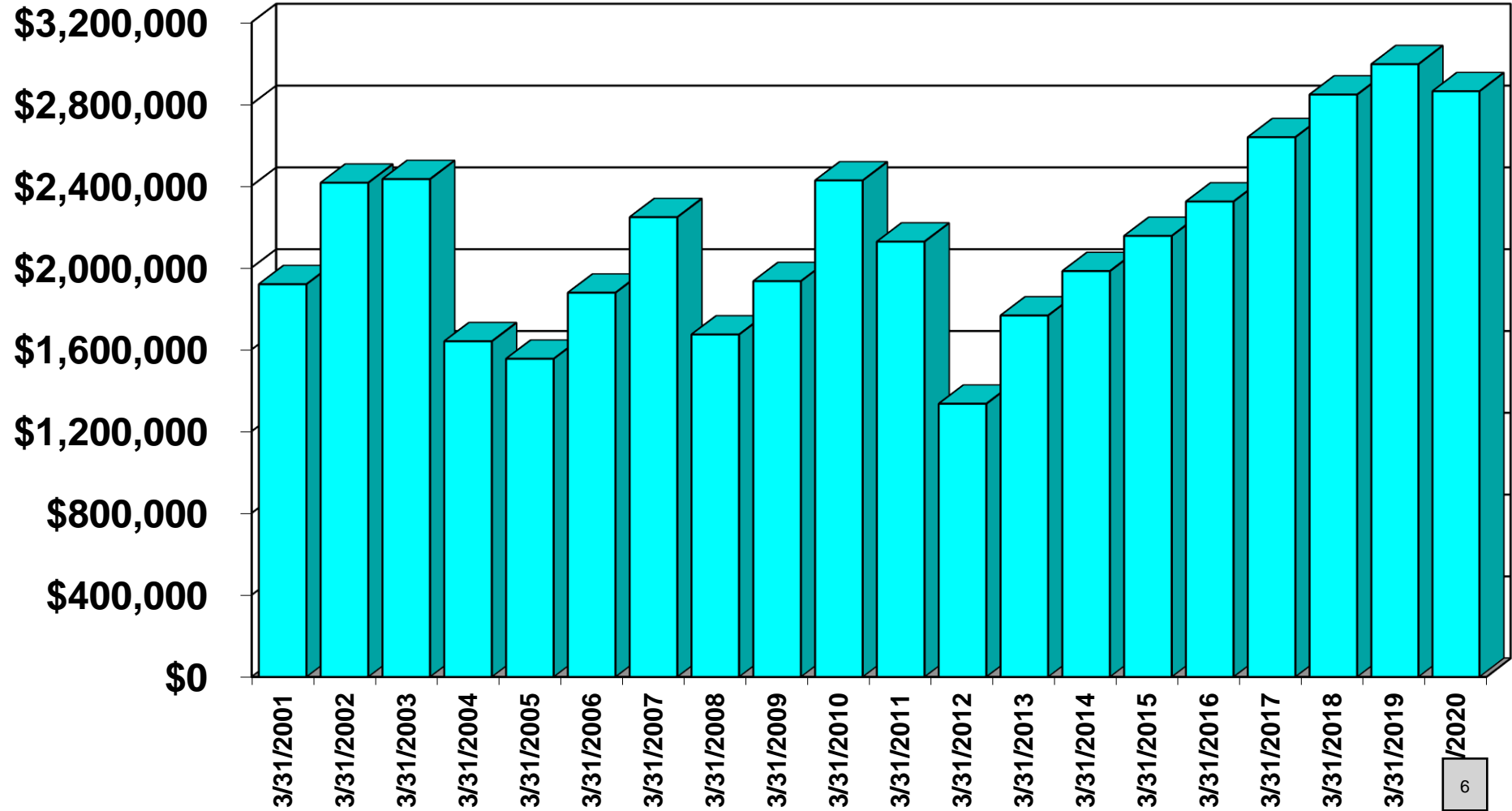
For The Year Ended March 31, 2020



Hartland Township

General Fund - Fund Balance – Pre GASB 54

March 31, 2001-2020





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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 15, 2020

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, 2020, 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.

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

Report on Audit of Financial Statements

For the Year Ended March 31, 2020

HARTLAND TOWNSHIP

TOWNSHIP OFFICIALS

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

TOWNSHIP BOARD

Larry Ciofu
Joseph Colaianne
William Fountain
Matthew Germane
Glenn Harper
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 15, 2020

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, 2020, 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, 2020, 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, 2020

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, 2020. 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 \$37,456,306. This is a \$1,212,134 increase over last year's net position of \$36,244,172.

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

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	<u>3/31/2020</u>	<u>3/31/2019</u>	<u>3/31/2020</u>	<u>3/31/2019</u>	<u>3/31/2020</u>	<u>3/31/2019</u>
ASSETS						
Current and other assets	\$ 11,756,557	\$ 12,315,908	\$ 18,538,673	\$ 19,183,650	\$ 30,295,230	\$ 31,499,558
Capital assets	<u>8,773,326</u>	<u>8,904,087</u>	<u>21,806,846</u>	<u>22,336,541</u>	<u>30,580,172</u>	<u>31,240,628</u>
Total assets	<u>20,529,883</u>	<u>21,219,995</u>	<u>40,345,519</u>	<u>41,520,191</u>	<u>60,875,402</u>	<u>62,740,186</u>
LIABILITIES						
Other liabilities	547,752	286,030	1,192,001	1,194,971	1,739,753	1,481,001
Long-term liabilities	<u>5,790,000</u>	<u>7,640,000</u>	<u>15,889,343</u>	<u>17,375,013</u>	<u>21,679,343</u>	<u>25,015,013</u>
Total liabilities	<u>6,337,752</u>	<u>7,926,030</u>	<u>17,081,344</u>	<u>18,569,984</u>	<u>23,419,096</u>	<u>26,496,014</u>
NET POSITION						
Net investment in capital assets	8,773,326	8,904,087	6,931,846	6,031,541	15,705,172	14,935,628
Restricted	3,090,665	4,384,717			3,090,665	4,384,717
Unrestricted	<u>2,328,140</u>	<u>5,161</u>	<u>16,332,329</u>	<u>16,918,666</u>	<u>18,660,469</u>	<u>16,923,827</u>
Total net position	<u>\$ 14,192,131</u>	<u>\$ 13,293,965</u>	<u>\$ 23,264,175</u>	<u>\$ 22,950,207</u>	<u>\$ 37,456,306</u>	<u>\$ 36,244,172</u>

Summary of Changes in Activities

	Governmental Activities		Business-type Activities		Totals	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019	3/31/2020	3/31/2019
REVENUES						
Program revenues						
Charges for services	\$ 447,093	\$ 435,243	\$ 3,322,012	\$ 3,185,289	\$ 3,769,105	\$ 3,620,532
Capital contributions			371,649	529,503	371,649	529,503
General revenues						
State revenues	1,375,368	1,310,319			1,375,368	1,310,319
Property taxes	2,848,907	2,694,929			2,848,907	2,694,929
Interest and rent	231,113	335,004	298,589	315,929	529,702	650,933
Other	696,376	383,991	9,388	20,885	705,764	404,876
Total revenues	<u>5,598,857</u>	<u>5,159,486</u>	<u>4,001,638</u>	<u>4,051,606</u>	<u>9,600,495</u>	<u>9,211,092</u>
EXPENSES						
General government	2,068,351	1,656,005			2,068,351	1,656,005
Public safety	1,314,798	1,282,725			1,314,798	1,282,725
Parks and recreation	283,210	279,225			283,210	279,225
Public works	639,025	1,234,553			639,025	1,234,553
Community development	42,000	42,000			42,000	42,000
Cemetery	33,242	34,321			33,242	34,321
Interest on governmental long-term debt	320,065	309,628			320,065	309,628
Water system			673,220	598,214	673,220	598,214
Sewer system			3,014,450	2,923,440	3,014,450	2,923,440
Total expenses	<u>4,700,691</u>	<u>4,838,457</u>	<u>3,687,670</u>	<u>3,521,654</u>	<u>8,388,361</u>	<u>8,360,111</u>
Change in net position	898,166	321,029	313,968	529,952	1,212,134	850,981
Beginning net position	<u>13,293,965</u>	<u>12,972,936</u>	<u>22,950,207</u>	<u>22,420,255</u>	<u>36,244,172</u>	<u>35,393,191</u>
Ending net position	<u>\$ 14,192,131</u>	<u>\$ 13,293,965</u>	<u>\$ 23,264,175</u>	<u>\$ 22,950,207</u>	<u>\$ 37,456,306</u>	<u>\$ 36,244,172</u>

Financial Analysis of the Township's Funds

The Township has four major governmental funds for the year ended March 31, 2020. These funds are the General Fund, Municipal Street Fund, Fire Operating Fund, and M-59/Hartland Road Debt Service Fund.

- The General Fund increased by \$283,323, primarily due to a steady increase in property tax revenue and State Shared revenue.
- The Municipal Street Fund increased by \$198,341. 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 2020 had minimal maintenance projects, resulting in the increase to fund balance.
- The Fire Operating Fund increased \$57,202, 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 one year (2021). A new millage will be on the November 2020 ballot.
- The M-59/Hartland Road Debt Service Fund decreased by \$1,065,157, due to the refunding of a bond at a lower interest rate.

The Township has two major business-type funds for the year ended March 31, 2020. These funds are the Water System Fund and the Sewage Disposal System Fund.

- The Water System Fund's net position increased by \$155,653, 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 \$158,315 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, 2020. 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 \$268,971 of depreciable capital assets during the year for the governmental funds for equipment, vehicles, sidewalk projects, and park projects. The Township disposed of \$60,827 of fully-depreciated capital assets during the year. The Township completed the Pathway Phase 2 project during the year at a total cost of \$398,768. It also incurred \$137,647 of costs on the Spranger Field project. At the fiscal year end, the Spranger Field project was estimated to be 66% complete.

The Township issued refunding bonds during the year, paying off the M-56 Road Improvement bond in the amount of \$4,050,000 and receiving new proceeds of \$2,790,000. Principal payments will begin on this new bond during fiscal year 2021. Not including the \$4,050,000 payoff, the Township made bond principal payments of \$590,000 during the fiscal year, with a total governmental debt of \$5,790,000 remaining for the year ended March 31, 2020.

Business-Type Funds:

The business-type funds acquired \$151,458 of new capital assets related to the Water System during the year. The Water System completed the construction on the pole barn, totaling \$145,577. At year end, the Water System had construction in progress of \$1,638 for a booster station and \$81,316 for a water main extension.

The Township issued no new business-type fund bonds during the fiscal year. Principal paid on outstanding bonds totaled \$1,485,670, with a total of \$15,889,343 of principal outstanding for the year ended March 31, 2020.

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.

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Township is still assessing the impacts of the pandemic but believes there could be a resulting decrease in tax collections, state revenue and investment earnings. As a result, there will be an increased focus on decreasing expenditures and tightening the budgets.

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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

HARTLAND TOWNSHIP

**STATEMENT OF NET POSITION
MARCH 31, 2020**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets			
Cash and investments	\$ 7,501,386	\$ 9,287,244	\$ 16,788,630
Cash and investments - restricted		2,055,681	2,055,681
Receivables			
Taxes	96,509		96,509
State shared revenues	220,359		220,359
Special assessments	3,761,012	5,540,716	9,301,728
Connection fees		452,448	452,448
Accounts	78,537	1,041,362	1,119,899
Interest	3,157	75,785	78,942
Prepaid items	9,526	16,925	26,451
Intergovernmental	(517)	517	
Bond discount - net of amortization	54,348	67,995	122,343
Deposit	32,240		32,240
Non-current assets			
Capital assets			
Non-depreciable	2,472,104	394,036	2,866,140
Depreciable - net of accumulated depreciation	6,301,222	21,412,810	27,714,032
Total assets	20,529,883	40,345,519	60,875,402
LIABILITIES			
Current liabilities			
Accounts payable	239,910	773,558	1,013,468
Accrued wages/taxes	59,874		59,874
Accrued interest payable		113,146	113,146
Unearned revenue	26,421		26,421
Compliance reserve	50,479		50,479
Bond premium - net of amortization	171,068	305,297	476,365
Long term liabilities			
Long term obligations			
Other due within one year	840,000	1,475,670	2,315,670
Other due in more than one year	4,950,000	14,413,673	19,363,673
Total liabilities	6,337,752	17,081,344	23,419,096
NET POSITION			
Net investment in capital assets	8,773,326	6,931,846	15,705,172
Restricted	3,090,665		3,090,665
Unrestricted	2,328,140	16,332,329	18,660,469
Total net position	\$ 14,192,131	\$ 23,264,175	\$ 37,456,306

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

HARTLAND TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Capital Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:						
General government	\$ (2,068,351)	\$ 443,893	\$	\$ (1,624,458)	\$	\$ (1,624,458)
Parks and recreation	(283,210)			(283,210)		(283,210)
Police protection	(16,323)			(16,323)		(16,323)
Fire protection	(1,298,475)			(1,298,475)		(1,298,475)
Cemetery	(33,242)	3,200		(30,042)		(30,042)
Public works	(639,025)			(639,025)		(639,025)
Community development	(42,000)			(42,000)		(42,000)
Interest on long-term debt	(320,065)			(320,065)		(320,065)
Total governmental activities	(4,700,691)	447,093		(4,253,598)		(4,253,598)
Business-type activities:						
Water system	(673,220)	629,712	155,160		111,652	111,652
Sewer system	(3,014,450)	2,692,300	216,489		(105,661)	(105,661)
Total business-type activities	(3,687,670)	3,322,012	371,649		5,991	5,991
Total	\$ (8,388,361)	\$ 3,769,105	\$ 371,649	(4,253,598)	5,991	(4,247,607)
General revenues and transfers						
				2,848,907		2,848,907
Property taxes				1,375,368		1,375,368
State shared revenues				347,839		347,839
Licenses and permits				70,694		70,694
Bond proceeds				4,500		4,500
Gain on sale of asset				165,843		165,843
New special assessment levied				231,113	298,589	529,702
Interest and rents				107,500	9,388	116,888
Other income						
Total general revenues				5,151,764	307,977	5,459,741
Changes in net position				898,166	313,968	1,212,134
Net position, April 1, 2019				13,293,965	22,950,207	36,244,172
Net position, March 31, 2020				\$ 14,192,131	\$ 23,264,175	\$ 37,456,306

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, 2020**

	General	Municipal Street	Fire Operating	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
ASSETS						
Cash and investments	\$ 3,512,237	\$ 1,555,344	\$ 1,249,022	\$ 392,867	\$ 791,916	\$ 7,501,386
Receivables						
Taxes	22,761	32,679	41,069			96,509
State shared revenues	220,359					220,359
Special assessments	2,003			3,026,168	732,841	3,761,012
Accounts	56,105				22,000	78,105
Interest	3,157					3,157
Deposits					32,240	32,240
Due from other funds	88,249					88,249
Prepaid expenditures	9,526					9,526
Total assets	<u>\$ 3,914,397</u>	<u>\$ 1,588,023</u>	<u>\$ 1,290,091</u>	<u>\$ 3,419,035</u>	<u>\$ 1,578,997</u>	<u>\$ 11,790,543</u>
LIABILITIES						
Accounts payable	\$ 64,637	\$	\$ 18	\$	\$ 1,260	\$ 65,915
Accrued wages and absences	59,874					59,874
Compliance reserves	50,479					50,479
Unearned revenue	26,421					26,421
Due to others	173,995					173,995
Due to other funds	3,844				84,490	88,334
Total liabilities	<u>379,250</u>		<u>18</u>		<u>85,750</u>	<u>465,018</u>
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue				3,001,155	730,328	3,731,483
FUND BALANCES						
Nonspendable - prepaid items	9,526					9,526
Restricted						
Roads		1,044,606			175	1,044,781
Public safety			1,290,073		61,411	1,351,484
Debt service				417,880	276,520	694,400
Committed						
Capital improvement	672,549				21,519	694,068
Cable					183,872	183,872
Cemetery					47,485	47,485
Assigned for future deficit					171,937	171,937
Unassigned	2,853,072	543,417				3,396,489
Total fund balance	<u>3,535,147</u>	<u>1,588,023</u>	<u>1,290,073</u>	<u>417,880</u>	<u>762,919</u>	<u>7,594,042</u>
Total liabilities and deferred inflow of resources and liabilities	<u>\$ 3,914,397</u>	<u>\$ 1,588,023</u>	<u>\$ 1,290,091</u>	<u>\$ 3,419,035</u>	<u>\$ 1,578,997</u>	<u>\$ 11,790,543</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, 2020**

Total fund balance per balance sheet		\$ 7,594,042
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	\$ 12,703,114	
Depreciation	<u>(3,929,788)</u>	
Capital assets net of depreciation		8,773,326
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable		(5,790,000)
Assessments not collected are reported as unavailable revenue in the fund statements, and are reported as income as levied in the Statement of Activities.		
		3,731,483
Unamortized bond discount and premiums are not recognized in the fund statements.		
		<u>(116,720)</u>
Net position of governmental activities		<u><u>\$ 14,192,131</u></u>

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, 2020

	General	Municipal Street	Fire Operating	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
REVENUES						
Taxes	\$ 545,129	\$ 1,021,819	\$ 1,281,959	\$	\$	\$ 2,848,907
Special assessments - principal				215,159	139,200	354,359
Special assessments - interest				120,594	34,313	154,907
State revenues	1,367,578	4,121	3,669			1,375,368
Licenses and permits	246,687				101,152	347,839
Interest and rents	68,427	3,254	1,922	1,398	1,205	76,206
Charges for services	443,893				3,200	447,093
Miscellaneous	107,245	108	139		8	107,500
Total revenues	2,778,959	1,029,302	1,287,689	337,151	279,078	5,712,179

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, 2020

	General	Municipal Street	Fire Operating	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
EXPENDITURES						
Current:						
General government	1,632,357					1,632,357
Parks and recreation	75,833					75,833
Capital improvement	28,934					28,934
Police protection/public safety	14,426				1,897	16,323
Fire protection			1,230,487			1,230,487
Cemetery					33,242	33,242
Public works	275,009	244,061			119,955	639,025
Community development	42,000					42,000
Capital outlay:						
General government	10,012				35,744	45,756
Parks and recreation	223,215					223,215
Debt service:						
Principal		505,000		4,050,000	85,000	4,640,000
Interest and fees		81,900		213,002	25,163	320,065
Total expenditures	2,301,786	830,961	1,230,487	4,263,002	301,001	8,927,237
Excess of revenues over (under) expenditures	477,173	198,341	57,202	(3,925,851)	(21,923)	(3,215,058)
OTHER FINANCING SOURCES (USES)						
Gain on sale of asset					4,500	4,500
Proceeds from debt				2,860,694		2,860,694
Transfers in					203,850	203,850
Transfers (out)	(193,850)				(10,000)	(203,850)
Total other financing sources (uses)	(193,850)			2,860,694	198,350	2,865,194
Net changes in fund balances	283,323	198,341	57,202	(1,065,157)	176,427	(349,864)
FUND BALANCE, APRIL 1, 2019	3,251,824	1,389,682	1,232,871	1,483,037	586,492	7,943,906
FUND BALANCE, MARCH 31, 2020	\$ 3,535,147	\$ 1,588,023	\$ 1,290,073	\$ 417,880	\$ 762,919	\$ 7,594,042

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, 2020

Net change in fund balance - governmental funds \$ (349,864)

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	\$ 268,971	
Depreciation expense	<u>(399,732)</u>	
Total		(130,761)

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	4,640,000
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Bond discounts and bond premiums are amortized over the life of the bonds on the Statement of Activities.

Current year amortization	(41,820)
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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	(429,389)
-------------------------------------	-----------

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>(2,790,000)</u>
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Change in net position of governmental activities \$ 898,166

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

HARTLAND TOWNSHIP

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2020

	ENTERPRISE FUNDS			
	Water System	Sewage Disposal System	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,788,511	\$ 5,416,273	\$	\$ 7,204,784
Investments	100,000	1,982,460		2,082,460
Special assessment receivable	11,556	45,131		56,687
Accounts receivable - billing	178,599	862,763		1,041,362
Prepaid		16,925		16,925
Interest receivable	6,337	69,448		75,785
Due from other funds	11,921		(8,077)	3,844
Total current assets	2,096,924	8,393,000	(8,077)	10,481,847
RESTRICTED ASSETS				
Cash and cash equivalents	566,428	1,230,249		1,796,677
Investments	259,004			259,004
Special assessments receivable, net of \$400,000 allowance	330,940	5,153,089		5,484,029
Connection fees receivable		452,448		452,448
Bond discount, net of amortization		67,995		67,995
Total restricted assets	1,156,372	6,903,781		8,060,153
CAPITAL ASSETS				
Land	300,000	11,082		311,082
Construction in progress	82,954			82,954
Utility systems, net	5,223,562	16,189,248		21,412,810
Net capital assets	5,606,516	16,200,330		21,806,846
Total assets	8,859,812	31,497,111	(8,077)	40,348,846
CURRENT LIABILITIES				
Accounts payable	128,001	161,153		289,154
Accrued expenditures	7,905			7,905
Accrued interest payable	3,917	109,229		113,146
Due to others		8,976		8,976
Chargeback payable		467,523		467,523
Bonds and contracts - current portion	245,000	1,230,670		1,475,670
Due to other funds	3,016	8,388	(8,077)	3,327
Total current liabilities	387,839	1,985,939	(8,077)	2,365,701
LONG-TERM LIABILITIES				
Bonds and contracts payable long term porti	225,000	14,188,673		14,413,673
Bond premiums, net of amortization	2,943	302,354		305,297
Total long-term liabilities	227,943	14,491,027		14,718,970
Total liabilities	615,782	16,476,966	(8,077)	17,084,671
NET POSITION				
Invested in capital assets, net of related debt	5,136,516	1,795,330		6,931,846
Unrestricted	3,107,514	13,224,815		16,332,329
Total net position	\$ 8,244,030	\$ 15,020,145	\$	\$ 23,264,175

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, 2020

	ENTERPRISE FUNDS		
	Water System	Sewage Disposal System	Total
OPERATING REVENUES			
User charges	\$ 629,712	\$ 2,692,300	\$ 3,322,012
OPERATING EXPENSES	665,830	2,530,734	3,196,564
Operating (loss)	(36,118)	161,566	125,448
NON-OPERATING REVENUES AND (EXPENSES)			
Interest income - cash and cash equivalents	12,148	72,738	84,886
Interest income - special assessments	16,779	196,924	213,703
Other income (expense)	15,074	(5,686)	9,388
Interest expense and bond fees	(6,890)	(483,716)	(490,606)
Bond issuance costs	(500)		(500)
Total non-operating revenues and (expenses)	36,611	(219,740)	(183,129)
CAPITAL CONTRIBUTIONS			
Connection fees, net of refund	155,160	122,521	277,681
Surcharge fees		93,968	93,968
Total capital contributions	155,160	216,489	371,649
Changes in net position	155,653	158,315	313,968
NET POSITION AT APRIL 1, 2019	8,088,377	14,861,830	22,950,207
NET POSITION AT MARCH 31, 2020	\$ 8,244,030	\$ 15,020,145	\$ 23,264,175

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, 2020

	ENTERPRISE FUNDS		
	Water System	Sewage Disposal System	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 633,666	\$ 2,674,487	\$ 3,308,153
Payments to other suppliers for goods or services	(159,012)	(2,104,495)	(2,263,507)
Payments made to employees	(108,827)		(108,827)
Net cash (used) provided by operating activities	365,827	569,992	935,819
CASH FLOW FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES			
Principal and interest paid on capital debt	(272,000)	(1,827,445)	(2,099,445)
Collections of special assessment (principal and interest)	354,787	733,442	1,088,229
Connection fees	155,160	122,521	277,681
Acquisition of fixed assets	(151,458)		(151,458)
Other revenue	14,574	93,968	108,542
Net cash from capital and related financing activities	101,063	(877,514)	(776,451)
CASH FLOW FROM INVESTING ACTIVITIES			
Net proceeds from sale/purchase of investments	4,762	(188,171)	(183,409)
Interest received on cash and cash equivalents	3,730	26,040	29,770
Net cash (used) provided by investing activities	8,492	(162,131)	(153,639)
Net increase (decrease) in cash and cash equivalents	475,382	(469,653)	5,729
CASH AND CASH EQUIVALENTS AT APRIL 1, 2019	1,879,557	7,116,175	8,995,732
CASH AND CASH EQUIVALENTS AT MARCH 31, 2020	\$ 2,354,939	\$ 6,646,522	\$ 9,001,461
ADJUSTMENTS TO OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES			
Operating gain (loss)	\$ (36,118)	\$ 161,566	\$ 125,448
Adjustments to reconcile operating income to net cash provided (used by) operating activities:			
Depreciation	244,483	436,670	681,153
Change in assets and liabilities			
(Increase) decrease in accounts receivable	3,954	(17,813)	(13,859)
(Increase) decrease in prepaid expense	35,887	(16,925)	18,962
(Increase) decrease due from other funds	5,501		5,501
Increase (decrease) accounts payable	115,745	6,494	122,239
Increase (decrease) in accrued expenditures	(3,625)		(3,625)
Total adjustments	401,945	408,426	810,371
Net cash provided by operating activities	\$ 365,827	\$ 569,992	\$ 935,819

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

HARTLAND TOWNSHIP

**STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2020**

	<u>Current Tax Collection</u>
ASSET	
Cash	<u>\$ 432</u>
LIABILITIES	
Due to other funds	<u>\$ 432</u>

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, 2020

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, 2020

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 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, 2020

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, 2020

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, 2020, expenditures did exceed appropriations immaterially in the General Fund.

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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, 2019 as revenue for the year ended March 31, 2020.

The 2018 taxable valuation of the Township totaled \$700,808,337. 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 2020.

The Township levies the following millage:

General Township	.7779
Fire and fire capital improvements	1.8293
Road improvement	<u>1.4581</u>
Total millage	<u><u>4.0653</u></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, 2020**

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, 2020.

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, 2020

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, 2020.

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, 2020**

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, 2020**

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2020, was as follows:

	<u>Balance 4/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Balance 3/31/2020</u>
Governmental activities:					
Capital assets not being depreciated					
Construction in progress	\$ 321,700	\$ 214,715	\$	\$ (398,768)	\$ 137,647
Land	<u>2,334,457</u>				<u>2,334,457</u>
Total assets not being depreciated	<u>2,656,157</u>	<u>214,715</u>		<u>(398,768)</u>	<u>2,472,104</u>
Other capital assets:					
Buildings and improvements	5,764,312				5,764,312
Parks	3,422,070	8,500		398,768	3,829,338
Vehicles and equipment	<u>652,431</u>	<u>45,756</u>	<u>(60,827)</u>		<u>637,360</u>
Total other capital assets	<u>9,838,813</u>	<u>54,256</u>	<u>(60,827)</u>	<u>398,768</u>	<u>10,231,010</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,436,084)	(147,710)			(2,583,794)
Parks	(638,980)	(207,377)			(846,357)
Vehicles and equipment	<u>(515,819)</u>	<u>(44,645)</u>	<u>60,827</u>		<u>(499,637)</u>
Total accumulated depreciation	<u>(3,590,883)</u>	<u>(399,732)</u>	<u>60,827</u>		<u>(3,929,788)</u>
Other capital assets, net	<u>6,247,930</u>	<u>(345,476)</u>		<u>398,768</u>	<u>6,301,222</u>
Governmental capital assets, net	<u><u>\$ 8,904,087</u></u>	<u><u>\$ (130,761)</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 8,773,326</u></u>

There is no related long-term debt outstanding.

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 124,367
Public safety	67,988
Parks and recreation	<u>207,377</u>
	<u><u>\$ 399,732</u></u>

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 3 - CAPITAL ASSETS (continued)

	<u>Balance 4/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Balance 3/31/2020</u>
Business-type activities:					
Capital assets not being depreciated					
Land - sewer	\$ 11,082	\$	\$	\$	\$ 11,082
Land - water	300,000				300,000
Construction in progress	100,267	128,264		(145,577)	82,954
Total other capital assets not being depreciated	<u>411,349</u>	<u>128,264</u>		<u>(145,577)</u>	<u>394,036</u>
Other capital assets:					
Intangible-sewer system and related equipment	21,839,792				21,839,792
Water plant and distribution system	9,120,508	23,194		145,577	9,289,279
Total other capital assets at historical cost	<u>30,960,300</u>	<u>23,194</u>		<u>145,577</u>	<u>31,129,071</u>
Less accumulated depreciation for:					
Sewer system	(5,213,874)	(436,670)			(5,650,544)
Water system	(3,821,234)	(244,483)			(4,065,717)
Total accumulated depreciation	<u>(9,035,108)</u>	<u>(681,153)</u>			<u>(9,716,261)</u>
Other capital assets, net	<u>21,925,192</u>	<u>(657,959)</u>		<u>145,577</u>	<u>21,412,810</u>
Business-type capital assets, net	<u>\$ 22,336,541</u>	<u>\$ (529,695)</u>	<u>\$</u>	<u>\$</u>	21,806,846
Related long-term debt outstanding at March 31, 2020					<u>(14,875,000)</u>
Business-type capital assets, net related long-term debt					<u>\$ 6,931,846</u>

Depreciation was charged to functions as follows:

Business-type activities:	
Sewer	\$ 436,670
Water service	244,483
Total	<u>\$ 681,153</u>

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 4 - INTERFUND ACTIVITIES AND BALANCES

Interfund receivables and payables exist at March 31, 2020. These represent short-term borrowings and amounts owed for reimbursements between other funds.

INTERFUND RECEIVABLE		INTERFUND PAYABLE	
General Fund	\$ 432	Current Tax Fund	\$ 432
General Fund	311	Sewage Disposal System Fund	311
General Fund	3,016	Water System Fund	3,016
Water System Fund	400	Clearing Fund	400
Capital Projects Fund	84,490	Ore Valley SAD Fund	84,490
Water System Fund	3,444	General Fund	3,444
Water System Fund	8,077	Sewage Disposal System Fund	8,077
	<u>\$ 100,170</u>		<u>\$ 100,170</u>

Interfund transfers for the year ended March 31, 2020 were as follows:

Transfer In	Transfer Out	Purpose	Amount
Cemetery Fund	General Fund	Future improvements	\$ 25,000
Bullard Lake Construction Fund	General Fund	Future improvements	168,850
Millpointe Construction	Millpoint Debt Service	Future improvements	<u>10,000</u>
Totals			<u>\$ 203,850</u>

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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, 2020 for governmental and business-type activities as follows:

Purpose	Issuance Amount	Annual Principal Installments	Final Maturity	Interest Rate(s)	Debt Outstanding
Governmental activities:					
Refunding Bonds, Series 2019	\$ 2,790,000	\$150,000 - \$250,000	5/1/33	.05 - 3.00%	\$ 2,790,000
Capital Improvement, Series 2015	1,650,000	170,000 - 205,000	4/1/24	3.00%	775,000
Capital Improvement, Series 2016	2,750,000	325,000 - 375,000	4/1/24	3.00%	1,450,000
Road Special Assessment, Series 2018	860,000	85,000 - 110,000	6/1/27	3.00 - 3.125%	775,000
Total for governmental activities					5,790,000
Business-type activities:					
Water System, Series 2017	1,010,000	225,000 - 280,000	5/1/21	2.00%	470,000
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%	8,795,000
Sewer System - Lake Tyrone 2016	1,312,640	52,740 - 79,673	4/1/35	2.50%	1,014,343
Total for business-type activities					15,889,343
Total general obligation bonds payable					\$ 21,679,343

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

Year Ending March 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
3/31/2021	\$ 870,000	\$ 154,096	\$ 1,475,670	\$ 497,559
3/31/2022	870,000	135,298	1,433,600	467,967
3/31/2023	890,000	113,750	1,178,600	441,252
3/31/2024	900,000	88,476	1,156,530	417,387
3/31/2025	320,000	62,588	1,156,530	393,949
4/1/2025 - 3/31/2030	1,295,000	182,820	5,896,950	1,470,594
4/1/2030 - 3/31/2035	645,000	37,425	3,591,463	405,165
	\$ 5,790,000	\$ 774,453	\$ 15,889,343	\$ 4,093,873

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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, 2020:

	<u>Balance 4/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 3/31/2020</u>	<u>Due Within One Year</u>
Governmental activities:					
<u>General obligation bonds payable</u>					
M-59/Hartland Road Series 2009	\$ 4,050,000	\$	\$ 4,050,000	\$	\$
Refunding Bonds, Series 2019		2,790,000		2,790,000	250,000
Capital Improvement Series 2015	955,000		180,000	775,000	180,000
Capital Improvement Series 2016	1,775,000		325,000	1,450,000	325,000
Road Special Assessment Series 2018	860,000		85,000	775,000	85,000
Governmental activities long-term liabilities	<u>7,640,000</u>	<u>2,790,000</u>	<u>4,640,000</u>	<u>5,790,000</u>	<u>840,000</u>
Business-type activities:					
<u>General obligation bonds payable</u>					
Water System, Series 2017	730,000		260,000	470,000	245,000
Sewer System Refunding, Series 2011	5,610,000			5,610,000	
Sewer System Refunding, Series 2016	9,965,000		1,170,000	8,795,000	1,175,000
Lake Tyrone, Series 2016	1,070,013		55,670	1,014,343	55,670
Business-type activities long-term liabilities	<u>17,375,013</u>		<u>1,485,670</u>	<u>15,889,343</u>	<u>1,475,670</u>
Total long-term liabilities	<u>\$25,015,013</u>	<u>\$ 2,790,000</u>	<u>\$ 6,125,670</u>	<u>\$ 21,679,343</u>	<u>\$ 2,315,670</u>

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 \$18,429 and \$72,218, respectively during the fiscal year ended March 31, 2020.

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 \$4,323 and \$17,290, respectively during the fiscal year ended March 31, 2020.

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, 2020, employees contributed \$26,500 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, 2020**

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

As of March 31, 2020, cash, cash equivalents, and investments consist of the following:

	<u>Total</u>	<u>Cash</u>	<u>Investments</u>
Deposits			
Checking accounts	\$ 2,991,108	\$ 2,991,108	\$
Money market and savings accounts	13,408,534	13,408,534	
Non-negotiable CDs	<u>2,808,003</u>		<u>2,808,003</u>
State revenue	<u>\$ 19,207,645</u>	<u>\$ 16,399,642</u>	<u>\$ 2,808,003</u>

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

Statement of Net Position

Cash and investments \$ 18,844,311

Fiduciary Funds

Cash 432

Total cash and investments \$ 18,844,743

The carrying amount of cash is stated at \$18,844,743 as of March 31, 2020. 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	\$ 5,469,577
Uninsured and collateralized	258,243
Uninsured and uncollateralized	<u>13,479,825</u>
	<u><u>\$ 19,207,645</u></u>

HARTLAND TOWNSHIP**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020****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, 2020, was as follows:

	Water System Fund	Sewer Disposal System Fund	Total Enterprise Funds
Operating revenues	\$ 629,712	\$ 2,692,300	\$ 3,322,012
Depreciation	244,483	436,670	681,153
Operating income (loss)	(36,118)	161,566	125,448
Non-operating revenues (expenses)	36,311	(219,740)	(183,429)
Change in net position	155,653	158,315	313,968
Total assets	8,828,263	31,497,110	40,325,373
Accounts payable	96,451	161,153	257,604
Net working capital	1,740,635	6,243,511	7,984,146
Total equity	8,244,030	15,020,145	23,264,175

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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:

	Water System	Sewage Disposal System	Total
Gross special assessments receivable	\$ 330,940	\$ 5,553,089	\$ 5,884,029
Less: allowance for uncollectable assessments		(400,000)	(400,000)
Net special assessments receivable	<u>\$ 330,940</u>	<u>\$ 5,153,089</u>	<u>\$ 5,484,029</u>
Total debt	<u>\$ 470,000</u>	<u>\$ 15,419,343</u>	<u>\$ 15,889,343</u>

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, 2020

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 15, 2020 , which is the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) as a global health pandemic and recommended containment and mitigation measures worldwide. The State of Michigan implemented the Stay Home, Stay Safe initiative on March 23, 2020, in which non-essential businesses were ordered to close and residents encouraged to stay home. This initiative remained in effect through June 8, 2020 for most businesses, with some remaining closed through June 15, 2020.

The Township is assessing the impact of this pandemic and the subsequent containment measures but believes the response could lead to a decrease in property tax collections, reduction in state revenue sharing and investment earnings.

Management has determined that the Township does not have any other material recognizable or nonrecognizable events.

NOTE 12 - IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

During May, 2014, the FASB issued "Accounting Standards Update" (ASU) 2014-09, "Revenue from Contracts with Customers" (Topic 606). ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers in an amount that reflects the expected consideration received in exchange for those goods or services. During August, 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect reorganized as of the date of initial application. The aforementioned ASU's are codified as "Accounting Standards Codification" (ASC) Topic 606 "Revenue from Contracts with Customers."

Under ASU 2014-09, revenue is recorded when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Township has satisfied the applicable performance obligation(s). The expenses that are directly related to such transactions are recorded as incurred and presented within operating expenses. Revenue associated with the reimbursement of such expenses is recorded when the Township is contractually entitled to the reimbursement.

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

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

NOTE 12 - IMPLEMENTATION OF NEW ACCOUNTING STANDARDS (continued)

The Township adopted both of these standards on March 31, 2019. As a result, the Township has considered the need to recognize deferred outflows relating to building permit activity depending on the completion of various performance obligations. For the year ended March 31, 2020, the Township has determined this has had no material impact on the financial statement.

As a result of implementing GASB 84, the Township has determined that previously reported trust and agency funds will now be combined with the General Fund. Trust and agency fund related activities have been recognized as Township source revenues and expenditures, totaling \$32,751. The remaining balances have been recognized as unearned revenues.

NOTE 13 - UPCOMING GASB PRONOUNCEMENTS

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, 2022.

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, 2022.

OTHER GASB STANDARDS

In addition to the above Standards, GASB has issued Standards No. 88, 90, 91, 92, 93, and 94. The Township has considered these standards and determined that they will not have any material impact on the Township's financial statements.

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, 2020**

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 545,129	\$
State revenue			1,367,578	
Licenses and permits			246,687	
Interest and rents			68,427	
Charges for services			443,893	
Grant			6,000	
Miscellaneous			101,245	
Total revenues	2,634,880	2,720,580	2,778,959	58,379
EXPENDITURES	2,282,063	2,855,647	2,301,786	553,861
Excess of revenues over (under) expenditures	352,817	(135,067)	477,173	612,240
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(25,000)	(25,000)	(193,850)	
Total other financing sources (uses)	(25,000)	(25,000)	(193,850)	(168,850)
Net change in fund balance	327,817	(160,067)	283,323	443,390
FUND BALANCE, APRIL 1, 2019	3,251,824	3,251,824	3,251,824	
FUND BALANCE, MARCH 31, 2020	<u>\$ 3,579,641</u>	<u>\$ 3,091,757</u>	<u>\$ 3,535,147</u>	<u>\$ 443,390</u>

HARTLAND TOWNSHIP

MUNICIPAL STREET FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020**

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 1,021,819	\$
State - personal property tax reimbursement			4,121	
Interest and rent			3,254	
Other revenue			108	
Total revenues	<u>1,017,997</u>	<u>1,017,997</u>	<u>1,029,302</u>	<u>11,305</u>
EXPENDITURES				
Project costs			244,061	
Debt				
Principal			505,000	
Interest			81,900	
Total expenditures	<u>1,210,990</u>	<u>1,210,990</u>	<u>830,961</u>	<u>380,029</u>
Net change in fund balance	(192,993)	(192,993)	198,341	391,334
FUND BALANCE, APRIL 1, 2019	<u>1,389,682</u>	<u>1,389,682</u>	<u>1,389,682</u>	
FUND BALANCE, MARCH 31, 2020	<u>\$ 1,196,689</u>	<u>\$ 1,196,689</u>	<u>\$ 1,588,023</u>	<u>\$ 391,334</u>

HARTLAND TOWNSHIP

FIRE OPERATING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 1,281,959	\$
State - personal property tax reimbursement			3,669	
Interest			1,922	
Miscellaneous			139	
Total revenues	<u>1,203,961</u>	<u>1,282,867</u>	<u>1,287,689</u>	<u>4,822</u>
EXPENDITURES				
Authority contributions			1,200,303	
Repairs and maintenance			27,461	
Tax chargebacks			756	
Professional fees			1,096	
Utility/assessments			871	
Total expenditures	<u>1,212,718</u>	<u>1,257,620</u>	<u>1,230,487</u>	<u>27,133</u>
Net change in fund balance	(8,757)	25,247	57,202	31,955
FUND BALANCE, APRIL 1, 2019	<u>1,232,871</u>	<u>1,232,871</u>	<u>1,232,871</u>	
FUND BALANCE, MARCH 31, 2020	<u>\$ 1,224,114</u>	<u>\$ 1,258,118</u>	<u>\$ 1,290,073</u>	<u>\$ 31,955</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HARTLAND TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2020

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			
Township hall and ground	\$ 120,261	\$ 121,996	\$ (1,735)
Street lighting	<u>19,124</u>	<u>19,365</u>	<u>(241)</u>
	<u>\$ 139,385</u>	<u>\$ 141,361</u>	<u>\$ (1,976)</u>

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

HARTLAND TOWNSHIP

COMBINING BALANCE SHEETS
FUNDS INCLUDED IN GASB 54 CONSOLIDATION
MARCH 31, 2020

	General Fund Pre GASB 54 - Consolidation	Capital Improvement Fund	Totals Restated General Fund
ASSETS			
Cash and cash equivalents	\$ 2,915,211	\$ 597,026	\$ 3,512,237
Taxes receivable	22,761		22,761
State shared revenue receivable	220,359		220,359
Special assessments receivable		2,003	2,003
Accounts receivable - other	56,105		56,105
Interest	3,157		3,157
Prepaid expense	9,526		9,526
Due from other funds	3,759	84,490	88,249
Total assets	<u>\$ 3,230,878</u>	<u>\$ 683,519</u>	<u>\$ 3,914,397</u>
LIABILITIES			
Accounts payable	\$ 53,667	\$ 10,970	\$ 64,637
Accrued expense	59,874		59,874
Compliance reserves	50,479		50,479
Unearned revenue	26,421		26,421
Due to others	173,995		173,995
Due to other funds	3,844		3,844
Total liabilities	<u>368,280</u>	<u>10,970</u>	<u>379,250</u>
FUND BALANCES			
Nonspendable	9,526		9,526
Committed - capital improvement		672,549	672,549
Unassigned	2,853,072		2,853,072
Total fund balance	<u>2,862,598</u>	<u>672,549</u>	<u>3,535,147</u>
Total liabilities and fund balance	<u>\$ 3,230,878</u>	<u>\$ 683,519</u>	<u>\$ 3,914,397</u>

HARTLAND TOWNSHIP

COMBINING BALANCE SHEETS
ALL NONMAJOR FUNDS
MARCH 31, 2020

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS		DEBT SERVICE FUNDS				
	Cemetery	Liquor Law Enforcement	Cable Television	Millpoint Road Construction	Bullard Lake Construction	Hartland Shores	Ore Valley	Millpointe Road SAD	Bullard Lake Road SAD	Totals
ASSETS										
Cash and investments	\$ 47,485	\$ 61,535	\$ 130,892	\$ 6,632	\$ 169,025	\$ 14,887	\$ 85,484	\$ 249,764	\$ 26,212	\$ 791,916
Special assessment receivable							20,720	567,008	145,113	732,841
Fees receivable			22,000							22,000
Deposits			32,240							32,240
Total assets	<u>\$ 47,485</u>	<u>\$ 61,535</u>	<u>\$ 185,132</u>	<u>\$ 6,632</u>	<u>\$ 169,025</u>	<u>\$ 14,887</u>	<u>\$ 106,204</u>	<u>\$ 816,772</u>	<u>\$ 171,325</u>	<u>\$ 1,578,997</u>
LIABILITIES										
Accounts payable	\$	\$	\$ 1,260	\$	\$	\$	\$	\$	\$	\$ 1,260
Due to other funds							84,490			84,490
Total liabilities			1,260				84,490			85,750
DEFERRED INFLOW OF RESOURCES										
Unavailable revenue							19,827	565,388	145,113	730,328
FUND BALANCE										
Restricted										
Public safety		61,411								61,411
Debt service							1,887	248,421	26,212	276,520
Roads					175					175
Committed										
Cemetery	47,485									47,485
Cable			183,872							183,872
Capital improvement				6,632		14,887				21,519
Assigned for future budget deficit		124			168,850			2,963		171,937
Total fund balance	<u>47,485</u>	<u>61,535</u>	<u>183,872</u>	<u>6,632</u>	<u>169,025</u>	<u>14,887</u>	<u>1,887</u>	<u>251,384</u>	<u>26,212</u>	<u>762,919</u>
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 47,485</u>	<u>\$ 61,535</u>	<u>\$ 185,132</u>	<u>\$ 6,632</u>	<u>\$ 169,025</u>	<u>\$ 14,887</u>	<u>\$ 106,204</u>	<u>\$ 816,772</u>	<u>\$ 171,325</u>	<u>\$ 1,578,997</u>

HARTLAND TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FUNDS INCLUDED IN GASB 54 CONSOLIDATION
FOR THE YEAR ENDED MARCH 31, 2020**

	General Fund - Pre GASB 54 Consolidation	Capital Improvement Fund	Eliminations	Totals Restated General Fund
REVENUES				
Taxes	\$ 545,129	\$	\$	\$ 545,129
State revenues	1,367,578			1,367,578
Licenses and permits	226,898	19,789		246,687
Interest and rents	67,516	911		68,427
Charges for services	443,893			443,893
Grant		6,000		6,000
Miscellaneous	101,245			101,245
Total revenues	2,752,259	26,700		2,778,959
EXPENDITURES	2,039,625	262,161		2,301,786
Excess of revenues over (under) expenditures	712,634	(235,461)		477,173
OTHER FINANCING SOURCES (USES)				
Transfers in		820,185	(820,185)	
Transfers (out)	(845,185)	(168,850)	820,185	(193,850)
Total other financing sources (uses)	(845,185)	651,335		(193,850)
Net changes in fund balances	(132,551)	415,874		283,323
FUND BALANCE, APRIL 1, 2019	2,995,149	256,675		3,251,824
FUND BALANCE, MARCH 31, 2020	\$ 2,862,598	\$ 672,549	\$	\$ 3,535,147

HARTLAND TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR FUNDS
FOR THE YEAR ENDED MARCH 31, 2020

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS		DEBT SERVICE FUNDS				
	Liquor Law Cemetery	Cable Television	Millpoint Road Construction	Bullard Lake Construction	Hartland Shores	Ore Valley	Millpointe Road SAD	Bullard Lake Road SAD	Totals	
REVENUES										
Special assessments										
Principal	\$	\$	\$	\$	\$	\$	21,545	\$ 96,924	\$ 139,200	
Interest							829	28,011	34,313	
Licenses and permits		12,129	89,023						101,152	
Interest and rents	64	105	329	14	220	32	122	319	1,205	
Charges for services	3,200								3,200	
Miscellaneous								8	8	
Total revenues	3,264	12,234	89,352	14	220	32	22,496	125,254	279,078	
EXPENDITURES										
Public safety		1,897							1,897	
Cemetery	33,242								33,242	
Public works			106,819	10,741	45		2,350		119,955	
Capital outlay										
General government			35,744						35,744	
Debt service										
Principal							85,000		85,000	
Interest							25,163		25,163	
Total expenditures	33,242	1,897	142,563	10,741	45		112,513		301,001	
Excess of revenues over (under) expenditures	(29,978)	10,337	(53,211)	(10,727)	175	32	22,496	12,741	(21,923)	
OTHER FINANCING SOURCES (USES)										
Gain on sale of asset			4,500						4,500	
Transfers in	25,000			10,000	168,850				203,850	
Transfers (out)							(10,000)		(10,000)	
Total other financing sources (uses)	25,000		4,500	10,000	168,850		(10,000)		198,350	
Net change in fund balances	(4,978)	10,337	(48,711)	(727)	169,025	32	22,496	2,741	176,427	
FUND BALANCE (DEFICIT), APRIL 1, 2019	52,463	51,198	232,583	7,359		14,855	(20,609)	248,643	586,492	
FUND BALANCE , MARCH 31, 2020	\$ 47,485	\$ 61,535	\$ 183,872	\$ 6,632	\$ 169,025	\$ 14,887	\$ 1,887	\$ 251,384	\$ 762,919	

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, 2020**

ASSETS

Cash and investments	\$ 2,915,211
Accounts receivable	
Taxes	22,761
State revenues	220,359
Other	56,105
Interest	3,157
Due from other funds	3,759
Prepaid expenditures	9,526
Total assets	\$ 3,230,878

LIABILITIES

Accounts payable	\$ 53,667
Accrued expenditures	59,874
Compliance reserves	50,479
Unearned revenue	26,421
Due to others	173,995
Due to other funds	3,844
Total liabilities	\$ 368,280

FUND BALANCE

	2,862,598
Total liabilities and fund balance	\$ 3,230,878

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 545,129	\$
Licenses and permits		226,898	
State revenues		1,367,578	
Interest and rent		67,516	
Charges for services		443,893	
Other revenues		101,245	
	<u>2,698,080</u>	<u>2,752,259</u>	<u>54,179</u>
Total revenues			
	<u>2,218,040</u>	<u>2,039,625</u>	<u>178,415</u>
EXPENDITURES			
Excess of revenues over (under) expenditures	480,040	712,634	232,594
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(845,185)	(845,185)	
	<u>(365,145)</u>	<u>(132,551)</u>	<u>232,594</u>
Net change in fund balance			
	<u>2,995,149</u>	<u>2,995,149</u>	
FUND BALANCE, APRIL 1, 2019			
	<u>\$ 2,630,004</u>	<u>\$ 2,862,598</u>	<u>\$ 232,594</u>
FUND BALANCE, MARCH 31, 2020			

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, 2020**

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
Current property taxes	\$ 541,804	\$ 545,129	\$ 3,325
LICENSES AND PERMITS			
Mobile home		2,915	
Dog licenses		341	
Cable fees		223,642	
Total licenses and permits	228,730	226,898	(1,832)
STATE REVENUE			
State shared revenue		1,365,407	
Personal property tax reimbursement		2,171	
Total state grants	1,310,457	1,367,578	57,121
CHARGES FOR SERVICES			
Utility administration		149,403	
Tax administration fee		220,782	
Zoning fees		38,610	
Tax collections fees		17,673	
Other		17,425	
Total charges for services	436,974	443,893	6,919
INTEREST AND RENT			
Rental income		52,805	
Interest income		14,272	
Unrealized gains (losses)		439	
Total interest and rent	64,345	67,516	3,171
MISCELLANEOUS REVENUES			
Donations		22,563	
Reimbursements		5,383	
Professional review costs		53,613	
Miscellaneous		16,624	
Farmers market		3,062	
Total miscellaneous revenues	115,770	101,245	(14,525)
Total revenues	\$ 2,698,080	\$ 2,752,259	\$ 54,179

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Trustee fees	\$	\$ 27,200	\$
Retirement		3,600	
Taxes - payroll		2,081	
Supplies and postage		107	
Audit		9,160	
Legal		1,373	
Membership and dues		20,208	
Education and training		3,259	
Total township board	<u>100,007</u>	<u>66,988</u>	<u>33,019</u>
SUPERVISOR			
Supervisor salary		31,000	
Taxes - payroll		2,373	
Retirement		900	
Total supervisor	<u>34,372</u>	<u>34,273</u>	<u>99</u>
TOWNSHIP MANAGER			
Wages		118,327	
Secretary wages		61,214	
Taxes - payroll		13,281	
Insurance - health		31,735	
Retirement		3,873	
Supplies and postage		718	
Contracted services		160	
Membership and dues		3,344	
Education and training		3,081	
Travel and meetings		604	
Total township manager	<u>242,522</u>	<u>236,337</u>	<u>6,185</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ELECTIONS			
Wages and fees		9,346	
Supplies and postage		5,161	
Capital outlay		5,069	
Printing and publications		50	
Miscellaneous		950	
Total elections	<u>21,236</u>	<u>20,576</u>	<u>660</u>
FINANCE DEPARTMENT			
Salaries		118,114	
Taxes - payroll		8,577	
Insurance - benefits		22,766	
Retirement		11,743	
Supplies and postage		416	
Membership and dues		391	
Repairs and maintenance		2,704	
Education and training		1,290	
Total finance department	<u>170,011</u>	<u>166,001</u>	<u>4,010</u>
ASSESSOR			
Salaries and wages		145,258	
Taxes - payroll		11,056	
Insurance - benefits		1,672	
Retirement		11,211	
Supplies and postage		826	
Membership and dues		1,916	
Tax preparation		3,551	
Legal fees		33,853	
Printing and publications		232	
Repairs and maintenance		5,703	
Other		52	
Education and training		2,122	
Total assessor	<u>222,938</u>	<u>217,452</u>	<u>5,486</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CLERK			
Clerk salary		62,000	
Other - clerical salary		39,402	
Taxes - payroll		7,438	
Insurance - benefits		20,456	
Retirement		9,944	
Supplies and postage		448	
Membership and dues		250	
Printing and publishing		1,949	
Education and training		571	
Total clerk	<u>148,284</u>	<u>142,458</u>	<u>5,826</u>
VEHICLE USE	<u>2,850</u>	<u>1,836</u>	<u>1,014</u>
BOARD OF REVIEW			
Fees		1,680	
Taxes - payroll		129	
Supplies and postage		92	
Printing and publishing		258	
Total board of review	<u>4,450</u>	<u>2,159</u>	<u>2,291</u>
TREASURER			
Treasurer salary		62,000	
Assistant wages		55,095	
Taxes - payroll		8,188	
Insurance - benefits		34,872	
Retirement		10,403	
Supplies and postage		1,104	
Membership and dues		800	
Tax preparation		8,861	
Repairs and maintenance		5,366	
Education and training		2,574	
Mileage		30	
Capital outlay		46	
Total treasurer	<u>194,224</u>	<u>189,339</u>	<u>4,885</u>
DATA PROCESSING	<u>18,655</u>	<u>14,798</u>	<u>3,857</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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
TOWNSHIP HALL AND GROUNDS			
Wages		4,855	
Taxes - payroll		371	
Supplies		3,478	
Snow removal and mowing		25,398	
Contract services		19,403	
Telephone		12,341	
Utilities		30,433	
Repairs and maintenance		25,466	
Assessments		251	
Total township hall and grounds	120,261	121,996	(1,735)
UNALLOCATED			
PTO payout		(3,721)	
Office supplies and postage		4,397	
Tax chargebacks		788	
Insurance and bonds		22,616	
Repairs and maintenance		3,315	
Education and training		514	
Total unallocated	58,574	27,909	30,665
PLANNING AND ZONING			
Wages		189,165	
Taxes - payroll		15,565	
Insurance - benefits		2,607	
Retirement		17,854	
Planning commission		14,294	
Professional review costs		36,443	
Supplies and postage		543	
Contract services		34,589	
Membership and dues		1,885	
Legal fees		3,930	
Printing and publications		2,255	
Repairs and maintenance		317	
License application		2,638	
Capital outlay		780	
Education and training		1,113	
Total planning and zoning	350,093	323,978	26,115

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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC WORKS			
Salaries		122,249	
Taxes - payroll		9,352	
Retirement		11,467	
Supplies and postage		931	
Contracted services		10,004	
Sampling		17,362	
Membership and dues		227	
Miscellaneous		391	
Education and training		260	
Total public works	<u>173,135</u>	<u>172,243</u>	<u>892</u>
ZONING BOARD OF APPEALS	<u>2,172</u>	<u>2,131</u>	<u>41</u>
SIDEWALKS	<u>10,000</u>	<u>4,000</u>	<u>6,000</u>
STREETLIGHTS	<u>19,124</u>	<u>19,365</u>	<u>(241)</u>
ROADS	<u>98,915</u>	<u>79,401</u>	<u>19,514</u>
CABLE			
Salaries		29,450	
Taxes - payroll		2,253	
Contacted services		23,135	
Printing and publishing		5,305	
Postage and supplies		1,013	
Education and training		20	
Total cable	<u>72,156</u>	<u>61,176</u>	<u>10,980</u>
CODE ENFORCEMENT	<u>15,799</u>	<u>14,426</u>	<u>1,373</u>
DRAINS	<u>8,000</u>	<u>2,950</u>	<u>5,050</u>
SENIOR CITIZENS	<u>22,000</u>	<u>22,000</u>	
COMMUNITY CENTRAL	<u>20,000</u>	<u>20,000</u>	
PARKS AND RECREATION	<u>88,262</u>	<u>75,833</u>	<u>12,429</u>
Total expenditures	<u>\$ 2,218,040</u>	<u>\$ 2,039,625</u>	<u>\$ 178,415</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, 2020**

ASSET

Cash	\$ 1,555,344
Taxes receivable	<u>32,679</u>
Total assets	<u><u>\$ 1,588,023</u></u>

FUND BALANCE

\$ 1,588,023

HARTLAND TOWNSHIP

MUNICIPAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 1,021,819	\$
Personal property tax reimbursement		4,121	
Interest and rent		3,254	
Other revenue		108	
Total revenues	<u>1,017,997</u>	<u>1,029,302</u>	<u>11,305</u>
EXPENDITURES			
Public works		244,061	
Debt			
Principal		505,000	
Interest		81,900	
Total expenditures	<u>1,210,990</u>	<u>830,961</u>	<u>380,029</u>
Net change in fund balance	<u>(192,993)</u>	<u>198,341</u>	<u>391,334</u>
FUND BALANCE, APRIL 1, 2019	<u>1,389,682</u>	<u>1,389,682</u>	
FUND BALANCE, MARCH 31, 2020	<u>\$ 1,196,689</u>	<u>\$ 1,588,023</u>	<u>\$ 391,334</u>

FIRE OPERATING FUND

HARTLAND TOWNSHIP

**FIRE OPERATING FUND
BALANCE SHEET
MARCH 31, 2020**

ASSETS

Cash	\$ 1,249,022
Taxes receivable	<u>41,069</u>
Total assets	<u>\$ 1,290,091</u>

LIABILITIES

Accounts payable	\$ 18
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FUND BALANCE

Total liabilities and fund balance	<u>\$ 1,290,091</u>
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HARTLAND TOWNSHIP

FIRE OPERATING FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 1,281,959	\$
Personal property tax reimbursement		3,669	
Interest		1,922	
Miscellaneous		139	
Total revenues	<u>1,282,867</u>	<u>1,287,689</u>	<u>4,822</u>
EXPENDITURES			
Authority contributions		1,200,303	
Repairs and maintenance		27,461	
Tax chargebacks		756	
Professional fees		1,096	
Utility/assessments		871	
Total expenditures	<u>1,257,620</u>	<u>1,230,487</u>	<u>27,133</u>
Net change in fund balance	<u>25,247</u>	<u>57,202</u>	<u>31,955</u>
FUND BALANCE, APRIL 1, 2019	<u>1,232,871</u>	<u>1,232,871</u>	
FUND BALANCE, MARCH 31, 2020	<u>\$ 1,258,118</u>	<u>\$ 1,290,073</u>	<u>\$ 31,955</u>

M-59/HARTLAND ROAD DEBT SERVICE FUND

HARTLAND TOWNSHIP

**M-59/HARTLAND ROAD DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2020**

ASSETS

Cash	\$ 392,867
Special assessments receivable	<u>3,026,168</u>
Total assets	<u><u>\$ 3,419,035</u></u>

DEFERRED INFLOW OF RESOURCES

Unavailable revenues	\$ 3,001,155
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FUND BALANCE

	<u>417,880</u>
Total deferred inflow of resources and fund balance	<u><u>\$ 3,419,035</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, 2020**

REVENUES

Special assessments		
Principal	\$	215,159
Interest		120,594
Interest income		<u>1,398</u>
Total revenues	\$	337,151

EXPENDITURES

Debt		
Principal		4,050,000
Interest		135,569
Fees		<u>77,433</u>
Total expenditures		<u>4,263,002</u>
Excess of revenues over (under) expenditures		(3,925,851)

OTHER FINANCING SOURCES

Proceeds from debt		<u>2,860,694</u>
Net change in fund balance		(1,065,157)
FUND BALANCE, APRIL 1, 2019		<u>1,483,037</u>
FUND BALANCE, MARCH 31, 2020	\$	<u><u>417,880</u></u>

WATER SYSTEM FUND

HARTLAND TOWNSHIP

WATER SYSTEM FUND BALANCE SHEET MARCH 31, 2020

CURRENT ASSETS

Cash and investments - operating	\$ 1,116,677	
Cash and investments - capital replacement	671,834	
Investments	100,000	
Accounts receivable - customers	178,599	
Special assessment receivable	11,556	
Interest receivable	6,337	
Due from other funds	<u>11,921</u>	
Total current assets		\$ 2,096,924

RESTRICTED ASSETS

Cash and investments restricted for debt	566,428	
Investments	259,004	
Special assessment receivable	<u>330,940</u>	
Total restricted assets		1,156,372

PROPERTY, PLANT AND EQUIPMENT

Capital assets		
Land	300,000	
Construction in progress	82,954	
Water plant and equipment	<u>9,289,279</u>	
	9,672,233	
Less: accumulated depreciation	<u>(4,065,717)</u>	
Total property, plant and equipment		<u>5,606,516</u>
Total assets		<u>\$ 8,859,812</u>

CURRENT LIABILITIES

Accounts payable	\$ 128,001	
Accrued expenditures	7,905	
Due to other funds	<u>3,016</u>	
Total current liabilities		\$ 138,922

CURRENT LIABILITIES (from restricted assets)

Accrued interest	3,917	
Bonds payable - current portion	<u>245,000</u>	
Total current liabilities (from restricted assets)		248,917

LONG-TERM LIABILITIES (from restricted assets)

Bonds payable after one year	225,000	
Bond premiums, net of discounts and amortization	<u>2,943</u>	
Total long-term liabilities (from restricted assets)		<u>227,943</u>
Total liabilities		<u>615,782</u>

NET POSITION

Invested in capital assets, net of related debt	5,136,516	
Restricted	<u>3,107,514</u>	
Total net position		<u>8,244,030</u>
Total liabilities and net position		<u>\$ 8,859,812</u>

HARTLAND TOWNSHIP
WATER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020

OPERATING REVENUES

User charges		\$ 629,712
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OPERATING EXPENSES

Wages	\$ 97,610	
Taxes - payroll	7,591	
Insurance - benefits	4,944	
Retirement	8,589	
Administration fees	77,840	
Depreciation	244,483	
Contracted services	10,573	
Professional fees	8,812	
Repair and maintenance	72,425	
Insurance	9,499	
Supplies and postage	21,800	
Miscellaneous	2,466	
Meters	27,877	
Utilities and telephone	71,321	
Total operating expenses		665,830
Operating (loss)		(36,118)

NON-OPERATING REVENUES (EXPENSES)

Other income	15,074	
Interest income - cash	12,148	
Interest income - special assessments	16,779	
Interest expense	(6,890)	
Bond fees	(500)	
Total non-operating revenues (expenses)		36,611

CAPITAL CONTRIBUTIONS

Connection fees		155,160
Net income		155,653

NET POSITION APRIL 1, 2019		8,088,377
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NET POSITION, MARCH 31, 2020		\$ 8,244,030
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HARTLAND TOWNSHIP
WATER SYSTEM FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 633,666	
Payments to other suppliers for goods or services	(159,012)	
Payments to employees	<u>(108,827)</u>	
Net cash from operating activities		\$ 365,827

CASH FLOWS FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES

Principal and interest paid on bonds	(272,000)	
Collections of special assessment (principal and interest)	354,787	
Acquisition of fixed assets	(151,458)	
Connection fees	155,160	
Other revenue	<u>14,574</u>	
Net cash from capital and related financing activities		101,063

CASH FLOWS FROM INVESTING ACTIVITIES

Net proceeds from sales/purchase of investments	4,762	
Interest received on cash and cash equivalents	<u>3,730</u>	
Net cash from investing activities		<u>8,492</u>
Net decrease in cash and cash equivalents		475,382

CASH AND CASH EQUIVALENTS AT APRIL 1, 2019

1,879,557

CASH AND CASH EQUIVALENTS AT MARCH 31, 2020

\$ 2,354,939

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating (loss)		\$ (36,118)
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Adjustments to reconcile operating income to net cash
provided by operating activities:

Depreciation	\$ 244,483	
Changes in assets and liabilities		
(Increase) - Decrease in accounts receivable	3,954	
(Increase) - Decrease in prepaid expense	35,887	
(Increase) - Decrease in due from other funds	5,501	
Increase - (Decrease) in accounts payable	115,745	
Increase - (Decrease) in accrued wages	<u>(3,625)</u>	

Total adjustments **401,945**

Net cash provided by operating activities **\$ 365,827**

SEWAGE DISPOSAL SYSTEM FUND

HARTLAND TOWNSHIP

**SEWAGE DISPOSAL SYSTEM FUND
BALANCE SHEET
MARCH 31, 2020**

CURRENT ASSETS

Cash and cash equivalents	\$ 5,416,273	
Investments	1,982,460	
Accounts receivable - billings	862,763	
Interest receivable	69,448	
Special assessments receivable	45,131	
Prepaid	<u>16,925</u>	
Total current assets		\$ 8,393,000

RESTRICTED ASSETS

Cash and cash equivalents	1,230,249	
Special assessment receivable, net of allowance of \$400,000	<u>5,153,089</u>	
Total restricted assets		6,383,338

PROPERTY, PLANT AND EQUIPMENT

Land	11,082	
Sewer system and office equipment	<u>21,839,792</u>	
	21,850,874	
Less: accumulated depreciation	<u>(5,650,544)</u>	
Total property, plant and equipment		16,200,330

OTHER ASSETS

Connection fees receivable	452,448	
Bond discount, net of amortization	<u>67,995</u>	
Total other assets		<u>520,443</u>
Total assets		<u>\$ 31,497,111</u>

CURRENT LIABILITIES

Accounts payable	\$ 161,153	
Accrued interest payable	109,229	
Due to others	8,976	
Due to other funds	8,388	
Chargebacks payable	467,523	
Bonds payable	1,230,670	
Bond premium - net of amortization	<u>302,354</u>	
Total current liabilities		\$ 2,288,293

LONG-TERM LIABILITIES (from restricted assets)

Bonds payable after one year	<u>14,188,673</u>	
Total liabilities		16,476,966

NET POSITION

Invested in capital assets, net of related debt	1,795,330	
Unrestricted	<u>13,224,815</u>	
Total net position		<u>15,020,145</u>
Total liabilities and net position		<u>\$ 31,497,111</u>

HARTLAND TOWNSHIP

**SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020**

OPERATING REVENUES

User charges	\$ 2,368,219	
Septage station fees	<u>324,081</u>	
Total revenue		\$ 2,692,300

OPERATING EXPENSES

Administration	71,563	
Depreciation	436,670	
Sewer usage fees	1,995,498	
Professional fees	14,650	
Repair and maintenance	1,097	
Insurance	9,754	
Supplies and postage	<u>1,502</u>	
Total operating expenses		<u>2,530,734</u>
Operating income		161,566

NON-OPERATING REVENUES (EXPENSES)

Interest income - cash	72,738	
Interest income - special assessments	196,924	
Miscellaneous expense	(5,686)	
Interest expense and bond fees	<u>(483,716)</u>	
Total non-operating revenues (expenses)		(219,740)

CAPITAL CONTRIBUTIONS

Connection fees	122,521	
Surcharge fees	<u>93,968</u>	
Total capital contributions		<u>216,489</u>
Net income		158,315

NET POSITION, APRIL 1, 2019	<u>14,861,830</u>
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NET POSITION, MARCH 31, 2020	<u><u>\$ 15,020,145</u></u>
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HARTLAND TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 2,674,487	
Payments to other suppliers for goods or services	<u>(2,104,495)</u>	
Net cash from operating activities		\$ 569,992

CASH FLOWS FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES

Principal and interest paid on capital debt	(1,827,445)	
Collections of special assessment (principal and interest)	733,442	
Connection fees	122,521	
Other revenue	<u>93,968</u>	
Net cash from capital and related financing activities		(877,514)

CASH FLOWS FROM INVESTING ACTIVITIES

Net proceeds from sales/purchase of investments	(188,171)	
Interest received on cash and cash equivalents	<u>26,040</u>	
Net cash from (used in) investing activities		<u>(162,131)</u>
Net increase in cash and cash equivalents		(469,653)

CASH AND CASH EQUIVALENTS AT APRIL 1, 2019	<u><u>7,116,175</u></u>
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CASH AND CASH EQUIVALENTS AT MARCH 31, 2020	<u><u>\$ 6,646,522</u></u>
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RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income		\$ 161,566
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	(17,813)	
(Increase) decrease in prepaid expenditures	(16,925)	
Increase (decrease) in accounts payable	<u>6,494</u>	
Total adjustments		<u>408,426</u>
Net cash provided by operating activities		<u><u>\$ 569,992</u></u>