



Board of Trustees

William J. Fountain, Supervisor Matthew J. Germane, Trustee
Larry N. Ciofu, Clerk Summer L. McMullen, Trustee
Kathleen A. Horning, Treasurer Denise M. O'Connell, Trustee
Joseph M. Petrucci, Trustee

Board of Trustees Special Meeting Agenda Hartland Township Hall Tuesday, September 17, 2024 6:30 PM

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Approval of the Agenda
5. Call to the Public
6. Approval of the Consent Agenda
7. Pending and New Business
 - a. [Fiscal Year 2023 - 2024 Audit Review](#)
8. Adjournment

Hartland Township Board of Trustees Meeting Agenda Memorandum

Submitted By: Susan Dryden-Hogan, Finance Director

Subject: Fiscal Year 2023 – 2024 Audit Review

Date: September 11, 2024

Recommended Action

Auditor review with board. No action needed.

Discussion

Attached is the fiscal year 2024 audit report, management report and audit presentation, prepared by Pfeffer, Hanniford & Palka, CPAs. John Pfeffer will be reviewing the audit and financial position of the Township during this special meeting.

Financial Impact

Is a Budget Amendment Required? Yes No

Attachments

Audit Presentation

FY24 Audited Financial Statements

Hartland Comment Letter

Communication with Governance Letter

Hartland Township

Audit Presentation

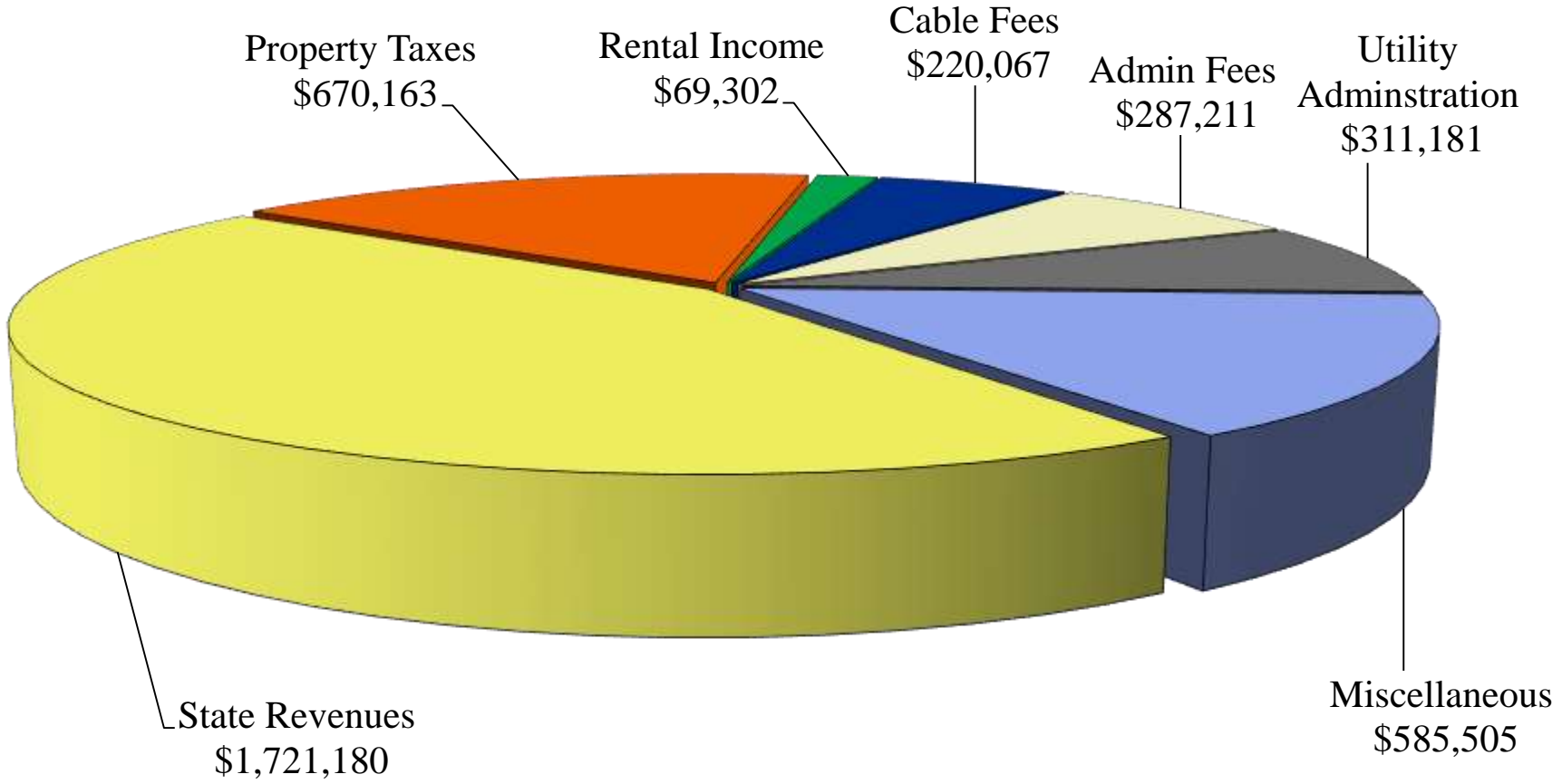
March 31, 2024



PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

BRIGHTON, MICHIGAN

Hartland Township
General Fund Revenues – Pre GASB 54
For The Year Ended March 31, 2024

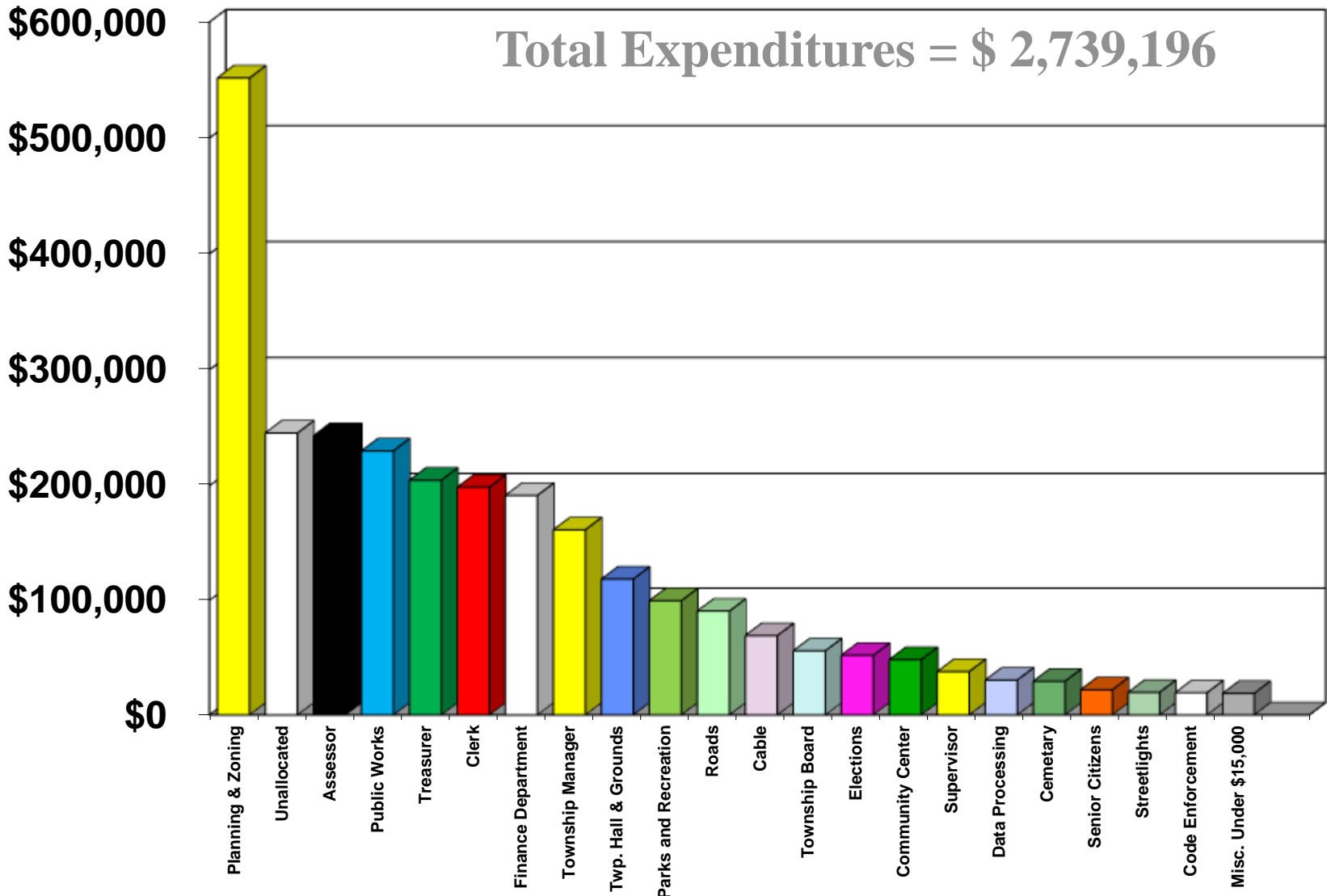


Total Revenues \$ 3,864,609

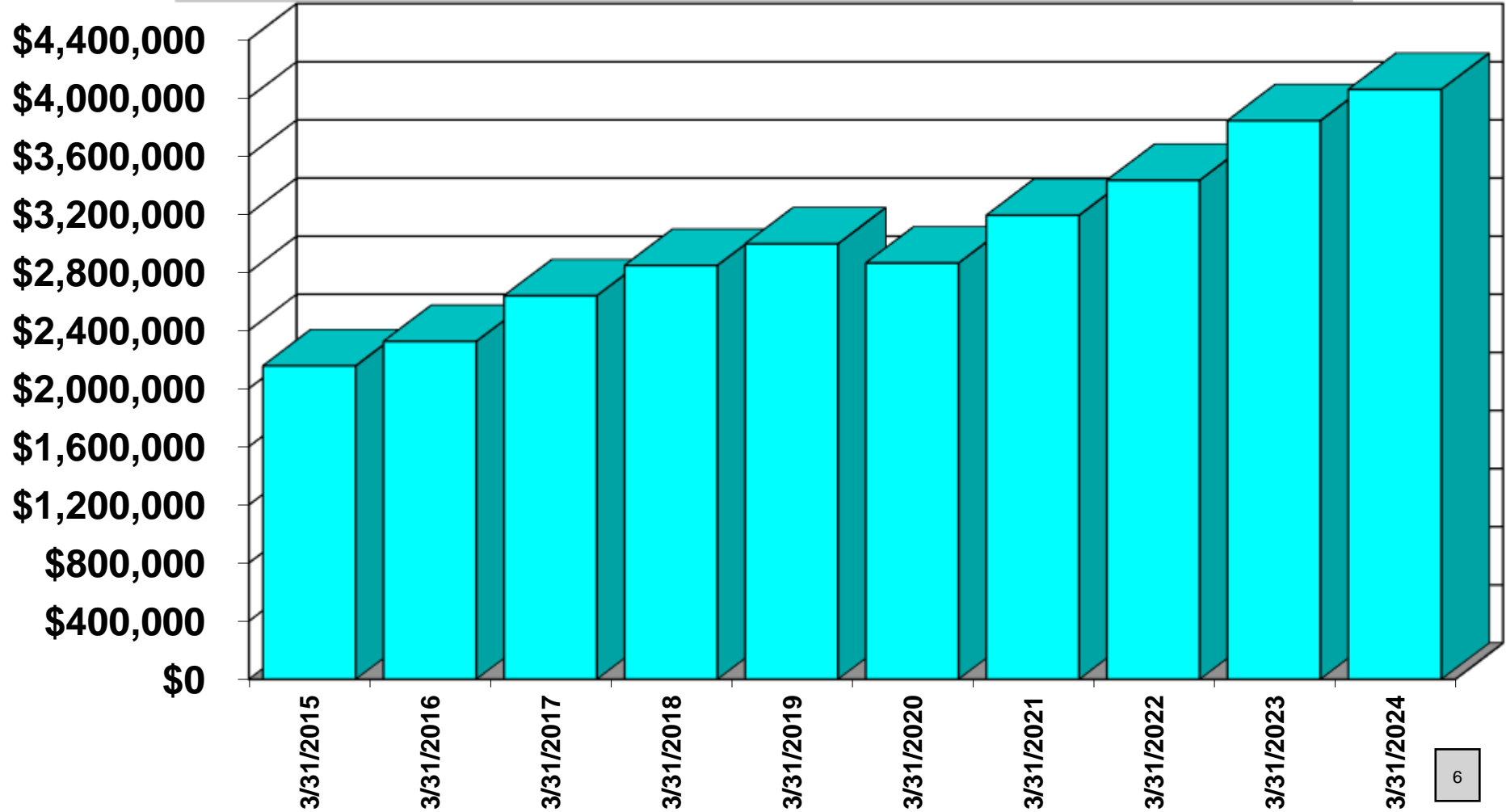
Hartland Township

General Fund Expenditures – Pre GASB 54

For The Year Ended March 31, 2024



Hartland Township General Fund - Fund Balance – Pre GASB 54 March 31, 2015-2024



HARTLAND TOWNSHIP

Report on Audit of Financial Statements

For the Year Ended March 31, 2024

HARTLAND TOWNSHIP

TOWNSHIP OFFICIALS

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

TOWNSHIP BOARD

Larry Ciofu
William Fountain
Matthew Germane
Kathleen Horning
Summer McMullen
Denise O'Connell
Joseph Petrucci

TOWNSHIP ATTORNEY

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

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

TABLE OF CONTENTS

PAGE NUMBER

| | |
|--|----|
| INDEPENDENT AUDITOR'S REPORT | 4 |
| MANAGEMENT DISCUSSION AND ANALYSIS | 8 |
| <u>BASIC FINANCIAL STATEMENTS</u> | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | |
| Statement of Net Position | 16 |
| Statement of Activities | 17 |
| FUND FINANCIAL STATEMENTS | |
| Balance Sheet - Governmental Funds | 19 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 20 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 21 |
| Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 23 |
| Statement of Net Position - Proprietary Funds | 24 |
| Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds | 25 |
| Statement of Cash Flows - Proprietary Funds | 26 |
| Statement of Assets and Liabilities - Fiduciary Funds | 27 |
| Statement of Changes in Fiduciary Net Position - Fiduciary Funds | 28 |
| NOTES TO FINANCIAL STATEMENTS | 30 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| GENERAL FUND | |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 51 |
| MUNICIPAL STREET FUND | |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 52 |
| FIRE OPERATING FUND | |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 53 |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION | 55 |
| <u>SUPPLEMENTARY INFORMATION</u> | |
| COMBINING FINANCIAL STATEMENTS | |
| Combining Balance Sheets | |
| Funds Included in GASB 54 Consolidation | 58 |
| All Nonmajor Funds | 59 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | |
| Funds Included in GASB 54 Consolidation | 60 |
| All Nonmajor Funds | 61 |

TABLE OF CONTENTS

| | <u>PAGE NUMBER</u> |
|---|---------------------------|
| <u>INDIVIDUAL FUNDS</u> | |
| GENERAL FUND (PRE GASB 54- RESTATEMENT) | |
| Balance Sheet | 64 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 65 |
| Statement of Revenues - Budget and Actual | 66 |
| Statement of Expenditures - Budget and Actual | 67 |
| MUNICIPAL STREET FUND | |
| Balance Sheet | 73 |
| Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual | 74 |
| FIRE OPERATING FUND | |
| Balance Sheet | 76 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 77 |
| M-59/HARTLAND ROAD DEBT SERVICE FUND | |
| Balance Sheet | 79 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | 80 |
| WATER SYSTEM FUND | |
| Balance Sheet | 82 |
| Statement of Revenues and Expenses | 83 |
| Statement of Cash Flow | 84 |
| SEWAGE DISPOSAL SYSTEM FUND | |
| Balance Sheet | 86 |
| Statement of Revenues and Expenses | 87 |
| Statement of Cash Flow | 88 |

INDEPENDENT AUDITOR'S REPORT

September 17, 2024

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hartland Township, Michigan, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. In our opinion, the accompanying 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 the Hartland Township, Michigan, as of March 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8-13 and 51-53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America

our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis
March 31, 2024

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, 2024. 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 \$48,139,556. This is a \$1,957,392 increase over last year’s net position of \$46,182,164.

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 | |
|--------------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | 3/31/2024 | 3/31/2023 | 3/31/2024 | 3/31/2023 | 3/31/2024 | 3/31/2023 |
| ASSETS | | | | | | |
| Current and other assets | \$ 15,916,559 | \$ 15,300,761 | \$ 15,444,283 | \$ 16,101,603 | \$ 31,360,842 | \$ 31,402,364 |
| Capital assets | 8,631,589 | 8,613,905 | 22,496,846 | 22,988,578 | 31,128,435 | 31,602,483 |
| Total assets | 24,548,148 | 23,914,666 | 37,941,129 | 39,090,181 | 62,489,277 | 63,004,847 |
| LIABILITIES | | | | | | |
| Other liabilities | 694,730 | 783,399 | 335,021 | 491,415 | 1,029,751 | 1,274,814 |
| Long-term liabilities | 2,305,450 | 3,232,803 | 10,691,089 | 11,948,026 | 12,996,539 | 15,180,829 |
| Total liabilities | 3,000,180 | 4,016,202 | 11,026,110 | 12,439,441 | 14,026,290 | 16,455,643 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows from leases | 323,431 | 367,040 | | | 323,431 | 367,040 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 8,631,589 | 8,613,905 | 11,967,043 | 12,022,105 | 20,598,632 | 20,636,010 |
| Restricted | 3,776,344 | 3,562,847 | | | 3,776,344 | 3,562,847 |
| Unrestricted | 8,816,604 | 7,354,672 | 14,947,976 | 14,628,635 | 23,764,580 | 21,983,307 |
| Total net position | \$ 21,224,537 | \$ 19,531,424 | \$ 26,915,019 | \$ 26,650,740 | \$ 48,139,556 | \$ 46,182,164 |

Summary of Changes in Activities

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | 3/31/2024 | 3/31/2023 | 3/31/2024 | 3/31/2023 | 3/31/2024 | 3/31/2023 |
| REVENUES | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 674,023 | \$ 603,222 | \$ 3,765,888 | \$ 3,775,584 | \$ 4,439,911 | \$ 4,378,806 |
| Capital contributions | | | 273,334 | 197,314 | 273,334 | 197,314 |
| General revenues and transfers | | | | | | |
| State revenues | 1,729,125 | 1,740,908 | | | 1,729,125 | 1,740,908 |
| Property taxes | 3,719,757 | 3,459,813 | | | 3,719,757 | 3,459,813 |
| Interest and rent | 264,701 | 774,444 | 273,920 | 192,698 | 538,621 | 967,142 |
| Grant income | 233,878 | 360,318 | | 1,000,000 | 233,878 | 1,360,318 |
| Transfers in (out) | 1,750 | | (1,750) | | | |
| Other | 793,791 | 626,807 | 80,161 | 201,772 | 873,952 | 828,579 |
| Total revenues | 7,417,025 | 7,565,512 | 4,391,553 | 5,367,368 | 11,808,578 | 12,932,880 |
| EXPENSES | | | | | | |
| General government | 2,411,001 | 2,702,719 | | | 2,411,001 | 2,702,719 |
| Public safety | 1,730,729 | 1,407,131 | | | 1,730,729 | 1,407,131 |
| Parks and recreation | 405,753 | 400,691 | | | 405,753 | 400,691 |
| Public works | 1,016,490 | 873,234 | | | 1,016,490 | 873,234 |
| Community development | 70,282 | 44,000 | | | 70,282 | 44,000 |
| Interest on governmental long-term debt | 89,657 | 114,249 | | | 89,657 | 114,249 |
| Water system | | | 1,012,067 | 852,191 | 1,012,067 | 852,191 |
| Sewer system | | | 3,115,207 | 3,301,014 | 3,115,207 | 3,301,014 |
| Total expenses | 5,723,912 | 5,542,024 | 4,127,274 | 4,153,205 | 9,851,186 | 9,695,229 |
| Change in net position | 1,693,113 | 2,023,488 | 264,279 | 1,214,163 | 1,957,392 | 3,237,651 |
| Beginning net position | 19,531,424 | 17,507,936 | 26,650,740 | 25,436,577 | 46,182,164 | 42,944,513 |
| Ending net position | \$ 21,224,537 | \$ 19,531,424 | \$ 26,915,019 | \$ 26,650,740 | \$ 48,139,556 | \$ 46,182,164 |

Financial Analysis of the Township's Funds

The Township has four major governmental funds for the year ended March 31, 2024. 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 \$771,622. Property tax revenues and State Shared Revenue remained strong, community investments were increased, and additional funds set aside for future capital projects.
- The Municipal Street Fund increased by \$106,680. This fund is supported by a 10-year millage, which expired in 2023. All major construction projects were completed within the first three years. The remaining seven years included additional repairs and maintenance. Using the remaining funds available, the board has approved improvements to the M-59 and Old US23 intersection and paving Old US23 to the Brighton Township border. Renewal of the millage will be on the 2024 November election ballot.
- The Fire Operating Fund increased \$165,444. A 5-year millage of 2.06, expiring in 2025, was approved by the voters in November 2020. The board intends to request a millage renewal on the November 2026 election ballot.
- The M-59/Hartland Road Debt Service Fund increased by \$28,778, as expected. A 2019 bond refunding resulted in interest savings on the assessed parcels and is accounted for in the budget.

The Township has two major business-type funds for the year ended March 31, 2024. These funds are the Water System Fund and the Sewage Disposal System Fund.

- The Water System Fund's net position increased by \$94,813. Water operations continue to perform well due to better than expected cost savings.
- The Sewage Disposal System Fund increased its net position by \$169,466.

General Fund Budgetary Highlights

The General Fund's budget was adopted prior to the start of the fiscal year ended March 31, 2024. The overall funds were in compliance with the Board approved budget resolution. The budget was amended during the year to account for various projected changes due to Board decisions and economic reality.

Capital Asset and Debt Administration

Governmental Funds

The Township acquired \$516,480 of capital assets during the year. The Township acquired the following capital assets through the use of ARPA funds: a roof at township hall for \$80,904; an Exmark Lazer mower for \$13,346; and a 2024 trailer for \$13,315. The Township also completed the M-59 Sidewalk Gap Project for \$372,193 and the Spranger Park Pavilion for \$20,606. Additionally, the Township purchased a new projector for \$11,641 and made a down payment for new software for the cemetery for \$4,475, which is included in construction in progress at March 31, 2024.

The Township did not dispose of any assets during the year.

The Township made bond principal payments of \$900,000 during the fiscal year, bringing the total governmental debt balance to \$2,260,000 for the year end March 31, 2024. The Township did not issue any new debt during the fiscal year.

Business-Type Funds

The Township has two business-type funds – Water System Fund and Sewage Disposal System Fund. The Water System Fund spent \$215,318 on the M-59 watermain expansion during fiscal year 2024 and completed the project. The total cost of the project of \$3,257,326 was reclassified to water and plant distribution system. Construction in progress of \$114,242 at March 31, 2024 relates to the purchase and installation of a new pressure reducing valve (PRV), which is expected to be completed in early 2025.

On September 1, 2021, the Township issued the Sanitary Sewer Series 2021 Refunding bonds in the amount of \$4,775,000. The bond matures on March 31, 2034. Series principal paid on the remaining outstanding bonds totaled \$1,156,000 in the current fiscal year. Principal outstanding for the year ended March 31, 2024 is \$9,809,943.

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 capital charges. A long-term financial plan is updated annually to ensure that sewer department requirements will be met.

Contacting the Township's Financial Management

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

HARTLAND TOWNSHIP

STATEMENT OF NET POSITION
MARCH 31, 2024

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Current assets | | | |
| Cash and investments | \$ 11,786,865 | \$ 11,017,525 | \$ 22,804,390 |
| Cash and investments - restricted | | 1,724,961 | 1,724,961 |
| Receivables | | | |
| Taxes | 110,508 | | 110,508 |
| State shared revenues | 301,690 | | 301,690 |
| Special assessments | 2,821,881 | 1,500,725 | 4,322,606 |
| Connection fees | | 75,408 | 75,408 |
| Accounts | 112,045 | 1,072,960 | 1,185,005 |
| Loan - Hartland Deerfield Fire Authority | 390,000 | | 390,000 |
| Lease receivable | 344,943 | | 344,943 |
| Interest | | 42,870 | 42,870 |
| Prepaid items | 10,283 | 9,358 | 19,641 |
| Intergovernmental | (476) | 476 | |
| Bond discount - net of amortization | 38,820 | | 38,820 |
| Non-current assets | | | |
| Capital assets | | | |
| Non-depreciable | 2,486,882 | 414,241 | 2,901,123 |
| Depreciable - net of accumulated depreciation | 6,144,707 | 22,082,605 | 28,227,312 |
| Total assets | 24,548,148 | 37,941,129 | 62,489,277 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 205,295 | 260,188 | 465,483 |
| Accrued wages/taxes | 52,068 | | 52,068 |
| Accrued interest payable | | 74,833 | 74,833 |
| Unearned revenue | 386,983 | | 386,983 |
| Compliance reserve | 50,384 | | 50,384 |
| Long-term liabilities | | | |
| Bond premium - net of amortization | 45,450 | 881,146 | 926,596 |
| Other due within one year | 320,000 | 1,156,530 | 1,476,530 |
| Other due in more than one year | 1,940,000 | 8,653,413 | 10,593,413 |
| Total liabilities | 3,000,180 | 11,026,110 | 14,026,290 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows from leases | 323,431 | | 323,431 |
| NET POSITION | | | |
| Net investment in capital assets | 8,631,589 | 11,967,043 | 20,598,632 |
| Restricted | 3,776,344 | | 3,776,344 |
| Unrestricted | 8,816,604 | 14,947,976 | 23,764,580 |
| Total net position | \$ 21,224,537 | \$ 26,915,019 | \$ 48,139,556 |

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

HARTLAND TOWNSHIP

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024

| Functions/Programs | Expenses | Program Revenues | | Net (Expenses) Revenue and Changes in Net Assets | | Total |
|---------------------------------------|-----------------------|---------------------------------------|-------------------------------------|--|--------------------------|----------------------|
| | | Charges for Services | Capital Contributions | Governmental Activities | Business-type Activities | |
| Governmental activities: | | | | | | |
| General government | \$ (2,411,001) | \$ 674,023 | \$ | \$ (1,736,978) | \$ | \$ (1,736,978) |
| Parks and recreation | (405,753) | | | (405,753) | | (405,753) |
| Police protection | (24,740) | | | (24,740) | | (24,740) |
| Fire protection | (1,705,989) | | | (1,705,989) | | (1,705,989) |
| Public works | (1,016,490) | | | (1,016,490) | | (1,016,490) |
| Community development | (70,282) | | | (70,282) | | (70,282) |
| Interest on long-term debt | (89,657) | | | (89,657) | | (89,657) |
| Total governmental activities | (5,723,912) | 674,023 | | (5,049,889) | | (5,049,889) |
| Business-type activities: | | | | | | |
| Water system | (1,012,067) | 915,094 | 42,571 | | (54,402) | (54,402) |
| Sewer system | (3,115,207) | 2,850,794 | 230,763 | | (33,650) | (33,650) |
| Total business-type activities | (4,127,274) | 3,765,888 | 273,334 | | (88,052) | (88,052) |
| Total | \$ (9,851,186) | \$ 4,439,911 | \$ 273,334 | (5,049,889) | (88,052) | (5,137,941) |
| | | General revenues and transfers | | | | |
| | | | | 3,719,757 | | 3,719,757 |
| | | | | 1,729,125 | | 1,729,125 |
| | | | | 341,277 | | 341,277 |
| | | | | 264,701 | 273,920 | 538,621 |
| | | | | 233,878 | | 233,878 |
| | | | | 1,750 | (1,750) | |
| | | | | 452,514 | 80,161 | 532,675 |
| | | | Total general revenues | 6,743,002 | 352,331 | 7,095,333 |
| | | | Changes in net position | 1,693,113 | 264,279 | 1,957,392 |
| | | | Net position, April 1, 2023 | 19,531,424 | 26,650,740 | 46,182,164 |
| | | | Net position, March 31, 2024 | \$ 21,224,537 | \$ 26,915,019 | \$ 48,139,556 |

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, 2024

| | General | Municipal Street | Fire Operating | M-59/Hartland Road Debt Service | Other Nonmajor Funds | Total |
|---|---------------------|---------------------|---------------------|---------------------------------|----------------------|----------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 5,905,421 | \$ 2,416,112 | \$ 2,180,966 | \$ 496,210 | \$ 788,156 | \$ 11,786,865 |
| Receivables | | | | | | |
| Taxes | 25,234 | 35,109 | 50,165 | | | 110,508 |
| State shared revenues | 301,690 | | | | | 301,690 |
| Special assessments | | | | 2,096,330 | 725,551 | 2,821,881 |
| Accounts | 63,330 | | | | 21,606 | 84,936 |
| Loan - Hartland Deerfield Fire Authority | 390,000 | | | | | 390,000 |
| Lease receivable | 344,943 | | | | | 344,943 |
| Interest | | | | | | |
| Due from other funds | 27,109 | | | | | 27,109 |
| Prepaid expenditures | 3,213 | | | | 7,070 | 10,283 |
| Total assets | \$ 7,060,940 | \$ 2,451,221 | \$ 2,231,131 | \$ 2,592,540 | \$ 1,542,383 | \$ 15,878,215 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 96,623 | \$ | \$ 10,516 | \$ | \$ 5,079 | \$ 112,218 |
| Accrued wages and absences | 52,068 | | | | | 52,068 |
| Compliance reserves | 50,384 | | | | | 50,384 |
| Unearned revenue | 386,983 | | | | | 386,983 |
| Due to others | 93,077 | | | | | 93,077 |
| Due to other funds | 476 | | | | | 476 |
| Total liabilities | 679,611 | | 10,516 | | 5,079 | 695,206 |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| Unavailable revenue | | | | 2,077,722 | 722,619 | 2,800,341 |
| Deferred inflows from leases | 323,431 | | | | | 323,431 |
| Total deferred inflows or resources | 323,431 | | | 2,077,722 | 722,619 | 3,123,772 |
| FUND BALANCES | | | | | | |
| Nonspendable - prepaid items | 3,213 | | | | 7,070 | 10,283 |
| Restricted | | | | | | |
| Roads | | 457,221 | | | | 457,221 |
| Public safety | | | 2,220,615 | | 106,854 | 2,327,469 |
| Debt service | | | | 514,818 | 476,836 | 991,654 |
| ARPA | | | | | 257 | 257 |
| Committed | | | | | | |
| Capital improvement | 1,999,739 | | | | | 1,999,739 |
| Cable | | | | | 195,893 | 195,893 |
| Cemetery | | | | | | |
| Assigned for future deficit | 1,065,396 | 1,994,000 | | | 27,775 | 3,087,171 |
| Unassigned | 2,989,550 | | | | | 2,989,550 |
| Total fund balances | 6,057,898 | 2,451,221 | 2,220,615 | 514,818 | 814,685 | 12,059,237 |
| Total liabilities and deferred inflow of resources and fund balances | \$ 7,060,940 | \$ 2,451,221 | \$ 2,231,131 | \$ 2,592,540 | \$ 1,542,383 | \$ 15,878,215 |

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, 2024

| | | |
|--|--------------------|-----------------------------|
| Total fund balance per balance sheet | | \$ 12,059,237 |
| 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 | \$ 14,404,839 | |
| Depreciation | <u>(5,773,250)</u> | |
| Capital assets net of depreciation | | 8,631,589 |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include: | | |
| Bonds payable | | (2,260,000) |
| Assessments not collected are reported as unavailable revenue in the fund statements, and are reported as income as levied in the Statement of Activities. | | |
| | | 2,800,341 |
| Unamortized bond discount and premiums are not recognized in the fund statements. | | |
| | | <u>(6,630)</u> |
| Net position of governmental activities | | <u><u>\$ 21,224,537</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, 2024

| | General | Municipal Street | Fire Operating | M-59/Hartland Road Debt Service | Other Nonmajor Funds | Total |
|---------------------------------|------------------|---------------------|-------------------|---------------------------------------|----------------------------|------------------|
| REVENUES | | | | | | |
| Taxes | \$ 670,163 | \$ 1,256,261 | \$ 1,793,333 | \$ | \$ | \$ 3,719,757 |
| Special assessments - principal | | | | 230,858 | 158,664 | 389,522 |
| Special assessments - interest | | | | 80,342 | 25,091 | 105,433 |
| State revenues | 1,721,180 | 3,509 | 4,436 | | | 1,729,125 |
| Grants | | | | | 233,878 | 233,878 |
| Licenses and permits | 240,859 | | | | 100,418 | 341,277 |
| Interest and rents | 150,683 | 7,383 | 557 | 286 | 359 | 159,268 |
| Charges for services | 674,023 | | | | | 674,023 |
| Miscellaneous | 446,709 | 1,979 | 3,826 | | | 452,514 |
| Total revenues | 3,903,617 | 1,269,132 | 1,802,152 | 311,486 | 518,410 | 7,804,797 |

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, 2024

| | General | Municipal Street | Fire Operating | M-59/Hartland Road Debt Service | Other Nonmajor Funds | Total |
|---|---------------------|---------------------|---------------------|---------------------------------|----------------------|----------------------|
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 2,174,847 | | | | 128,380 | 2,303,227 |
| Parks and recreation | 99,716 | | | | | 99,716 |
| Capital improvement | | | | | | |
| Police protection/public safety | 19,365 | | | | 5,375 | 24,740 |
| Fire protection | | | 1,636,708 | | | 1,636,708 |
| Public works | 370,511 | 565,052 | | | 80,927 | 1,016,490 |
| Community development | 70,282 | | | | | 70,282 |
| Capital outlay: | | | | | | |
| General government | 4,475 | | | | | 4,475 |
| Cable | | | | | 11,641 | 11,641 |
| ARPA | | | | | 107,565 | 107,565 |
| Parks and recreation | 392,799 | | | | | 392,799 |
| Debt service: | | | | | | |
| Principal | | 580,000 | | 225,000 | 95,000 | 900,000 |
| Interest and fees | | 17,400 | | 57,708 | 14,549 | 89,657 |
| Total expenditures | 3,131,995 | 1,162,452 | 1,636,708 | 282,708 | 443,437 | 6,657,300 |
| Excess of revenues over (under) expenditures | 771,622 | 106,680 | 165,444 | 28,778 | 74,973 | 1,147,497 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | | | | | 1,750 | 1,750 |
| Net changes in fund balances | 771,622 | 106,680 | 165,444 | 28,778 | 76,723 | 1,149,247 |
| FUND BALANCE, APRIL 1, 2023 | 5,286,276 | 2,344,541 | 2,055,171 | 486,040 | 737,962 | 10,909,990 |
| FUND BALANCE, MARCH 31, 2024 | \$ 6,057,898 | \$ 2,451,221 | \$ 2,220,615 | \$ 514,818 | \$ 814,685 | \$ 12,059,237 |

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, 2024**

Net change in fund balance - governmental funds \$ 1,149,247

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 | \$ 516,480 | |
| Depreciation expense | <u>(498,796)</u> | |
| Total | | 17,684 |

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 | | 900,000 |
|-------------------------|--|---------|

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

| | | |
|---------------------------|--|--------|
| Current year amortization | | 15,707 |
|---------------------------|--|--------|

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 | | <u>(389,525)</u> |
|-------------------------------------|--|------------------|

Change in net position of governmental activities \$ 1,693,113

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

HARTLAND TOWNSHIP

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 MARCH 31, 2024

| | ENTERPRISE FUNDS | | |
|---|----------------------|------------------------|----------------------|
| | Water System | Sewage Disposal System | Total |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ 2,020,864 | \$ 1,607,501 | \$ 3,628,365 |
| Investments | 1,494,525 | 5,894,635 | 7,389,160 |
| Special assessment receivable | | 18,156 | 18,156 |
| Accounts receivable - billing | 251,449 | 821,511 | 1,072,960 |
| Prepaid | | 9,358 | 9,358 |
| Interest receivable | 42,870 | | 42,870 |
| Due from other funds | 476 | | 476 |
| Total current assets | 3,810,184 | 8,351,161 | 12,161,345 |
| RESTRICTED ASSETS | | | |
| Cash and cash equivalents | | 1,724,961 | 1,724,961 |
| Special assessments receivable | | 1,482,569 | 1,482,569 |
| Connection fees receivable | | 75,408 | 75,408 |
| Total restricted assets | | 3,282,938 | 3,282,938 |
| CAPITAL ASSETS | | | |
| Land | 300,000 | | 300,000 |
| Construction in progress | 114,241 | | 114,241 |
| Utility systems, net | 7,640,037 | 14,442,568 | 22,082,605 |
| Net capital assets | 8,054,278 | 14,442,568 | 22,496,846 |
| Total assets | 11,864,462 | 26,076,667 | 37,941,129 |
| CURRENT LIABILITIES | | | |
| Accounts payable | 53,837 | 181,996 | 235,833 |
| Accrued expenditures | 15,355 | | 15,355 |
| Accrued interest payable | | 74,833 | 74,833 |
| Due to others | 9,000 | | 9,000 |
| Bonds and contracts - current portion | | 1,156,530 | 1,156,530 |
| Total current liabilities | 78,192 | 1,413,359 | 1,491,551 |
| LONG-TERM LIABILITIES | | | |
| Bonds and contracts payable long term portion | | 8,653,413 | 8,653,413 |
| Bond premiums, net of amortization | | 881,146 | 881,146 |
| Total long-term liabilities | | 9,534,559 | 9,534,559 |
| Total liabilities | 78,192 | 10,947,918 | 11,026,110 |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 8,054,278 | 3,912,765 | 11,967,043 |
| Unrestricted | 3,731,992 | 11,215,984 | 14,947,976 |
| Total net position | \$ 11,786,270 | \$ 15,128,749 | \$ 26,915,019 |

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, 2024

| | ENTERPRISE FUNDS | | |
|--|------------------|------------------------|---------------|
| | Water System | Sewage Disposal System | Total |
| OPERATING REVENUES | | | |
| User charges | \$ 915,094 | \$ 2,850,794 | \$ 3,765,888 |
| OPERATING EXPENSES | 1,012,067 | 2,888,903 | 3,900,970 |
| Operating gain (loss) | (96,973) | (38,109) | (135,082) |
| NON-OPERATING REVENUES AND (EXPENSES) | | | |
| Interest income - cash and cash equivalents | 70,944 | 202,976 | 273,920 |
| Other income (expense) | 80,021 | 140 | 80,161 |
| Interest expense and bond fees | | (226,304) | (226,304) |
| Total non-operating revenues and (expenses) | 150,965 | (23,188) | 127,777 |
| CAPITAL CONTRIBUTIONS | | | |
| Connection fees, net of refund | 42,571 | 143,207 | 185,778 |
| Surcharge fees | | 87,556 | 87,556 |
| Total capital contributions | 42,571 | 230,763 | 273,334 |
| TRANSFERS OUT | (1,750) | | (1,750) |
| Changes in net position | 94,813 | 169,466 | 264,279 |
| NET POSITION AT APRIL 1, 2023 | 11,691,457 | 14,959,283 | 26,650,740 |
| NET POSITION AT MARCH 31, 2024 | \$ 11,786,270 | \$ 15,128,749 | \$ 26,915,019 |

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, 2024

| | ENTERPRISE FUNDS | | |
|---|---------------------|------------------------|---------------------|
| | Water System | Sewage Disposal System | Total |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 902,540 | \$ 2,822,035 | \$ 3,724,575 |
| Payments to other suppliers for goods or services | (510,312) | (2,585,549) | (3,095,861) |
| Payments made to employees | (203,830) | | (203,830) |
| Net cash (used) provided by operating activities | 188,398 | 236,486 | 424,884 |
| CASH FLOW FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES | | | |
| Principal and interest paid on capital debt | | (1,483,241) | (1,483,241) |
| Collections of special assessment (principal and interest) | 80,021 | 1,106,012 | 1,186,033 |
| Connection fees | 42,571 | 306,171 | 348,742 |
| Acquisition of fixed assets | (220,134) | | (220,134) |
| Other revenue | (1,750) | 140 | (1,610) |
| Net cash from capital and related financing activities | (99,292) | (70,918) | (170,210) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Net proceeds from sale/purchase of investments | (723,000) | (4,253,402) | (4,976,402) |
| Interest received on cash and cash equivalents | 5,828 | 4,217 | 10,045 |
| Net cash (used) provided by investing activities | (717,172) | (4,249,185) | (4,966,357) |
| Net increase (decrease) in cash and cash equivalents | (628,066) | (4,083,617) | (4,711,683) |
| CASH AND CASH EQUIVALENTS AT APRIL 1, 2023 | 2,648,930 | 7,416,079 | 10,065,009 |
| CASH AND CASH EQUIVALENTS AT MARCH 31, 2024 | \$ 2,020,864 | \$ 3,332,462 | \$ 5,353,326 |
| ADJUSTMENTS TO OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES | | | |
| Operating gain (loss) | \$ (96,973) | \$ (38,109) | \$ (135,082) |
| Adjustments to reconcile operating income to net cash provided (used by) operating activities: | | | |
| Depreciation | 275,196 | 436,670 | 711,866 |
| Special Assessment write off | | | 0 |
| Change in assets and liabilities | | | |
| (Increase) decrease in accounts receivable | (12,554) | (28,759) | (41,313) |
| (Increase) decrease in prepaid expense | 3,717 | 1,825 | 5,542 |
| (Increase) decrease due from other funds | 1,500 | 40,265 | 41,765 |
| Increase (decrease) accounts payable | 15,063 | (175,406) | (160,343) |
| Increase (decrease) in accrued expenditures | 2,449 | | 2,449 |
| Total adjustments | 285,371 | 274,595 | 559,966 |
| Net cash provided by operating activities | \$ 188,398 | \$ 236,486 | \$ 424,884 |

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

HARTLAND TOWNSHIP

STATEMENT OF ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 MARCH 31, 2024

| | <u>Current Tax Collection</u> | <u>General Custodial Fund</u> | <u>Totals</u> |
|--------------------------|-----------------------------------|-----------------------------------|------------------|
| ASSET | | | |
| Cash | <u>\$ 27,109</u> | <u>\$ 27,738</u> | <u>\$ 54,847</u> |
| LIABILITIES | | | |
| Due to other funds | \$ 27,109 | \$ | \$ 27,109 |
| Due to others | <u></u> | <u>27,738</u> | <u>27,738</u> |
| Total liabilities | <u>\$ 27,109</u> | <u>\$ 27,738</u> | <u>\$ 54,847</u> |

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

HARTLAND TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2024

| | Current Tax Collection |
|--|-----------------------------------|
| ADDITIONS | |
| Tax collections for others | \$ 30,099,092 |
| DEDUCTIONS | |
| Payments of tax to others | 30,099,092 |
| Net increase (decrease) in fiduciary net position | |
| NET POSITION, APRIL 1, 2023 | |
| | _____ |
| NET POSITION, MARCH 31, 2024 | |
| | \$ _____ |

Note that the Trust & Agency Fund had no additions or deductions during the year.

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, 2024

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 equal 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, 2024**

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, 2024

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, 2024**

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, 2024, expenditures did exceed appropriations immaterially in the General Fund.

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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, 2023 as revenue for the year ended March 31, 2024.

The 2023 taxable valuation of the Township totaled \$883,342,879. 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 2024.

The Township levies the following millage:

| | |
|------------------------------------|----------------------|
| General Township | .7587 |
| Fire and fire capital improvements | 2.0302 |
| Road improvement | <u>1.422</u> |
| Total millage | <u><u>4.2109</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, 2024

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, 2024.

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 standard 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, 2024**

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, 2024.

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.

For the year ended March 31, 2024, the Township records deferred inflows of resources on the Statement of Net Position related to leases.

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

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.

Q. LEASES

The Township is a lessor for noncancelable leases of land upon which the lessee has constructed a cell tower. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of the lease, the Township initially measures the lease receivable at present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Township determines the discount rate it used to discount the expected lease receipts to present value, lease term and lease receipts.

The Township uses an imputed interest rate, which approximates its incremental borrowing cost as the discount rate for leases.

The lease term includes the noncancelable period of the lease as well as the option period to the extent it is reasonable that the option to extend the lease will be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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, 2024

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2024, was as follows:

| | Balance 4/1/2023 | Additions | Deletions | Reclassification | Balance 3/31/2024 |
|---|---------------------|------------------|-----------|------------------|----------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated | | | | | |
| Construction in progress | \$ | \$ 4,475 | \$ | \$ | \$ 4,475 |
| Land | 2,482,407 | | | | 2,482,407 |
| Total assets not being depreciated | 2,482,407 | 4,475 | | | 2,486,882 |
| Other capital assets: | | | | | |
| Buildings and improvements | 5,820,033 | 80,904 | | | 5,900,937 |
| Parks | 4,842,473 | 419,460 | | | 5,261,933 |
| Vehicles and equipment | 743,446 | 11,641 | | | 755,087 |
| Total other capital assets | 11,405,952 | 512,005 | | | 11,917,957 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (3,034,873) | (151,573) | | | (3,186,446) |
| Parks | (1,634,718) | (306,037) | | | (1,940,755) |
| Vehicles and equipment | (604,863) | (41,186) | | | (646,049) |
| Total accumulated depreciation | (5,274,454) | (498,796) | | | (5,773,250) |
| Other capital assets, net | 6,131,498 | 13,209 | | | 6,144,707 |
| Governmental capital assets, net | \$ 8,613,905 | \$ 17,684 | \$ | \$ | \$ 8,631,589 |

There is no related long-term debt outstanding.

Depreciation was charged to functions as follows:

| | |
|---------------------------------|-------------------|
| Governmental activities: | |
| General government | \$ 123,478 |
| Public safety | 69,281 |
| Parks and recreation | 306,037 |
| Total | <u>\$ 498,796</u> |

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

NOTE 3 - CAPITAL ASSETS (continued)

| | <u>Balance</u> <u>4/1/2023</u> | <u>Additions</u> | <u>Deletions</u> | <u>Reclassification</u> | <u>Balance</u> <u>3/31/2024</u> |
|---|-----------------------------------|---------------------|------------------|-------------------------|------------------------------------|
| Business-type activities: | | | | | |
| Capital assets not being depreciated | | | | | |
| Land - water | \$ 300,000 | \$ | \$ | \$ | \$ 300,000 |
| Construction in progress | 3,151,960 | 219,608 | | (3,257,326) | 114,242 |
| Total other capital assets not being depreciated | <u>3,451,960</u> | <u>219,608</u> | | <u>(3,257,326)</u> | <u>414,242</u> |
| Other capital assets: | | | | | |
| Intangible-sewer system and related equipment | 21,839,792 | | | | 21,839,792 |
| Water plant and distribution system | 9,457,331 | 526 | | 3,257,326 | 12,715,183 |
| Total other capital assets at historical cost | <u>31,297,123</u> | <u>526</u> | | <u>3,257,326</u> | <u>34,554,975</u> |
| Less accumulated depreciation for: | | | | | |
| Sewer system | (6,960,554) | (436,670) | | | (7,397,224) |
| Water system | (4,799,951) | (275,196) | | | (5,075,147) |
| Total accumulated depreciation | <u>(11,760,505)</u> | <u>(711,866)</u> | | | <u>(12,472,371)</u> |
| Other capital assets, net | 19,536,618 | (711,340) | | 3,257,326 | 22,082,604 |
| Business-type capital assets, net | <u>\$ 22,988,578</u> | <u>\$ (491,732)</u> | <u>\$</u> | <u>\$</u> | 22,496,846 |
| Related long-term debt outstanding at March 31, 2024 | | | | | <u>(9,809,943)</u> |
| Business-type capital assets, net related long-term debt | | | | | <u>\$ 12,686,903</u> |

Depreciation was charged to functions as follows:

| | |
|----------------------------------|-------------------|
| Business-type activities: | |
| Sewer | \$ 436,670 |
| Water service | 275,196 |
| Total | <u>\$ 711,866</u> |

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

NOTE 4 - INTERFUND ACTIVITIES AND BALANCES

Interfund receivables and payables exist at March 31, 2024. These represent short-term borrowings and amounts owed for reimbursements between other funds.

| <u>INTERFUND RECEIVABLE</u> | | <u>INTERFUND PAYABLE</u> | |
|-----------------------------|-------------------|-----------------------------|-------------------|
| General Fund | \$ 27,109 | Current Tax Collection Fund | \$ 27,109 |
| Water System Fund | 476 | General Fund | 476 |
| General Fund | <u>566,293</u> | Capital Improvement Fund | <u>566,293</u> |
| | <u>\$ 593,878</u> | | <u>\$ 593,878</u> |

Interfund transfers for the year ended March 31, 2024 were as follows:

| <u>Transfer In</u> | <u>Transfer Out</u> | <u>Amount</u> |
|---------------------------|---------------------|-------------------|
| Capital Improvements Fund | General Fund | \$ 910,000 |
| ARPA Fund | Water System Fund | <u>1,750</u> |
| Totals | | <u>\$ 911,750</u> |

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, 2024 for governmental and business-type activities as follows:

| <u>Purpose</u> | <u>Issuance Amount</u> | <u>Annual Principal Installments</u> | <u>Final Maturity</u> | <u>Interest Rate(s)</u> | <u>Debt Outstanding</u> |
|---|------------------------|--------------------------------------|-----------------------|-------------------------|-------------------------|
| Governmental activities: | | | | | |
| Refunding Bonds, Series 2019 | \$ 2,790,000 | \$150,000 - \$250,000 | 5/1/33 | .05 -3.00% | \$ 1,845,000 |
| Capital Improvement, Series 2015 | 1,650,000 | 170,000 - 205,000 | 4/1/24 | 3.00% | |
| Capital Improvement, Series 2016 | 2,750,000 | 325,000 - 375,000 | 4/1/24 | 3.00% | |
| Road Special Assessment, Series 2018 | 860,000 | 85,000 - 110,000 | 6/1/27 | 3.00 - 3.125% | <u>415,000</u> |
| Total for governmental activities | | | | | <u>2,260,000</u> |
| Business-type activities: | | | | | |
| Sewer System - Refunding Series 2016 | 11,430,000 | 400,000 - 1,175,000 | 11/1/30 | 1.50 - 3.00% | 4,255,000 |
| Sewer System Series 2021 Refunding | 4,775,000 | 560,000- 620,000 | 3/31/34 | 3.75% avg | 4,775,000 |
| Sewer System - Lake Tyrone 2016 | 1,312,640 | 52,740 - 79,673 | 4/1/35 | 2.50% | <u>779,943</u> |
| Total for business-type activities | | | | | <u>9,809,943</u> |
| Total general obligation bonds payable | | | | | <u>\$ 12,069,943</u> |

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

NOTE 5 - LONG TERM LIABILITIES (continued)

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 |
| 3/31/2025 | \$ 320,000 | \$ 62,588 | \$ 1,156,530 | \$ 311,399 |
| 3/31/2026 | 310,000 | 53,688 | 1,129,460 | 287,960 |
| 3/31/2027 | 310,000 | 44,388 | 1,124,460 | 254,399 |
| 3/31/2028 | 305,000 | 35,094 | 1,107,390 | 219,187 |
| 3/31/2029 | 190,000 | 27,600 | 1,100,320 | 180,152 |
| 4/1/2029 - 3/31/2034 | 825,000 | 59,475 | 4,112,110 | 370,880 |
| 4/1/2034 - 3/31/2034 | | | 79,673 | 1,992 |
| | <u>\$ 2,260,000</u> | <u>\$ 282,833</u> | <u>\$ 9,809,943</u> | <u>\$ 1,625,969</u> |

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended March 31, 2024:

| | Balance 4/1/2023 | Additions | Reductions | Balance 3/31/2024 | Due Within One Year |
|---|----------------------|-----------|----------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds payable | | | | | |
| Refunding Bonds, Series 2019 | \$ 2,070,000 | \$ | \$ (225,000) | \$ 1,845,000 | \$ 220,000 |
| Capital Improvement, Series 2015 | 205,000 | | (205,000) | | |
| Capital Improvement, Series 2016 | 375,000 | | (375,000) | | |
| Road Special Assessment, Series 2018 | 510,000 | | (95,000) | 415,000 | 100,000 |
| Governmental activities long-term liabilities | <u>3,160,000</u> | | <u>(900,000)</u> | <u>2,260,000</u> | <u>320,000</u> |
| Business-type activities: | | | | | |
| General obligation bonds payable | | | | | |
| Sewer System - Refunding Series 2016 | 5,350,000 | | (1,095,000) | 4,255,000 | 1,095,000 |
| Sewer System Series 2021 Refunding | 4,775,000 | | | 4,775,000 | |
| Sewer System - Lake Tyrone 2016 | 841,473 | | (61,530) | 779,943 | 61,530 |
| Business-type activities long-term liabilities | <u>10,966,473</u> | | <u>(1,156,530)</u> | <u>9,809,943</u> | <u>1,156,530</u> |
| Total long-term liabilities | <u>\$ 14,126,473</u> | <u>\$</u> | <u>\$(2,056,530)</u> | <u>\$ 12,069,943</u> | <u>\$ 1,476,530</u> |

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

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 \$15,849 and \$61,057, respectively during the fiscal year ended March 31, 2024.

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 \$13,335 and \$53,341, respectively during the fiscal year ended March 31, 2024.

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. The plan members and Township contributed \$600 and \$1,800, respectively during the fiscal year ended March 31, 2024.

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, 2024, employees contributed \$40,859 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, 2024

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

As of March 31, 2024, cash, cash equivalents, and investments consist of the following:

| | <u>Total</u> | <u>Cash</u> | <u>Investments</u> |
|---------------------------------------|----------------------|----------------------|---------------------|
| Deposits | | | |
| Checking accounts | \$ 2,966,556 | \$ 2,966,556 | \$ |
| Money market and savings accounts | 13,546,476 | 13,546,476 | |
| Non-negotiable CDs | 2,304,539 | | 2,304,539 |
| Total deposits | <u>\$ 18,817,571</u> | <u>\$ 16,513,032</u> | <u>\$ 2,304,539</u> |
| Investments | | | |
| Cash awaiting investment at brokerage | \$ 5,000 | \$ 5,000 | \$ |
| Money market fund at brokerage | 2,698 | 2,698 | |
| US Treasury securities | 5,632,792 | | 5,632,792 |
| Negotiable CDs | 254,145 | | 254,145 |
| Total investments | <u>5,894,635</u> | <u>7,698</u> | <u>5,886,937</u> |
| Total deposits and investments | <u>\$ 24,712,206</u> | <u>\$ 16,520,730</u> | <u>\$ 8,191,476</u> |

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

Statement of Net Position

Cash and investments \$ 24,529,351

Fiduciary Funds

Cash 54,847

Total cash and investments \$ 24,584,198

The carrying amount of cash is stated at \$24,584,198 as of March 31, 2024. The difference between the carrying amounts and amounts mentioned above stem from outstanding checks and outstanding deposits and accrued interest.

Custodial Credit Risk

Deposits - 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 | \$ 3,766,230 |
| Uninsured and uncollateralized | <u>15,051,341</u> |
| | <u>\$ 18,817,571</u> |

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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

Investment - This is the risk that in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of its investments. The Township does not have a policy to cover custodial credit risk of investments. As of March 31, 2024, investments totaled \$5,894,635, which was not exposed to custodial credit risk as follows:

| <u>Investments</u> | |
|--------------------|----------------------------|
| Insured by FDIC | \$ 250,000 |
| Insured by SPIC | 500,000 |
| Uninsured | 5,141,937 |
| Total | <u>\$ 5,891,937</u> |

The Township's monies held in money market funds (\$2,698) are not subject to custodial credit risk and are therefore not included in the chart above.

The Township evaluates each financial institution with which it invests and assesses the level of risk of each institution. Investments are made only with those institutions with an acceptable risk.

Concentration of Credit Risk

Concentration of credit risk is the risk attributable to the magnitude of a Township's investment in a single issuer. The Township's investment policy requires diversification with a primary focus on safety. However the policy does not place a fixed percentage limit on any one issuer.

Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement. As of March 31, 2024, the Township does not have any investments that exceed 5% of total assets available for investment.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair values of investments and cash deposits. The Township does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. As of March 31, 2024, the Township had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less than 1 year</u> | <u>1-5 years</u> |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Negotiable certificate of deposit | \$ 254,145 | \$ 254,145 | \$ |
| US Treasury securities | 5,632,792 | 2,371,428 | 3,261,364 |
| Total | <u>\$ 5,886,937</u> | <u>\$ 2,625,573</u> | <u>\$ 3,261,364</u> |

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

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

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township investment policy limits investment to those authorized by Public Act 20 of 1943. Commercial paper must be rated with in the two (2) highest classifications established by not less than two (2) standard ratings services. Ratings are not required for U.S. Government obligations and money market accounts. As of March 31, 2023, the Township's investment were exposed to credit risk as follows:

| <u>Investment Type</u> | <u>Ratings by Standard & Poor</u> | <u>Amount</u> |
|-----------------------------------|---------------------------------------|---------------|
| Negotiable certificate of deposit | Unrated | \$ 254,145 |
| Money Market Fund | Unrated | 2,698 |
| | | \$ 256,843 |

NOTE 8 - FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities to be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritized the inputs and valuation techniques used to measure fair value.

The standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, the standards require the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- Level 1 - Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs for which there is little or no market data, which requires the use of the reporting entity's own assumptions.

The Township's deposits of \$18,817,571 measured at fair value are Level 1.

The Township's accounts receivable and accounts payable are financial instruments which have fair values at March 31, 2024 that approximate their stated carrying amounts at those dates.

The table below shows the fair values of the Township's investments as of March 31, 2024.

| <u>Investments by fair value level</u> | <u>3/31/2024</u> | <u>Fair Value Measurements</u> | | |
|--|------------------|--------------------------------|----------------|----------------|
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Cash awaiting investment | \$ 5,000 | \$ 5,000 | | |
| Money market fund | 2,698 | 2,698 | | |
| Negotiable CD | 254,145 | | 254,145 | |
| US Treasury securities | 5,632,792 | 5,632,792 | | |
| Total | \$5,894,635 | \$ 5,640,490 | \$ 254,145 | \$ |

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

NOTE 9 - 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, 2024, was as follows:

| | Water System Fund | Sewer Disposal System Fund | Total Enterprise Funds |
|-----------------------------------|----------------------------------|---|---------------------------------------|
| Operating revenues | \$ 915,094 | \$ 2,850,794 | \$ 3,765,888 |
| Depreciation | 275,196 | 436,670 | 711,866 |
| Operating income (loss) | (96,973) | (38,109) | (135,082) |
| Non-operating revenues (expenses) | 150,965 | (23,188) | 127,777 |
| Net income | 94,813 | 169,466 | 264,279 |
| Total assets | 11,864,462 | 26,076,667 | 37,941,129 |
| Accounts payable | 53,837 | 181,966 | 235,803 |
| Net working capital | 3,731,992 | 6,937,802 | 10,669,794 |
| Total equity | 11,786,270 | 15,128,749 | 26,915,019 |

NOTE 10 - 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 | \$ | \$ 1,500,725 | \$ 1,500,725 |
| Less: allowance for uncollectable assessments | _____ | _____ | _____ |
| Net special assessments receivable | <u>\$</u> | <u>\$ 1,500,725</u> | <u>\$ 1,500,725</u> |
| Total debt | <u>\$</u> | <u>\$ 9,809,943</u> | <u>\$ 9,809,943</u> |

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

NOTE 11- 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 \$2,000 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.

NOTE 12 - LOAN RECEIVABLE - HARTLAND DEERFIELD FIRE AUTHORITY

On October 5, 2021, the Township entered into a loan agreement and promissory note with Hartland Deerfield Fire Authority (the "Authority"), whereby the Township loaned \$650,000 to the Authority in order to finance the purchase of a new fire engine needed to protect the health, safety and welfare of the firefighters and general public. The loan bears an interest rate of 1% per annum and it requires principal payments of \$130,000 , plus interest starting May 1, 2022 and annually thereafter until May 1, 2026, at which time the remaining principal and interest shall be paid in full. The balance outstanding at March 31, 2024 is \$390,000.

NOTE 13 - LEASES

The Township leases land upon which the lessees have constructed a cell tower. Payments are generally fixed monthly.

The Township implemented GASB Standard No 87, *Leases*, for the year ended March 31, 2023 and determined that the cell tower lease is a long-term lease receivable agreement. The lease was valued at implementation based on the present value of future lease payments, using a discount rate of 3.5% based on the Township's calculated incremental borrowing rate.

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

NOTE 13 - LEASES (continued)

The net present value at implementation, lease term, rent earned, interest earned and remaining balance as of March 31, 2024 are presented below:

| <u>Lease</u> | <u>Term</u> | <u>Balance at Implementation March 31, 2023</u> | <u>Rent Earned</u> | <u>Balance at March 31, 2024</u> | <u>Interest Earned</u> | <u>Total Received</u> |
|-------------------|-------------|---|------------------------|--|----------------------------|---------------------------|
| Cingular Wireless | 9 Years | \$ 379,061 | \$ 34,118 | \$ 344,943 | \$12,729 | \$ 46,847 |

Future expected lease receipts, including principal and interest, are expected to be received as noted below:

| <u>Year Ended March 31,</u> | <u>Rent Revenue</u> | <u>Interest Revenue</u> | <u>Total Receipts</u> |
|---------------------------------|---------------------|-----------------------------|-----------------------|
| 2025 | 36,768 | 11,492 | 48,260 |
| 2026 | 39,422 | 10,164 | 49,586 |
| 2027 | 42,461 | 8,735 | 51,196 |
| 2028 | 45,528 | 7,200 | 52,728 |
| Thereafter | 184,662 | 12,017 | 196,679 |
| Total | \$ 348,841 | \$ 49,608 | \$ 398,449 |

As the leases represent long term expected inflow of resources, the Township has recognized a deferred inflow of resources, which will be amortized on a straight-line basis for the term of each respective lease.

| <u>Year Ended March 31,</u> | <u>Annual Amortization Amount</u> | <u>Accumulated Amortization</u> | <u>Unamortized Deferred Inflows</u> |
|-----------------------------|---|-------------------------------------|---|
| Upon implementation | | | \$ 410,649 |
| 2023 | 43,609 | 43,609 | 367,040 |
| 2024 | 43,609 | 87,218 | 323,431 |
| 2025 | 43,609 | 130,827 | 279,822 |
| 2026 | 43,609 | 174,436 | 236,213 |
| 2027 | 43,609 | 218,045 | 192,604 |
| Thereafter | 192,604 | 410,649 | |

NOTE 14 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 17, 2024, which is the date the financial statements were available to be issued. Management has determined that the Township does not have any material recognizable or nonrecognizable events.

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

NOTE 15 - RECENTLY ADOPTED GASB PRONOUNCEMENTS

During the current year, the Township adopted GASB Standard No. 96, Subscription Based Information Technology Arrangements (SBITAs). This Statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Township implemented the Standard for the year ended March 31, 2024. The implementation did not have a significant impact on the financial statements.

NOTE 16 - UPCOMING GASB PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Township is currently evaluating the impact this Statement will have on the financial statements when adopted during the year ending March 31, 2025.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences under a unified model. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this Statement are effective for the Township's financial statements for the year ending March 31, 2025.

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, 2024

| | Budgets | | Actual | Variance with Final Budget Favorable (Unfavorable) |
|-------------------------------------|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ | \$ | \$ 670,163 | \$ |
| State revenue | | | 1,721,180 | |
| Licenses and permits | | | 240,859 | |
| Interest and rents | | | 150,683 | |
| Charges for services | | | 674,023 | |
| Miscellaneous | | | 446,709 | |
| Total revenues | 3,622,541 | 3,778,541 | 3,903,617 | 125,076 |
| EXPENDITURES | | | | |
| Township board | 67,815 | 59,580 | 55,940 | 3,640 |
| Supervisor | 37,619 | 37,795 | 37,795 | |
| Township manager | 228,348 | 201,528 | 161,651 | 39,877 |
| Elections | 77,507 | 71,408 | 52,019 | 19,389 |
| Finance Department | 192,229 | 193,087 | 191,612 | 1,475 |
| Assessor | 263,784 | 287,282 | 243,120 | 44,162 |
| Clerk | 217,033 | 218,720 | 198,800 | 19,920 |
| Vehicle use | 3,855 | 4,855 | 2,800 | 2,055 |
| Board of review | 4,254 | 4,254 | 2,357 | 1,897 |
| Treasurer | 204,880 | 207,016 | 204,816 | 2,200 |
| Data processing | 32,910 | 37,910 | 30,410 | 7,500 |
| Township hall and grounds | 457,066 | 462,508 | 118,636 | 343,872 |
| Unallocated | 245,565 | 245,565 | 245,564 | 1 |
| Planning and zoning | 382,575 | 567,195 | 551,719 | 15,476 |
| Public works | 257,089 | 271,959 | 230,121 | 41,838 |
| Zoning board of appeals | 2,172 | 2,172 | 900 | 1,272 |
| Sidewalks | 280,500 | 417,550 | 377,476 | 40,074 |
| Streetlights | 18,860 | 19,860 | 19,646 | 214 |
| Roads | 171,268 | 146,268 | 90,633 | 55,635 |
| Cable | 79,324 | 75,324 | 69,245 | 6,079 |
| Code enforcement | 22,496 | 18,496 | 19,365 | (869) |
| Drains | 10,800 | 8,000 | 7,461 | 539 |
| Senior citizens | 22,000 | 22,000 | 22,000 | |
| Community center | 50,100 | 48,350 | 48,282 | 68 |
| Cemetary | 29,632 | 32,731 | 29,303 | 3,428 |
| Contingencies | 60,000 | 60,000 | | 60,000 |
| Parks and Recreation | 465,607 | 489,036 | 120,324 | 368,712 |
| Total expenditures | 3,885,288 | 4,210,449 | 3,131,995 | 1,078,454 |
| Net change in fund balance | (262,747) | (431,908) | 771,622 | 125,076 |
| FUND BALANCE, APRIL 1, 2023 | 5,286,276 | 5,286,276 | 5,286,276 | |
| FUND BALANCE, MARCH 31, 2024 | \$ 5,023,529 | \$ 4,854,368 | \$ 6,057,898 | \$ 1,203,530 |

HARTLAND TOWNSHIP

MUNICIPAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2024

| | Budgets | | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---|-------------------|-------------------|---------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ | \$ | \$ 1,256,261 | \$ |
| State - personal property tax reimbursement | | | 3,509 | |
| Interest and rent | | | 7,383 | |
| Other revenue | | | 1,979 | |
| Total revenues | <u>1,268,010</u> | <u>1,268,010</u> | <u>1,269,132</u> | <u>1,122</u> |
| EXPENDITURES | | | | |
| Project costs | | | 565,052 | |
| Debt | | | | |
| Principal | | | 580,000 | |
| Interest | | | 17,400 | |
| Total expenditures | <u>3,083,400</u> | <u>3,083,400</u> | <u>1,162,452</u> | <u>1,920,948</u> |
| Net change in fund balance | (1,815,390) | (1,815,390) | 106,680 | 1,922,070 |
| FUND BALANCE, APRIL 1, 2023 | <u>2,344,541</u> | <u>2,344,541</u> | <u>2,344,541</u> | |
| FUND BALANCE, MARCH 31, 2024 | <u>\$ 529,151</u> | <u>\$ 529,151</u> | <u>\$ 2,451,221</u> | <u>\$ 1,922,070</u> |

HARTLAND TOWNSHIP

FIRE OPERATING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2024

| | Budgets | | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---|---------------------|---------------------|---------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ | \$ | \$ 1,793,333 | \$ |
| State - personal property tax reimbursement | | | 4,436 | |
| Interest | | | 557 | |
| Miscellaneous | | | 3,826 | |
| Total revenues | <u>1,807,882</u> | <u>1,807,882</u> | <u>1,802,152</u> | <u>(5,730)</u> |
| EXPENDITURES | | | | |
| Authority contributions | | | 1,386,234 | |
| Repairs and maintenance | | | 246,612 | |
| Tax chargebacks | | | 1,196 | |
| Professional fees | | | 1,841 | |
| Utility/assessments | | | 825 | |
| Total expenditures | <u>1,805,417</u> | <u>1,805,417</u> | <u>1,636,708</u> | <u>168,709</u> |
| Net change in fund balance | 2,465 | 2,465 | 165,444 | 162,979 |
| FUND BALANCE, APRIL 1, 2023 | <u>2,055,171</u> | <u>2,055,171</u> | <u>2,055,171</u> | |
| FUND BALANCE, MARCH 31, 2024 | <u>\$ 2,057,636</u> | <u>\$ 2,057,636</u> | <u>\$ 2,220,615</u> | <u>\$ 162,979</u> |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HARTLAND TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2024

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 | | | |
| Code Enforcement | \$ 18,496 | \$ 19,365 | \$ (869) |

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

HARTLAND TOWNSHIP

COMBINING BALANCE SHEETS
 FUNDS INCLUDED IN GASB 54 CONSOLIDATION
 MARCH 31, 2024

| | General Fund Pre GASB 54 - Consolidation | Capital Improvement Fund | Eliminations | Totals Restated General Fund |
|--|--|--------------------------------|---------------------|------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,339,389 | \$ 2,566,032 | \$ | \$ 5,905,421 |
| Taxes receivable | 25,234 | | | 25,234 |
| State shared revenue receivable | 301,690 | | | 301,690 |
| Accounts receivable - other | 63,330 | | | 63,330 |
| Loan - Hartland Deerfield Fire Authority | 390,000 | | | 390,000 |
| Lease receivable | 344,943 | | | 344,943 |
| Interest | | | | 0 |
| Prepaid expense | 3,213 | | | 3,213 |
| Due from other funds | 593,402 | | (566,293) | 27,109 |
| Total assets | \$ 5,061,201 | \$ 2,566,032 | \$ (566,293) | \$ 7,060,940 |
| LIABILITIES | | | | |
| Accounts payable | \$ 96,623 | \$ | \$ | \$ 96,623 |
| Accrued expenditures | 52,068 | | | 52,068 |
| Compliance reserves | 50,384 | | | 50,384 |
| Unearned revenue | 386,983 | | | 386,983 |
| Due to others | 93,077 | | | 93,077 |
| Due to other funds | 476 | 566,293 | (566,293) | 476 |
| Total liabilities | 679,611 | 566,293 | (566,293) | 679,611 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows from leases | 323,431 | | | 323,431 |
| Total liabilities and deferred inflows of resources | 1,003,042 | 566,293 | (566,293) | \$ 1,003,042 |
| FUND BALANCES | | | | |
| Nonspendable | 3,213 | | | 3,213 |
| Committed - capital improvement | | 1,999,739 | | 1,999,739 |
| Unassigned | 4,054,946 | | | 4,054,946 |
| Total fund balances | 4,058,159 | 1,999,739 | | 6,057,898 |
| Total liabilities, deferred inflows and fund balances | \$ 5,061,201 | \$ 2,566,032 | \$ (566,293) | \$ 7,060,940 |

HARTLAND TOWNSHIP

COMBINING BALANCE SHEETS
ALL NONMAJOR FUNDS
MARCH 31, 2024

| | SPECIAL REVENUE FUNDS | | | DEBT SERVICE FUNDS | | | Totals |
|---|-----------------------|------------------------|-------------------|--------------------|---------------------|-----------------------|---------------------|
| | ARPA | Liquor Law Enforcement | Cable Television | Hartland Woods SAD | Millpointe Road SAD | Bullard Lake Road SAD | |
| ASSETS | | | | | | | |
| Cash and investments | \$ 257 | \$106,854 | \$ 179,366 | \$ 151,500 | \$ 237,736 | \$ 112,443 | \$ 788,156 |
| Special assessment receivable | | | | 427,976 | 223,867 | 73,708 | 725,551 |
| Due from other funds | | | | | | | |
| Prepays | | | 7,070 | | | | 7,070 |
| Fees receivable | | | 21,606 | | | | 21,606 |
| Total assets | \$ 257 | \$106,854 | \$ 208,042 | \$ 579,476 | \$ 461,603 | \$ 186,151 | \$ 1,542,383 |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ | \$ | \$ 5,079 | \$ | \$ | \$ | \$ 5,079 |
| Total liabilities | | | 5,079 | | | | 5,079 |
| DEFERRED INFLOW OF RESOURCES | | | | | | | |
| Unavailable revenue | | | | 425,988 | 222,923 | 73,708 | 722,619 |
| FUND BALANCE | | | | | | | |
| Restricted | | | | | | | |
| Public safety | | 106,854 | | | | | 106,854 |
| Debt service | | | | 153,488 | 210,905 | 112,443 | 476,836 |
| ARPA | 257 | | | | | | 257 |
| Committed | | | | | | | |
| Cable | | | 202,963 | | | | 202,963 |
| Assigned for future budget deficit | | | | | 27,775 | | 27,775 |
| Total fund balance | 257 | 106,854 | 202,963 | 153,488 | 238,680 | 112,443 | 814,685 |
| Total liabilities, deferred inflow of resources and fund balance | \$ 257 | \$106,854 | \$ 208,042 | \$ 579,476 | \$ 461,603 | \$ 186,151 | \$ 1,542,383 |

HARTLAND TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FUNDS INCLUDED IN GASB 54 CONSOLIDATION
 FOR THE YEAR ENDED MARCH 31, 2024

| | General Fund - Pre GASB 54 Consolidation | Capital Improvement Fund | Eliminations | Totals Restated General Fund |
|---|--|--------------------------------|--------------|---------------------------------------|
| REVENUES | | | | |
| Taxes | \$ 670,163 | \$ | \$ | \$ 670,163 |
| State revenues | 1,721,180 | | | 1,721,180 |
| Licenses and permits | 223,693 | 17,166 | | 240,859 |
| Interest and rents | 128,841 | 21,842 | | 150,683 |
| Charges for services | 674,023 | | | 674,023 |
| Donations | | | | |
| Miscellaneous | 446,709 | | | 446,709 |
| Total revenues | 3,864,609 | 39,008 | | 3,903,617 |
| EXPENDITURES | 2,739,196 | 392,799 | | 3,131,995 |
| Excess of revenues over (under) expenditures | 1,125,413 | (353,791) | | 771,622 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of assets | | | | |
| Transfers in | | 910,000 | (910,000) | |
| Transfers (out) | (910,000) | | 910,000 | |
| Total other financing sources (uses) | (910,000) | 910,000 | | |
| Net changes in fund balances | 215,413 | 556,209 | | 771,622 |
| FUND BALANCE, APRIL 1, 2023 | 3,842,746 | 1,443,530 | | 5,286,276 |
| FUND BALANCE, MARCH 31, 2024 | \$ 4,058,159 | \$ 1,999,739 | \$ | \$ 6,057,898 |

HARTLAND TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR FUNDS
FOR THE YEAR ENDED MARCH 31, 2024**

| | SPECIAL REVENUE FUNDS | | | DEBT SERVICE FUNDS | | | Totals |
|---|-----------------------|------------------------|-------------------|--------------------|---------------------|-----------------------|-------------------|
| | ARPA | Liquor Law Enforcement | Cable Television | Hartland Woods SAD | Millpointe Road SAD | Bullard Lake Road SAD | |
| REVENUES | | | | | | | |
| Special assessments | | | | | | | |
| Principal | \$ | \$ | \$ | \$ 60,855 | \$ 77,539 | \$ 20,270 | \$ 158,664 |
| Interest | | | | 9,432 | 12,642 | 3,017 | 25,091 |
| Licenses and permits | | 12,391 | 88,027 | | | | 100,418 |
| Interest and rents | 49 | 46 | 83 | 49 | 86 | 46 | 359 |
| Other federal grants | 233,878 | | | | | | 233,878 |
| Total revenues | 233,927 | 12,437 | 88,110 | 70,336 | 90,267 | 23,333 | 518,410 |
| EXPENDITURES | | | | | | | |
| Public safety | | 5,375 | | | | | 5,375 |
| General government | 128,380 | | | | | | 128,380 |
| Public works | | | 80,927 | | | | 80,927 |
| Capital outlay | | | | | | | |
| ARPA | 107,565 | | | | | | 107,565 |
| General government | | | 11,641 | | | | 11,641 |
| Debt service | | | | | | | |
| Principal | | | | | 95,000 | | 95,000 |
| Interest | | | | | 14,549 | | 14,549 |
| Total expenditures | 235,945 | 5,375 | 92,568 | | 109,549 | | 443,437 |
| Excess of revenues over (under) expenditures | (2,018) | 7,062 | (4,458) | 70,336 | (19,282) | 23,333 | 74,973 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 1,750 | | | | | | 1,750 |
| Net change in fund balances | (268) | 7,062 | (4,458) | 70,336 | (19,282) | 23,333 | 76,723 |
| FUND BALANCE, APRIL 1, 2023 | 525 | 99,792 | 207,421 | 83,152 | 257,962 | 89,110 | 737,962 |
| FUND BALANCE, MARCH 31, 2024 | \$ 257 | \$ 106,854 | \$ 202,963 | \$ 153,488 | \$ 238,680 | \$ 112,443 | \$ 814,685 |

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, 2024

ASSETS

| | | |
|--|--|----------------------------|
| Cash and investments | | \$ 3,339,389 |
| Accounts receivable | | |
| Taxes | | 25,234 |
| State revenues | | 301,690 |
| Other | | 63,330 |
| Loan - Hartland Deerfield Fire Authority | | 390,000 |
| Leases receivable | | 344,943 |
| Due from other funds | | 593,402 |
| Prepaid expenditures | | 3,213 |
| Total assets | | <u><u>\$ 5,061,201</u></u> |

LIABILITIES

| | | |
|--------------------------|-----------|------------|
| Accounts payable | \$ 96,623 | |
| Accrued expenditures | 52,068 | |
| Compliance reserves | 50,384 | |
| Unearned revenue | 386,983 | |
| Due to others | 93,077 | |
| Due to other funds | 476 | |
| Total liabilities | | \$ 679,611 |

DEFERRED INFLOWS OF RESOURCES

| | | |
|------------------------------|--|----------------|
| Deferred inflows from leases | | <u>323,431</u> |
|------------------------------|--|----------------|

Total liabilities and deferred inflows of resources

1,003,042

FUND BALANCE

4,058,159

**Total liabilities, deferred inflows of resources
and fund balance**

\$ 5,061,201

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, 2024

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------------|---------------------|---|
| REVENUES | | | |
| Taxes | \$ | \$ 670,163 | \$ |
| Licenses and permits | | 223,693 | |
| State revenues | | 1,721,180 | |
| Interest and rent | | 128,841 | |
| Charges for services | | 674,023 | |
| Other revenues | | 446,709 | |
| Total revenues | 3,754,291 | 3,864,609 | 110,318 |
| EXPENDITURES | 2,991,699 | 2,739,196 | 252,503 |
| Excess of revenues over (under) expenditures | 762,592 | 1,125,413 | 362,821 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (out) | (910,000) | (910,000) | |
| Net change in fund balance | (147,408) | 215,413 | 362,821 |
| FUND BALANCE, APRIL 1, 2023 | 3,842,746 | 3,842,746 | |
| FUND BALANCE, MARCH 31, 2024 | <u>\$ 3,695,338</u> | <u>\$ 4,058,159</u> | <u>\$ 362,821</u> |

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

HARTLAND TOWNSHIP

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2024

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|-------------------------------------|---------------------|---------------------|---|
| TAXES | | | |
| Current property taxes | \$ 674,311 | \$ 670,163 | \$ (4,148) |
| LICENSES AND PERMITS | | | |
| Mobile home | | 3,408 | |
| Dog licenses | | 218 | |
| Cable fees | | 220,067 | |
| Total licenses and permits | <u>233,450</u> | <u>223,693</u> | <u>(9,757)</u> |
| STATE REVENUE | | | |
| State shared revenue | | 1,719,316 | |
| Personal property tax reimbursement | | 1,864 | |
| Total state revenue | <u>1,733,214</u> | <u>1,721,180</u> | <u>(12,034)</u> |
| CHARGES FOR SERVICES | | | |
| Utility administration | | 311,181 | |
| Tax administration fee | | 287,211 | |
| Zoning fees | | 36,410 | |
| Tax collections fees | | 17,826 | |
| Other | | 21,395 | |
| Total charges for services | <u>668,100</u> | <u>674,023</u> | <u>5,923</u> |
| INTEREST AND RENT | | | |
| Lease revenue | | 69,302 | |
| Interest income | | 59,539 | |
| Total interest and rent | <u>66,311</u> | <u>128,841</u> | <u>62,530</u> |
| MISCELLANEOUS REVENUES | | | |
| Donations | | 23,250 | |
| Reimbursements | | 139,872 | |
| Miscellaneous | | 273,012 | |
| Farmers market | | 10,575 | |
| Total miscellaneous revenues | <u>378,905</u> | <u>446,709</u> | <u>67,804</u> |
| Total revenues | <u>\$ 3,754,291</u> | <u>\$ 3,864,609</u> | <u>\$ 110,318</u> |

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

HARTLAND TOWNSHIP

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2024

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------------|----------------|----------------|---|
| TOWNSHIP BOARD | | | |
| Trustee fees | \$ | \$ 28,108 | \$ |
| Retirement | | 3,600 | |
| Taxes - payroll | | 2,150 | |
| Supplies and postage | | 102 | |
| Audit | | 10,300 | |
| Legal | | 2,030 | |
| Membership and dues | | 9,055 | |
| Education and training | | 595 | |
| Total township board | <u>59,580</u> | <u>55,940</u> | <u>3,640</u> |
| SUPERVISOR | | | |
| Supervisor salary | | 34,273 | |
| Taxes - payroll | | 2,622 | |
| Retirement | | 900 | |
| Total supervisor | <u>37,795</u> | <u>37,795</u> | |
| TOWNSHIP MANAGER | | | |
| Wages | | 101,362 | |
| Taxes - payroll | | 7,690 | |
| Insurance - health | | 26,530 | |
| Retirement | | 9,067 | |
| Supplies and postage | | 5,549 | |
| Contracted services | | 378 | |
| Membership and dues | | 724 | |
| Education and training | | 2,290 | |
| Miscellaneous | | 8,061 | |
| Total township manager | <u>201,528</u> | <u>161,651</u> | <u>39,877</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, 2024

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------------------|----------------|----------------|---|
| ELECTIONS | | | |
| Wages and fees | | 20,027 | |
| Taxes - payroll | | 13 | |
| Supplies and postage | | 22,144 | |
| Repairs and Maintenance | | 4,152 | |
| Contracted services | | 1,440 | |
| Capital outlay | | 1,135 | |
| Printing and publications | | 140 | |
| Miscellaneous | | 2,968 | |
| | <u>71,408</u> | <u>52,019</u> | <u>19,389</u> |
| FINANCE DEPARTMENT | | | |
| Salaries | | 138,896 | |
| Taxes - payroll | | 10,119 | |
| Insurance - benefits | | 21,974 | |
| Retirement | | 13,902 | |
| Supplies and postage | | 1,217 | |
| Membership and dues | | 320 | |
| Repairs and maintenance | | 3,114 | |
| Education and training | | 2,070 | |
| | <u>193,087</u> | <u>191,612</u> | <u>1,475</u> |
| ASSESSOR | | | |
| Salaries and wages | | 188,919 | |
| Taxes - payroll | | 14,452 | |
| Insurance - benefits | | 1,639 | |
| Retirement | | 15,874 | |
| Supplies and postage | | 1,493 | |
| Contracted services | | 100 | |
| Membership and dues | | 672 | |
| Tax preparation | | 4,312 | |
| Legal fees | | 3,101 | |
| Miscellaneous | | 53 | |
| Repairs and maintenance | | 8,756 | |
| Tax chargebacks | | 920 | |
| Capital outlay | | 2,277 | |
| Education and training | | 552 | |
| | <u>287,282</u> | <u>243,120</u> | <u>44,162</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, 2024

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|------------------------------|----------------|----------------|---|
| CLERK | | | |
| Clerk salary | | 68,546 | |
| Other - clerical salary | | 73,152 | |
| Taxes - payroll | | 10,510 | |
| Insurance - benefits | | 24,556 | |
| Retirement | | 11,007 | |
| Supplies and postage | | 3,752 | |
| Membership and dues | | 360 | |
| Printing and publishing | | 2,633 | |
| Capital outlay | | 1,163 | |
| Education and training | | 3,121 | |
| | <u>218,720</u> | <u>198,800</u> | <u>19,920</u> |
| Total clerk | | | |
| | <u>4,855</u> | <u>2,800</u> | <u>2,055</u> |
| VEHICLE USE | | | |
| | | | |
| BOARD OF REVIEW | | | |
| Fees | | 1,750 | |
| Taxes - payroll | | 134 | |
| Supplies and postage | | 91 | |
| Printing and publishing | | 382 | |
| | <u>4,254</u> | <u>2,357</u> | <u>1,897</u> |
| Total board of review | | | |
| | | | |
| TREASURER | | | |
| Treasurer salary | | 68,546 | |
| Assistant wages | | 75,847 | |
| Taxes - payroll | | 10,867 | |
| Insurance - benefits | | 12,630 | |
| Retirement | | 12,124 | |
| Supplies and postage | | 1,607 | |
| Membership and dues | | 975 | |
| Tax preparation | | 11,585 | |
| Repairs and maintenance | | 6,212 | |
| Education and training | | 2,846 | |
| Capital outlay | | 1,577 | |
| | <u>207,016</u> | <u>204,816</u> | <u>2,200</u> |
| Total treasurer | | | |
| | <u>37,910</u> | <u>30,410</u> | <u>7,500</u> |
| DATA PROCESSING | | | |

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, 2024

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|----------------|----------------|---|
| TOWNSHIP HALL AND GROUNDS | | | |
| Supplies | | 3,390 | |
| Snow removal and mowing | | 14,988 | |
| Contract services | | 40,295 | |
| Telephone | | 9,718 | |
| Utilities | | 27,761 | |
| Repairs and maintenance | | 22,484 | |
| Total township hall and grounds | <u>128,008</u> | <u>118,636</u> | <u>9,372</u> |
| UNALLOCATED | | | |
| Contracted services | | 245,564 | |
| Total unallocated | <u>245,565</u> | <u>245,564</u> | <u>1</u> |
| PLANNING AND ZONING | | | |
| Wages | | 223,026 | |
| Taxes - payroll | | 18,057 | |
| Insurance - benefits | | 4,054 | |
| Retirement | | 21,383 | |
| Planning commission | | 13,009 | |
| Professional review costs | | 255,309 | |
| Supplies and postage | | 359 | |
| Contract services | | 3,315 | |
| Membership and dues | | 2,168 | |
| Legal fees | | 7,385 | |
| Printing and publications | | 980 | |
| Repairs and maintenance | | 299 | |
| Education and training | | 100 | |
| Capital outlay | | 2,275 | |
| Total planning and zoning | <u>567,195</u> | <u>551,719</u> | <u>15,476</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, 2024

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--------------------------------|---------------------|---------------------|---|
| PUBLIC WORKS | | | |
| Salaries | | 110,956 | |
| Taxes - payroll | | 7,636 | |
| Insurance - benefits | | 52,283 | |
| Retirement | | 11,235 | |
| Supplies and postage | | 3,739 | |
| Contracted services | | 28,194 | |
| Sampling | | 13,523 | |
| Membership and dues | | 400 | |
| Miscellaneous | | 788 | |
| Capital Outlay | | 1,000 | |
| Miscellaneous | | 124 | |
| Education and training | | 243 | |
| Total public works | <u>271,959</u> | <u>230,121</u> | <u>41,838</u> |
| ZONING BOARD OF APPEALS | <u>2,172</u> | <u>900</u> | <u>1,272</u> |
| SIDEWALKS | <u>9,500</u> | <u>5,283</u> | <u>4,217</u> |
| STREETLIGHTS | <u>19,860</u> | <u>19,646</u> | <u>214</u> |
| ROADS | <u>100,068</u> | <u>90,633</u> | <u>9,435</u> |
| CABLE | | | |
| Salaries | | 43,772 | |
| Taxes - payroll | | 3,349 | |
| Contacted services | | 15,540 | |
| Printing and publishing | | 4,537 | |
| Postage and supplies | | 902 | |
| Membership and dues | | 1,145 | |
| Total cable | <u>75,324</u> | <u>69,245</u> | <u>6,079</u> |
| CODE ENFORCEMENT | <u>18,496</u> | <u>19,365</u> | <u>(869)</u> |
| DRAINS | <u>8,000</u> | <u>7,461</u> | <u>539</u> |
| SENIOR CITIZENS | <u>22,000</u> | <u>22,000</u> | |
| COMMUNITY CENTER | <u>48,350</u> | <u>48,282</u> | <u>68</u> |
| CEMETARY | <u>32,731</u> | <u>29,303</u> | <u>3,428</u> |
| PARKS AND RECREATION | <u>119,036</u> | <u>99,718</u> | <u>19,318</u> |
| Total expenditures | <u>\$ 2,991,699</u> | <u>\$ 2,739,196</u> | <u>\$ 252,503</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, 2024**

ASSET

| | |
|---------------------|----------------------------|
| Cash | \$ 2,416,112 |
| Taxes receivable | <u>35,109</u> |
| Total assets | <u><u>\$ 2,451,221</u></u> |

FUND BALANCE

\$ 2,451,221

HARTLAND TOWNSHIP

MUNICIPAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2024

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------------------|-------------------|---------------------|---|
| REVENUES | | | |
| Taxes | \$ | \$ 1,256,261 | \$ |
| Personal property tax reimbursement | | 3,509 | |
| Interest and rent | | 7,383 | |
| Other revenue | | 1,979 | |
| Total revenues | <u>1,268,010</u> | <u>1,269,132</u> | <u>1,122</u> |
| EXPENDITURES | | | |
| Public works | | 565,052 | |
| Debt | | | |
| Principal | | 580,000 | |
| Interest | | 17,400 | |
| Total expenditures | <u>3,083,400</u> | <u>1,162,452</u> | <u>1,920,948</u> |
| Net change in fund balance | (1,815,390) | 106,680 | 1,922,070 |
| FUND BALANCE, APRIL 1, 2023 | <u>2,344,541</u> | <u>2,344,541</u> | |
| FUND BALANCE, MARCH 31, 2024 | <u>\$ 529,151</u> | <u>\$ 2,451,221</u> | <u>\$ 1,922,070</u> |

FIRE OPERATING FUND

HARTLAND TOWNSHIP

**FIRE OPERATING FUND
BALANCE SHEET
MARCH 31, 2024**

ASSETS

| | |
|---------------------|----------------------------|
| Cash | \$ 2,180,966 |
| Taxes receivable | <u>50,165</u> |
| Total assets | <u>\$ 2,231,131</u> |

LIABILITIES

| | |
|------------------|-----------|
| Accounts payable | \$ 10,516 |
|------------------|-----------|

FUND BALANCE

| | |
|---|----------------------------|
| | <u>2,220,615</u> |
| Total liabilities and fund balance | <u>\$ 2,231,131</u> |

HARTLAND TOWNSHIP

FIRE OPERATING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2024

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------------------|---------------------|---------------------|---|
| REVENUES | | | |
| Taxes | \$ | \$ 1,793,333 | \$ |
| Personal property tax reimbursement | | 4,436 | |
| Interest | | 557 | |
| Miscellaneous | | 3,826 | |
| Total revenues | <u>1,807,882</u> | <u>1,802,152</u> | <u>(5,730)</u> |
| EXPENDITURES | | | |
| Authority contributions | | 1,386,234 | |
| Repairs and maintenance | | 246,612 | |
| Tax chargebacks | | 1,196 | |
| Professional fees | | 1,841 | |
| Utility/assessments | | 825 | |
| Total expenditures | <u>1,805,417</u> | <u>1,636,708</u> | <u>168,709</u> |
| Net change in fund balance | <u>2,465</u> | <u>165,444</u> | <u>162,979</u> |
| FUND BALANCE, APRIL 1, 2023 | <u>2,055,171</u> | <u>2,055,171</u> | |
| FUND BALANCE, MARCH 31, 2024 | <u>\$ 2,057,636</u> | <u>\$ 2,220,615</u> | <u>\$ 162,979</u> |

M-59/HARTLAND ROAD DEBT SERVICE FUND

HARTLAND TOWNSHIP

M-59/HARTLAND ROAD DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2024

ASSETS

| | |
|--------------------------------|----------------------------|
| Cash | \$ 496,210 |
| Special assessments receivable | <u>2,096,330</u> |
| Total assets | <u><u>\$ 2,592,540</u></u> |

DEFERRED INFLOW OF RESOURCES

| | |
|----------------------|--------------|
| Unavailable revenues | \$ 2,077,722 |
|----------------------|--------------|

FUND BALANCE

| | |
|--|----------------------------|
| | <u>514,818</u> |
| Total deferred inflow of resources and fund balance | <u><u>\$ 2,592,540</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, 2024

REVENUES

| | |
|-----------------------|-------------------|
| Special assessments | |
| Principal | \$ 230,858 |
| Interest | 80,342 |
| Interest income | <u>286</u> |
| Total revenues | \$ 311,486 |

EXPENDITURES

| | |
|-------------------------------------|---------------------------------|
| Debt | |
| Principal | 225,000 |
| Interest | 57,062 |
| Miscellaneous fee | <u>646</u> |
| Total expenditures | <u>282,708</u> |
| Net change in fund balance | 28,778 |
| FUND BALANCE, APRIL 1, 2023 | <u>486,040</u> |
| FUND BALANCE, MARCH 31, 2024 | <u><u>\$ 514,818</u></u> |

WATER SYSTEM FUND

HARTLAND TOWNSHIP

WATER SYSTEM FUND
BALANCE SHEET
MARCH 31, 2024

CURRENT ASSETS

| | | |
|--|------------|--------------|
| Cash and investments - operating | \$ 360,806 | |
| Cash and investments - capital replacement | 1,660,058 | |
| Investments | 1,494,525 | |
| Accounts receivable - customers | 251,449 | |
| Interest receivable | 42,870 | |
| Due from other funds | 476 | |
| | <hr/> | |
| Total current assets | | \$ 3,810,184 |

PROPERTY, PLANT AND EQUIPMENT

| | | |
|--|-------------|---------------|
| Capital assets | | |
| Land | 300,000 | |
| Construction in progress | 114,241 | |
| Water plant and equipment | 12,715,183 | |
| | <hr/> | |
| | 13,129,424 | |
| Less: accumulated depreciation | (5,075,146) | |
| | <hr/> | |
| Total property, plant and equipment | | 8,054,278 |
| | | <hr/> |
| Total assets | | \$ 11,864,462 |
| | | <hr/> <hr/> |

CURRENT LIABILITIES

| | | |
|----------------------------------|-----------|-----------|
| Accounts payable | \$ 53,837 | |
| Accrued expenditures | 15,355 | |
| Due to others | 9,000 | |
| | <hr/> | |
| Total current liabilities | | \$ 78,192 |
| | | <hr/> |

NET POSITION

| | | |
|---|-----------|---------------|
| Invested in capital assets, net of related debt | 8,054,278 | |
| Restricted | 3,731,992 | |
| | <hr/> | |
| Total net position | | 11,786,270 |
| | | <hr/> |
| Total liabilities and net position | | \$ 11,864,462 |
| | | <hr/> <hr/> |

HARTLAND TOWNSHIP

WATER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024

| | | |
|--|------------|----------------------|
| OPERATING REVENUES | | |
| User charges | | \$ 915,094 |
| OPERATING EXPENSES | | |
| Wages | \$ 203,830 | |
| Taxes - payroll | 14,828 | |
| Insurance - benefits | 39,422 | |
| Retirement | 17,236 | |
| Administration fees | 166,649 | |
| Depreciation | 275,196 | |
| Contracted services | 21,142 | |
| Professional fees | 18,658 | |
| Repair and maintenance | 90,898 | |
| Insurance | 12,191 | |
| Supplies and postage | 37,897 | |
| Miscellaneous | 7,515 | |
| Meters | 37,205 | |
| Utilities and telephone | 69,400 | |
| Total operating expenses | | <u>1,012,067</u> |
| Operating (loss) | | (96,973) |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Other income | 80,021 | |
| Interest income - cash | 70,944 | |
| Total non-operating revenues (expenses) | | <u>150,965</u> |
| CAPITAL CONTRIBUTIONS | | |
| Connection fees | | 42,571 |
| TRANSFERS OUT | | |
| | | <u>(1,750)</u> |
| Net income | | 94,813 |
| NET POSITION APRIL 1, 2023 | | <u>11,691,457</u> |
| NET POSITION, MARCH 31, 2024 | | <u>\$ 11,786,270</u> |

HARTLAND TOWNSHIP
WATER SYSTEM FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|------------|--|
| Cash received from customers | \$ 902,540 | |
| Payments to other suppliers for goods or services | (510,312) | |
| Payments to employees | (203,830) | |
| | | |

Net cash from operating activities \$ 188,398

CASH FLOWS FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES

| | | |
|--|-----------|--|
| Principal and interest paid on bonds | | |
| Collections of special assessment (principal and interest) | 80,021 | |
| Acquisition of fixed assets | (220,134) | |
| Other revenue | 40,821 | |
| | | |

Net cash from capital and related financing activities (99,292)

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|-----------|--|
| Net proceeds from sales/purchase of investments | (723,000) | |
| Interest received on cash and cash equivalents | 5,828 | |
| | | |

Net cash from investing activities (717,172)

Net increase in cash and cash equivalents (628,066)

CASH AND CASH EQUIVALENTS AT APRIL 1, 2023 2,648,930

CASH AND CASH EQUIVALENTS AT MARCH 31, 2024 \$ 2,020,864

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating (loss) \$ (96,973)

Adjustments to reconcile operating income to net cash provided by operating activities:

| | | |
|---|------------|--|
| Depreciation | \$ 275,196 | |
| Changes in assets and liabilities | | |
| (Increase) decrease in accounts receivable | (12,554) | |
| (Increase) decrease in prepaid expense | 3,717 | |
| (Increase) decrease in due from other funds | 1,500 | |
| Increase - (Decrease) in accounts payable | 15,063 | |
| Increase (decrease) in accrued wages | 2,449 | |
| | | |

Total adjustments 285,371

Net cash provided by operating activities \$ 188,398

SEWAGE DISPOSAL SYSTEM FUND

HARTLAND TOWNSHIP

SEWAGE DISPOSAL SYSTEM FUND
BALANCE SHEET
MARCH 31, 2024

| | | |
|---|-----------------------------|-----------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,607,501 | |
| Investments | 5,894,635 | |
| Accounts receivable - billings | 821,511 | |
| Special assessments receivable | 18,156 | |
| Prepaid | 9,358 | |
| | <u> </u> | |
| Total current assets | | \$ 8,351,161 |
| RESTRICTED ASSETS | | |
| Cash and cash equivalents | 1,724,961 | |
| Special assessment receivable | 1,482,569 | |
| | <u> </u> | |
| Total restricted assets | | 3,207,530 |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Sewer system and office equipment | 21,839,792 | |
| Less: accumulated depreciation | (7,397,224) | |
| | <u> </u> | |
| Total property, plant and equipment | | 14,442,568 |
| OTHER ASSETS | | |
| Connection fees receivable | 75,408 | |
| | <u> </u> | |
| Total other assets | | 75,408 |
| Total assets | | <u><u>\$ 26,076,667</u></u> |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 181,996 | |
| Accrued interest payable | 74,833 | |
| Bonds payable | 1,156,530 | |
| | <u> </u> | |
| Total current liabilities | | \$ 1,413,359 |
| LONG-TERM LIABILITIES (from restricted assets) | | |
| Bond premium - net of amortization | 881,146 | |
| Bonds payable after one year | 8,653,413 | |
| | <u> </u> | |
| Total long term liabilities | | 9,534,559 |
| Total liabilities | | 10,947,918 |
| NET POSITION | | |
| Invested in capital assets, net of related debt | 4,632,625 | |
| Unrestricted | 10,496,124 | |
| | <u> </u> | |
| Total net position | | 15,128,749 |
| Total liabilities and net position | | <u><u>\$ 26,076,667</u></u> |

HARTLAND TOWNSHIP

SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024

| | | |
|--|------------------|-----------------------------|
| OPERATING REVENUES | | |
| User charges | \$ 2,539,937 | |
| Septage station fees | <u>310,857</u> | |
| Total revenue | | \$ 2,850,794 |
| OPERATING EXPENSES | | |
| Administration | 144,532 | |
| Depreciation | 436,670 | |
| Sewer usage fees | 2,207,287 | |
| Professional fees | 84,751 | |
| Repair and maintenance | 1,193 | |
| Insurance | 12,125 | |
| Supplies and postage | <u>2,345</u> | |
| Total operating expenses | | <u>2,888,903</u> |
| Operating income | | (38,109) |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Interest income | 202,976 | |
| Miscellaneous revenue | 140 | |
| Interest expense and bond fees | <u>(226,304)</u> | |
| Total non-operating revenues (expenses) | | (23,188) |
| CAPITAL CONTRIBUTIONS | | |
| Connection fees | 143,207 | |
| Surcharge fees | <u>87,556</u> | |
| Total capital contributions | | <u>230,763</u> |
| Net income (loss) | | 169,466 |
| NET POSITION, APRIL 1, 2023 | | <u>14,959,283</u> |
| NET POSITION, MARCH 31, 2024 | | <u><u>\$ 15,128,749</u></u> |

HARTLAND TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|--------------|-------------------|
| Cash received from customers | \$ 2,822,035 | |
| Payments to other suppliers for goods or services | (2,585,549) | |
| | | |
| Net cash from operating activities | | \$ 236,486 |

CASH FLOWS FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES

| | | |
|---|-------------|-----------------|
| Principal and interest paid on capital debt | (1,483,241) | |
| Collections of special assessment (principal and interest) | 1,106,012 | |
| Connection fees | 306,171 | |
| Other revenue | 140 | |
| | | |
| Net cash from capital and related financing activities | | (70,918) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|-------------|--------------------|
| Net proceeds from sales/purchase of investments | (4,253,402) | |
| Interest received on cash and cash equivalents | 4,217 | |
| | | |
| Net cash from (used in) investing activities | | (4,249,185) |

Net increase in cash and cash equivalents (4,083,617)

CASH AND CASH EQUIVALENTS AT APRIL 1, 2023 7,416,079

CASH AND CASH EQUIVALENTS AT MARCH 31, 2024 \$ 3,332,462

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

| | | |
|---|------------|-------------------|
| Operating income | | \$ (38,109) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | \$ 436,670 | |
| Special assessment write off | | |
| Change in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (28,759) | |
| (Increase) decrease in prepaid expenditures | 1,825 | |
| (Increase) decrease in due from others | 40,265 | |
| Increase (decrease) in accounts payable | (175,406) | |
| | | |
| Total adjustments | | 274,595 |
| Net cash provided by operating activities | | \$ 236,486 |



PFEFFER ▪ HANNIFORD ▪ PALKA
Certified Public Accountants

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
FAX (810) 229-5578

September 17, 2024

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, 2024, 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 these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

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
FAX (810) 229-5578

September 17, 2024

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hartland Township, Michigan (the Township) as of and for the year ended March 31, 2024, and have issued our report thereon dated September 17, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 31, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Township solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated September 17, 2024.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated March 31, 2024.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Township's Significant Accounting Practices Significant Accounting Policies

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Township is included in Note 1 to the financial statements.

There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023, except as described in Note 15 to the financial statements, as the Township implemented GASB No. 96, *Subscription Based Information Technology Arrangements (SBITAs)*, on April 1, 2023.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Depreciation

Management's estimate of the depreciation expense is based on the estimated useful lives and salvage value of capital assets. We have evaluated the key factors and assumptions used to develop the estimate for depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Lease Receivable

Management's estimate of the net present value of leases is based on the incremental borrowing rate and remaining lease term. We have evaluated the key factors and assumptions used to develop the estimate for net present value of leases in determining that it is reasonable in relation to the financial statements taken as a whole.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosure, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Township's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated September 3, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Township, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Township's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content and methods of preparing

the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our financial statements or to the financial statements themselves.

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

Very truly yours,

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants