



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 07, 2021
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 & New Business
 - a. [Fiscal Year 2020-2021 Audit Review](#)
8. Adjournment

Hartland Township Board of Trustees Meeting Agenda Memorandum

Submitted By: Susan Dryden-Hogan, Finance Director

Subject: Fiscal Year 2020-2021 Audit Review

Date: September 1, 2021

Recommended Action

Board review and questions only.

Discussion

Attached is the fiscal year 2021 audit report, management report and presentation, prepared by Pfeffer, Hanniford & Palka

Financial Impact

Is a Budget Amendment Required? ☐ Yes ☒ No

Attachments

Audit Presentation

Management letter

Audited Financial Statements

Hartland Township

Audit Presentation

March 31, 2021



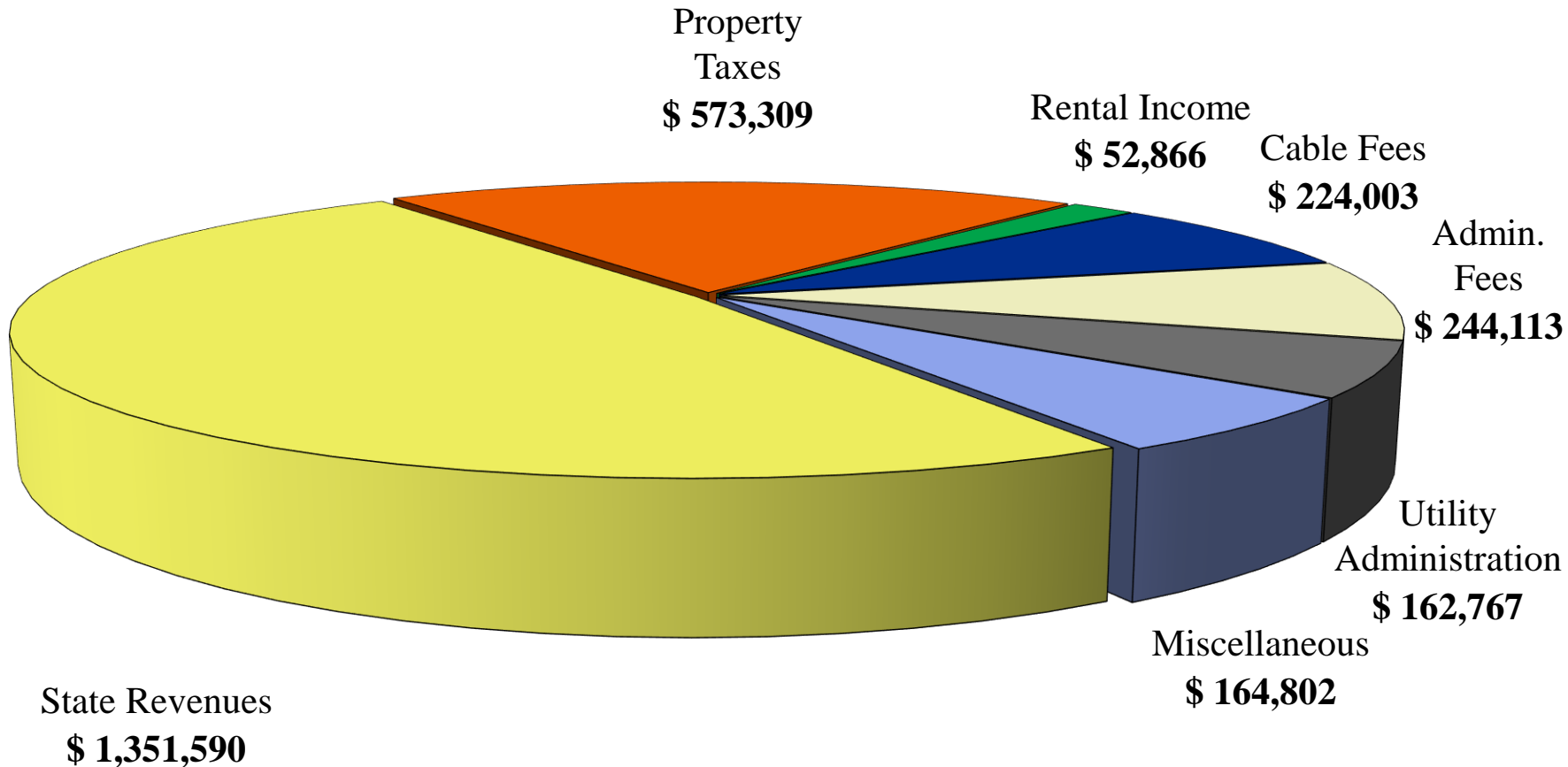
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BRIGHTON, MICHIGAN

Hartland Township

General Fund Revenues – Pre GASB 54

For The Year Ended March 31, 2021

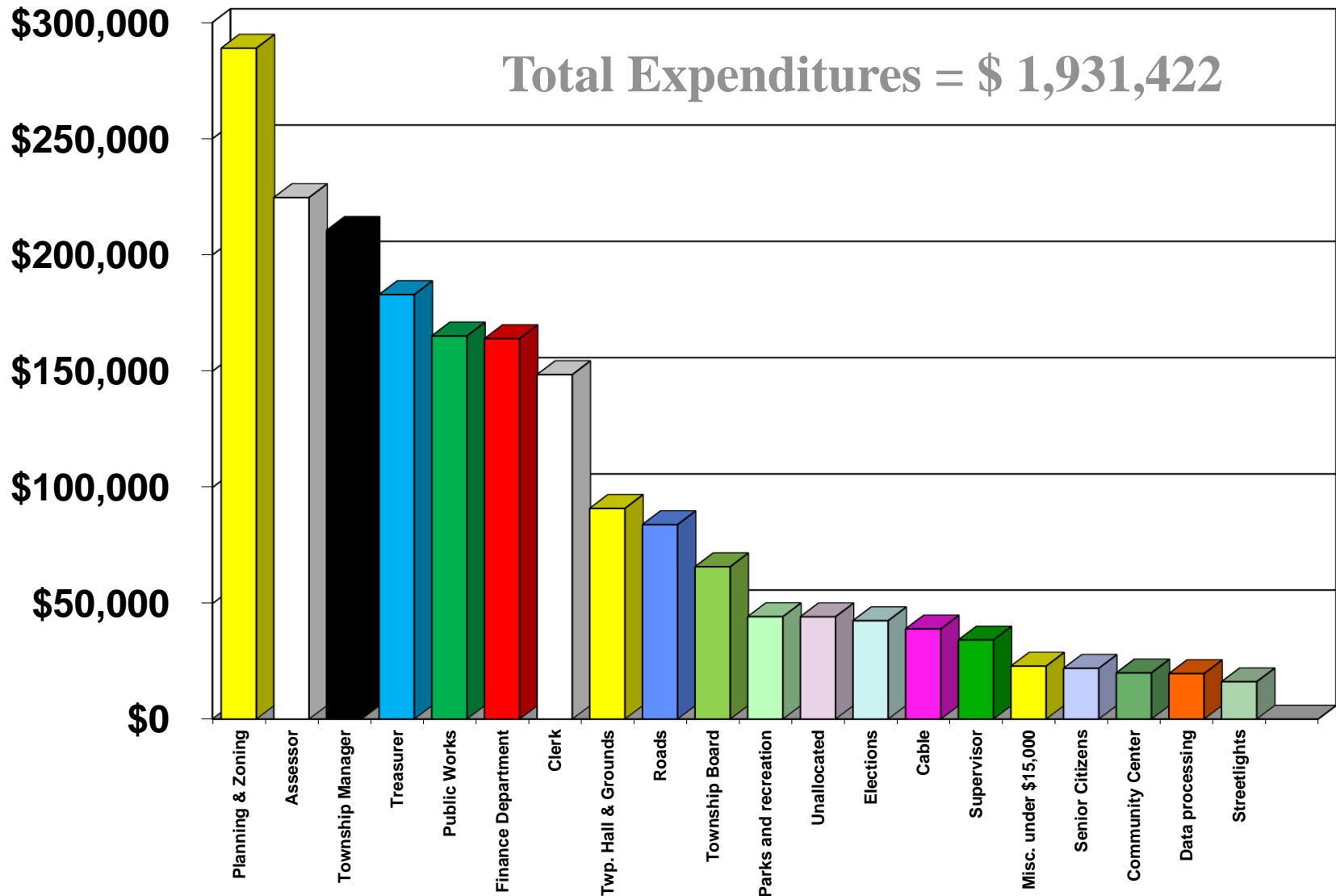


Total Revenues \$ 2,773,450

Hartland Township

General Fund Expenditures – Pre GASB 54

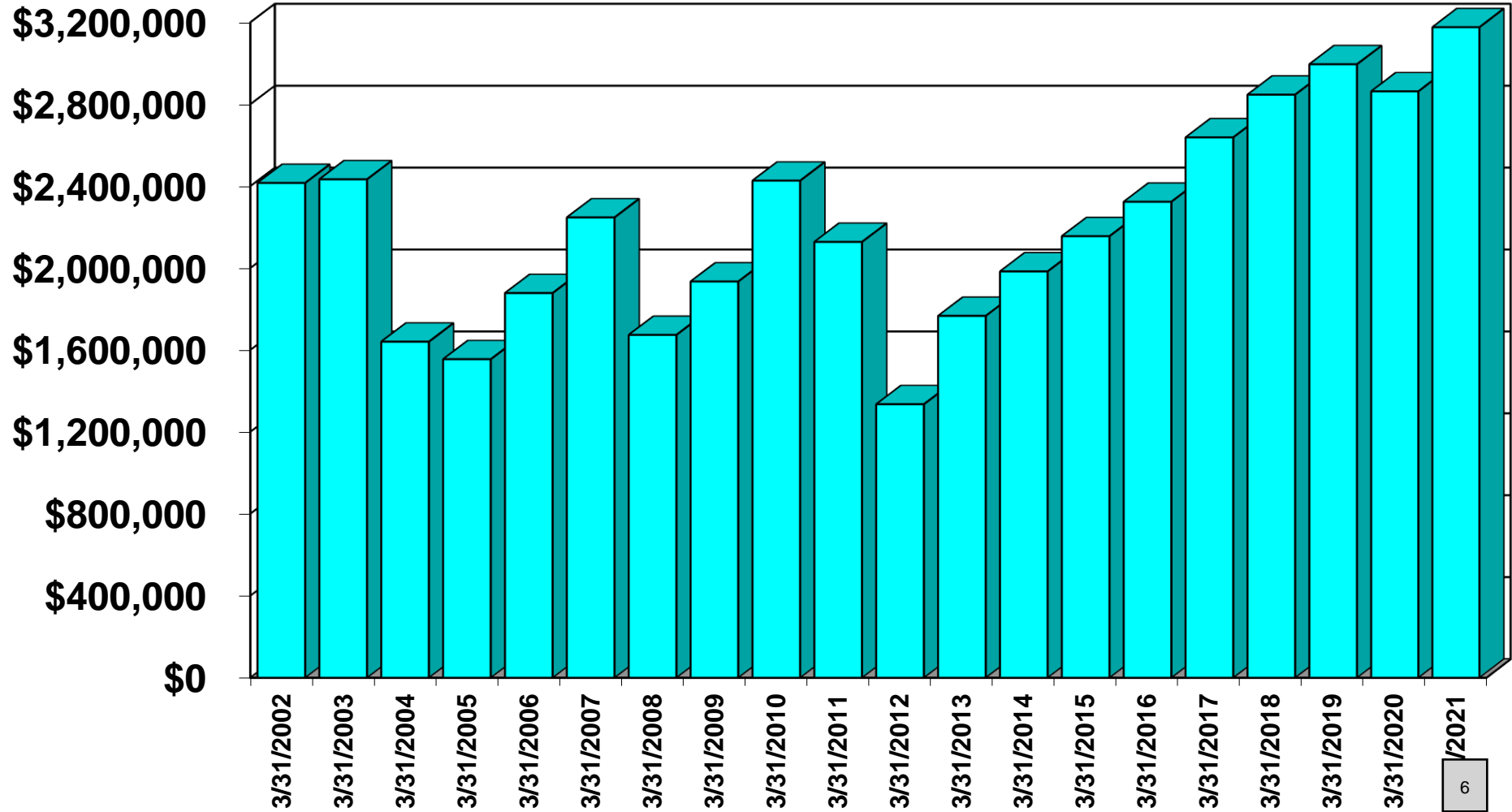
For The Year Ended March 31, 2021



Hartland Township

General Fund - Fund Balance – Pre GASB 54

March 31, 2002-2021





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

Members:
AICPA Private Practice Companies Section
MACPA

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
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September 7, 2021

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, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Hartland Township's internal control over financial reporting (internal control) as a basis for designing and auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

CONCLUSION

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

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

HARTLAND TOWNSHIP

Report on Audit of Financial Statements

For the Year Ended March 31, 2021

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

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INDEPENDENT AUDITOR'S REPORT

September 7, 2021

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hartland Township, Michigan, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Hartland Township, Michigan, as of March 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 - 13 and 49 - 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

March 31, 2021

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, 2021. 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 \$38,766,059. This is a \$1,309,753 increase over last year's net position of \$37,456,306.

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	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020	3/31/2021	3/31/2020
ASSETS						
Current and other assets	\$ 12,286,035	\$ 11,756,557	\$ 17,434,878	\$ 18,538,673	\$ 29,720,913	\$ 30,295,230
Capital assets	8,785,546	8,773,326	21,393,001	21,806,846	30,178,547	30,580,172
Total assets	21,071,581	20,529,883	38,827,879	40,345,519	59,899,460	60,875,402
LIABILITIES						
Other liabilities	120,526	547,752	1,266,320	1,192,001	1,386,846	1,739,753
Long-term liabilities	5,332,882	5,790,000	14,413,673	15,889,343	19,746,555	21,679,343
Total liabilities	5,453,408	6,337,752	15,679,993	17,081,344	21,133,401	23,419,096
NET POSITION						
Net investment in capital assets	8,785,546	8,773,326	7,938,001	6,931,846	16,723,547	15,705,172
Restricted	3,586,450	3,090,665			3,586,450	3,090,665
Unrestricted	3,246,177	2,328,140	15,209,885	16,332,329	18,456,062	18,660,469
Total net position	\$ 15,618,173	\$ 14,192,131	\$ 23,147,886	\$ 23,264,175	\$ 38,766,059	\$ 37,456,306

Summary of Changes in Activities

	Governmental Activities		Business-type Activities		Totals	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020	3/31/2021	3/31/2020
REVENUES						
Program revenues						
Charges for services	\$ 480,658	\$ 447,093	\$ 3,439,974	\$ 3,322,012	\$ 3,920,632	\$ 3,769,105
Capital contributions			53,502	371,649	53,502	371,649
General revenues						
State revenues	1,358,146	1,375,368			1,358,146	1,375,368
Property taxes	2,996,333	2,848,907			2,996,333	2,848,907
Interest and rent	196,841	231,113	212,532	298,589	409,373	529,702
Other	605,729	696,376	52,318	9,388	658,047	705,764
Total revenues	5,637,707	5,598,857	3,758,326	4,001,638	9,396,033	9,600,495
EXPENSES						
General government	1,849,959	2,068,351			1,849,959	2,068,351
Public safety	1,295,952	1,314,798			1,295,952	1,314,798
Parks and recreation	279,048	283,210			279,048	283,210
Public works	562,980	639,025			562,980	639,025
Community development	42,000	42,000			42,000	42,000
Cemetery	26,630	33,242			26,630	33,242
Interest on governmental long-term debt	155,096	320,065			155,096	320,065
Water system			816,183	673,220	816,183	673,220
Sewer system			3,058,432	3,014,450	3,058,432	3,014,450
Total expenses	4,211,665	4,700,691	3,874,615	3,687,670	8,086,280	8,388,361
Change in net position	1,426,042	898,166	(116,289)	313,968	1,309,753	1,212,134
Beginning net position	14,192,131	13,293,965	23,264,175	22,950,207	37,456,306	36,244,172
Ending net position	\$ 15,618,173	\$ 14,192,131	\$ 23,147,886	\$ 23,264,175	\$ 38,766,059	\$ 37,456,306

Financial Analysis of the Township's Funds

The Township has four major governmental funds for the year ended March 31, 2021. 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 \$560,772, primarily due to delayed spending on capital projects resulting from the impact of the COVID-19 pandemic. Property tax revenues and State Shared Revenue remained strong and were not adversely affected by the pandemic.
- The Municipal Street Fund increase by \$401,386. This fund is supported by a 10-year millage, which expires in 2024. All major construction projects were completed within the first three years. The remaining seven years included additional repairs and maintenance. Due to the pandemic, all road repairs and maintenance projects were delayed, but are budgeted to move forward in fiscal years 2022 and 2023.
- The Fire Operating fund increased \$82,320, which was expected in the amended budget. Annual support for the Hartland Deerfield Fire Authority comes from a 10-year millage, which expires in 2021. However, a new millage 5-year of 2.06, expiring in 2025, was approved by the voters in November 2020. The Township Board has vacated the old 10-year millage.
- The M-59/Hartland Road Debt Service Fund increased by \$19,850, due to early payoffs of special assessments. A 2019 bond refunding resulted in interest savings to the assessed parcels and is accounted for in the budget.

The Township has two major business-type funds for the year ended March 31, 2021. These funds are the Water System Fund and the Sewage Disposal System Fund.

- The Water System Fund's net position decreased by \$115,763, which was slightly less than budgeted. Water Operations continues to perform well due to planned annual rate increases, as well as residential water usage was higher due to remote work. The Water Repair & Replacement fund had no significant revenues from connection fees, which is mainly attributable to the pandemic and the main source of the decrease.
- The Sewage Disposal System Fund decreased its net position by \$526, which was better than expected in the amended budget. Similar to the Water System Fund, connection revenues were much lower than budget, however, this was offset by lower-than-expected expenses. Commercial sewage usage was down due to pandemic closures.

General Fund Budgetary Highlights

The General Fund's budget was adopted prior to the start of the fiscal year ended March 31, 2021. Several amendments were made during the year to bring it closer to economic reality. The Township General Fund was over budget a small amount in the Streetlights and Drains activity.

The Township received \$13,438 of CARES Grant monies. These funds were used to provide protective health measures to increase the safety of the public and employees from the COVID-19 pandemic.

Capital Asset and Debt Administration

Governmental Funds

The Township acquired \$439,744 of capital assets during the year. Additional land for Settlers Park was purchased for \$132,223 and sidewalk easements of \$15,227. The Spranger Field Improvements and Playground projects were completed in the current year, with the final total cost of \$221,710 for both. The Township-owned Fire Station 61 received a new roof for a cost \$48,950. And late in the fiscal year, the Township began a new sidewalk project called the M-59 Safety Path, incurring \$40,069. This project is expected to cost \$354,000 and will be completed by the end of Fall 2021.

The township disposed of two fully depreciated assets during the year, which cost a total of \$26,125 when they were purchased.

The Township made bond principal payments of \$870,000 during the fiscal year, bringing the total governmental debt balance to \$4,920,000 for the year end March 31, 2021. The Township did not issue any new debt during the fiscal year.

Business-Type Funds

The Township has two business-type funds – Water Fund and Sewer Fund. The Water Fund acquired \$275,274 in new capital assets during the year. The Water System completed the construction on the booster station, totaling \$13,128 in costs. At year end, the Water System had construction in progress of \$329,101 for a water main extension. The Sewer System purchased \$15,761 in land.

No business-type assets were sold or disposed of during the fiscal year.

The Township issued no new business-type fund bonds during the fiscal year. Principal paid on outstanding bonds totaled \$1,475,670, with a total of \$14,413,673 of principal outstanding for the year ended March 31, 2021.

Economic Conditions and Future Activities

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

The COVID-19 pandemic impacted many sectors of the economy, with a decline of growth and an increase in the unemployment rate. Hartland Township weathered this storm in 2020/2021 by postponing several capital projects, limiting temporary layoffs to part-time field employees. All budgeted positions are filled with regular in-office work schedules and budgeted projects are moving forward into the new fiscal year.

While the duration and long-term impact of COVID-19 remains unclear, the Township has taken successful measures to continue operations with few interruptions.

During the fiscal year ending March 31, 2022, the Township expects to issue refunding bonds of approximately \$5,500,000 for the Sewer Fund, resulting in interest savings over \$1,000,000 and explore additional road projects funded through special assessment districts.

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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and investments	\$ 8,428,768	\$ 8,523,627	\$ 16,952,395
Cash and investments - restricted		2,831,474	2,831,474
Receivables			
Taxes	104,770		104,770
State shared revenues	229,252		229,252
Special assessments	3,394,384	4,793,722	8,188,106
Connection fees		301,632	301,632
Accounts	79,570	884,030	963,600
Interest	489	17,979	18,468
Prepaid items	1,888	14,967	16,855
Intergovernmental	(3,552)	3,552	
Bond discount - net of amortization	50,466	63,895	114,361
Non-current assets			
Capital assets			
Non-depreciable	2,522,476	655,942	3,178,418
Depreciable - net of accumulated depreciation	6,263,070	20,737,059	27,000,129
Total assets	21,071,581	38,827,879	59,899,460
LIABILITIES			
Current liabilities			
Accounts payable	187,969	880,646	1,068,615
Accrued wages/taxes	70,792		70,792
Accrued interest payable		111,104	111,104
Unearned revenue	85,906		85,906
Compliance reserve	50,429		50,429
Long term liabilities			
Bond premium - net of amortization	138,312	274,570	412,882
Other due within one year	870,000	1,433,600	2,303,600
Other due in more than one year	4,050,000	12,980,073	17,030,073
Total liabilities	5,453,408	15,679,993	21,133,401
NET POSITION			
Net investment in capital assets	8,785,546	7,938,001	16,723,547
Restricted	3,586,450		3,586,450
Unrestricted	3,246,177	15,209,885	18,456,062
Total net position	\$ 15,618,173	\$ 23,147,886	\$ 38,766,059

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

HARTLAND TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
		Charges for Services	Capital Contributions	Governmental Activities	Business-type Activities
Governmental activities:					
General government	\$ (1,849,959)	\$ 477,148	\$	\$ (1,372,811)	\$
Parks and recreation	(279,048)			(279,048)	
Police protection	(6,318)			(6,318)	
Fire protection	(1,289,634)			(1,289,634)	
Cemetery	(26,630)	3,510		(23,120)	
Public works	(562,980)			(562,980)	
Community development	(42,000)			(42,000)	
Interest on long-term debt	(155,096)			(155,096)	
Total governmental activities	(4,211,665)	480,658		(3,731,007)	
Business-type activities:					
Water system	(816,183)	629,168			(187,015)
Sewer system	(3,058,432)	2,810,806	53,502		(194,124)
Total business-type activities	(3,874,615)	3,439,974	53,502		(381,139)
Total	\$ (8,086,280)	\$ 3,920,632	\$ 53,502	(3,731,007)	(381,139)
General revenues and transfers					
				2,996,333	2,996,333
Property taxes				1,358,146	1,358,146
State shared revenues				344,201	344,201
Licenses and permits				13,438	13,438
Grants				165,843	165,843
New special assessment levied				196,841	212,532
Interest and rents				82,247	52,318
Other income					134,565
Total general revenues				5,157,049	264,850
Changes in net position				1,426,042	(116,289)
Net position, April 1, 2020				14,192,131	23,264,175
Net position, March 31, 2021				\$ 15,618,173	\$ 23,147,886
					\$ 38,766,059

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, 2021**

	General Fund	Municipal Street	Fire Operating	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
ASSETS						
Cash and investments	\$ 4,006,586	\$ 2,027,323	\$ 1,331,994	\$ 417,681	\$ 645,184	\$ 8,428,768
Receivables						
Taxes	24,546	35,552	44,672			104,770
State shared revenues	229,252					229,252
Special assessments	2,003			2,790,345	602,036	3,394,384
Accounts	56,589				22,500	79,089
Interest	489					489
Due from other funds	88,298					88,298
Prepaid expenditures	1,888					1,888
Total assets	\$ 4,409,651	\$ 2,062,875	\$ 1,376,666	\$ 3,208,026	\$ 1,269,720	\$ 12,326,938
LIABILITIES						
Accounts payable	\$ 33,283	\$ 73,466	\$ 4,273	\$	\$ 10,505	\$ 121,527
Accrued wages and absences	70,792					70,792
Compliance reserves	50,429					50,429
Unearned revenue	85,906					85,906
Due to others	66,442					66,442
Due to other funds	6,879				84,490	91,369
Total liabilities	313,731	73,466	4,273		94,995	486,465
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue				2,770,296	599,068	3,369,364
FUND BALANCES						
Nonspendable - prepaid items	1,888					1,888
Restricted						
Roads		1,374,239				1,374,239
Public safety			1,372,393		73,708	1,446,101
Debt service				437,730	328,380	766,110
Committed						
Capital improvement	904,442					904,442
Cable					135,460	135,460
Cemetery					24,381	24,381
Assigned for future deficit		71,753			13,728	85,481
Unassigned	3,189,590	543,417				3,733,007
Total fund balance	4,095,920	1,989,409	1,372,393	437,730	575,657	8,471,109
Total liabilities and deferred inflow of resources and liabilities	\$ 4,409,651	\$ 2,062,875	\$ 1,376,666	\$ 3,208,026	\$ 1,269,720	\$ 12,326,938

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, 2021**

Total fund balance per balance sheet		\$ 8,471,109
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	\$ 13,116,733	
Depreciation	<u>(4,331,187)</u>	
Capital assets net of depreciation		8,785,546
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable		(4,920,000)
Assessments not collected are reported as unavailable revenue in the fund statements, and are reported as income as levied in the Statement of Activities.		
		3,369,364
Unamortized bond discount and premiums are not recognized in the fund statements.		
		<u>(87,846)</u>
Net position of governmental activities		<u>\$ 15,618,173</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, 2021

	General	Municipal Street	Fire Operating	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
REVENUES						
Taxes	\$ 573,309	\$ 1,074,712	\$ 1,348,312	\$	\$	\$ 2,996,333
Special assessments - principal				230,858	131,260	362,118
Special assessments - interest				104,445	28,850	133,295
State revenues	1,351,590	2,908	3,648			1,358,146
Grants	13,438					13,438
Licenses and permits	242,173				102,028	344,201
Interest and rents	60,247	1,578	902	280	539	63,546
Charges for services	477,148				3,510	480,658
Donations	2,500					2,500
Miscellaneous	79,699	21	27			79,747
Total revenues	<u>2,800,104</u>	<u>1,079,219</u>	<u>1,352,889</u>	<u>335,583</u>	<u>266,187</u>	<u>5,833,982</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 (continued)
FOR THE YEAR ENDED MARCH 31, 2021

	General	Municipal Street	Fire Operating	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
EXPENDITURES						
Current:						
General government	1,560,154					1,560,154
Parks and recreation	44,368					44,368
Capital improvement	28,006					28,006
Police protection/public safety	6,318					6,318
Fire protection			1,221,619			1,221,619
Cemetery					26,630	26,630
Public works	269,420	76,083			217,477	562,980
Community development	42,000					42,000
Capital outlay:						
General government	219,893				86,829	306,722
Fire protection			48,950			48,950
Parks and recreation	84,072					84,072
Debt service:						
Principal		535,000		250,000	85,000	870,000
Interest and fees		66,750		65,733	22,613	155,096
Total expenditures	2,254,231	677,833	1,270,569	315,733	438,549	4,956,915
Excess of revenues over (under) expenditures	545,873	401,386	82,320	19,850	(172,362)	877,067
OTHER FINANCING SOURCES (USES)						
Transfers in	14,900				7,549	22,449
Transfers (out)					(22,449)	(22,449)
Total other financing sources (uses)	14,900				(14,900)	
Net changes in fund balances	560,773	401,386	82,320	19,850	(187,262)	877,067
FUND BALANCE, APRIL 1, 2020	3,535,147	1,588,023	1,290,073	417,880	762,919	7,594,042
FUND BALANCE, MARCH 31, 2021	\$ 4,095,920	\$ 1,989,409	\$ 1,372,393	\$ 437,730	\$ 575,657	\$ 8,471,109

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, 2021**

Net change in fund balance - governmental funds	\$ 877,067
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	\$ 439,744
Depreciation expense	<u>(427,524)</u>
Total	12,220
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	870,000
Bond discounts and bond premiums are amortized over the life of the bonds on the Statement of Activities.	
Current year amortization	28,874
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>(362,119)</u>
Change in net position of governmental activities	<u>\$ 1,426,042</u>

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

HARTLAND TOWNSHIP

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2021

	ENTERPRISE FUNDS			
	Water System	Sewage Disposal System	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,773,938	\$ 4,810,284	\$	\$ 6,584,222
Investments	101,634	1,837,771		1,939,405
Special assessment receivable	37,228	93,930		131,158
Accounts receivable - billing	144,291	739,739		884,030
Prepaid		14,967		14,967
Interest receivable	14,229	3,750		17,979
Due from other funds	15,059	213	(8,393)	6,879
Total current assets	2,086,379	7,500,654	(8,393)	9,578,640
RESTRICTED ASSETS				
Cash and cash equivalents	627,874	1,944,596		2,572,470
Investments	259,004			259,004
Special assessments receivable, net of \$400,000 allowance		4,662,564		4,662,564
Connection fees receivable		301,632		301,632
Bond discount, net of amortization		63,895		63,895
Total restricted assets	886,878	6,972,687		7,859,565
CAPITAL ASSETS				
Land	300,000	26,842		326,842
Construction in progress	329,100			329,100
Utility systems, net	4,984,481	15,752,578		20,737,059
Net capital assets	5,613,581	15,779,420		21,393,001
Total assets	8,586,838	30,252,761	(8,393)	38,831,206
CURRENT LIABILITIES				
Accounts payable	217,273	175,497		392,770
Accrued expenditures	11,377			11,377
Accrued interest payable	1,875	109,229		111,104
Due to others		8,976		8,976
Chargeback payable		467,523		467,523
Bonds and contracts - current portion	225,000	1,208,600		1,433,600
Due to other funds	3,046	8,674	(8,393)	3,327
Total current liabilities	458,571	1,978,499	(8,393)	2,428,677
LONG-TERM LIABILITIES				
Bonds and contracts payable long term portion		12,980,073		12,980,073
Bond premiums, net of amortization		274,570		274,570
Total long-term liabilities		13,254,643		13,254,643
Total liabilities	458,571	15,233,142	(8,393)	15,683,320
NET POSITION				
Invested in capital assets, net of related debt	5,388,581	2,549,420		7,938,001
Unrestricted	2,739,686	12,470,199		15,209,885
Total net position	\$ 8,128,267	\$ 15,019,619	\$	\$ 23,147,886

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, 2021

	ENTERPRISE FUNDS		
		Sewage Disposal	
	Water System	System	Total
OPERATING REVENUES			
User charges	\$ 629,168	\$ 2,810,806	\$ 3,439,974
OPERATING EXPENSES	813,718	2,600,049	3,413,767
Operating (loss)	(184,550)	210,757	26,207
NON-OPERATING REVENUES AND (EXPENSES)			
Interest income - cash and cash equivalents	11,066	24,796	35,862
Interest income - special assessments	8,331	168,339	176,670
Other income (expense)	51,855	463	52,318
Interest expense and bond fees	(1,965)	(458,383)	(460,348)
Bond issuance costs	(500)		(500)
Total non-operating revenues and (expenses)	68,787	(264,785)	(195,998)
CAPITAL CONTRIBUTIONS			
Connection fees, net of refund		9,439	9,439
Surcharge fees		44,063	44,063
Total capital contributions		53,502	53,502
Changes in net position	(115,763)	(526)	(116,289)
NET POSITION AT APRIL 1, 2020	8,244,030	15,020,145	23,264,175
NET POSITION AT MARCH 31, 2021	\$ 8,128,267	\$ 15,019,619	\$ 23,147,886

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, 2021**

	ENTERPRISE FUNDS		
	Water System	Sewage Disposal System	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 663,476	\$ 2,933,830	\$ 3,597,306
Payments to other suppliers for goods or services	(354,928)	(2,152,926)	(2,507,854)
Payments made to employees	(116,945)		(116,945)
Net cash (used) provided by operating activities	191,603	780,904	972,507
CASH FLOW FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES			
Principal and interest paid on capital debt	(251,950)	(1,712,737)	(1,964,687)
Collections of special assessment (principal and interest)	313,599	633,818	947,417
Connection fees		160,255	160,255
Acquisition of fixed assets	(259,274)	(15,760)	(275,034)
Other revenue	51,355	43,600	94,955
Net cash from capital and related financing activities	(146,270)	(890,824)	(1,037,094)
CASH FLOW FROM INVESTING ACTIVITIES			
Net proceeds from sale/purchase of investments		200,460	200,460
Interest received on cash and cash equivalents	1,540	17,818	19,358
Net cash (used) provided by investing activities	1,540	218,278	219,818
Net increase (decrease) in cash and cash equivalents	46,873	108,358	155,231
CASH AND CASH EQUIVALENTS AT APRIL 1, 2020	2,354,939	6,646,522	9,001,461
CASH AND CASH EQUIVALENTS AT MARCH 31, 2021	\$ 2,401,812	\$ 6,754,880	\$ 9,156,692
ADJUSTMENTS TO OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES			
Operating gain (loss)	\$ (184,550)	\$ 210,757	\$ 26,207
Adjustments to reconcile operating income to net cash provided (used by) operating activities:			
Depreciation	252,209	436,670	688,879
Change in assets and liabilities			
(Increase) decrease in accounts receivable	34,308	123,024	157,332
(Increase) decrease in prepaid expense		1,958	1,958
(Increase) decrease due from other funds	(3,108)	(73)	(3,181)
Increase (decrease) accounts payable	89,272	8,568	97,840
Increase (decrease) in accrued expenditures	3,472		3,472
Total adjustments	376,153	570,147	946,300
Net cash provided by operating activities	\$ 191,603	\$ 780,904	\$ 972,507

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

HARTLAND TOWNSHIP

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2021

	Current Tax Collection	Trust and Agency	Totals
ASSET			
Cash	\$ 481	\$ 15,295	\$ 15,776
LIABILITIES			
Due to other funds	\$ 481	\$	\$ 481
Due to others		15,295	15,295
Total liabilities	\$ 481	\$ 15,295	\$ 15,776

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, 2021**

	<u>Current Tax Collection</u>
ADDITIONS	
Tax collections for others	<u>\$ 25,635,607</u>
DEDUCTIONS	
Payments of tax to others	<u>\$ 25,635,607</u>
Net increase (decrease) in fiduciary net position	\$
Net position, April 1, 2020	<u> </u>
Net position, March 31, 2021	<u><u>\$</u></u>

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021, expenditures did exceed appropriations immaterially in the General Fund.

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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, 2020 as revenue for the year ended March 31, 2021.

The 2020 taxable valuation of the Township totaled \$747,217,938. 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 2021.

The Township levies the following millage:

General Township	.7699
Fire and fire capital improvements	1.8106
Road improvement	<u>1.4432</u>
Total millage	<u><u>4.0237</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, 2021**

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, 2021.

K. INCOME TAXES

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

L. RECEIVABLES

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

M. INVESTMENTS

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

N. FUND EQUITY

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

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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, 2021.

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

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

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. BOND ISSUANCE COSTS AND BOND DISCOUNTS

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

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

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

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

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

HARTLAND DEERFIELD FIRE AUTHORITY

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

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2021, was as follows:

	<u>Balance 4/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Balance 3/31/2021</u>
Governmental activities:					
Capital assets not being depreciated					
Construction in progress	\$ 137,647	\$ 124,141	\$	\$ (221,719)	\$ 40,069
Land	<u>2,334,457</u>	<u>147,950</u>			<u>2,482,407</u>
Total assets not being depreciated	<u>2,472,104</u>	<u>272,091</u>		<u>(221,719)</u>	<u>2,522,476</u>
Other capital assets:					
Buildings and improvements	5,764,312	48,950			5,813,262
Parks	3,829,338			221,719	4,051,057
Vehicles and equipment	<u>637,360</u>	<u>118,703</u>	<u>(26,125)</u>		<u>729,938</u>
Total other capital assets	<u>10,231,010</u>	<u>167,653</u>	<u>(26,125)</u>	<u>221,719</u>	<u>10,594,257</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,583,794)	(149,616)			(2,733,410)
Parks	(846,357)	(234,680)			(1,081,037)
Vehicles and equipment	<u>(499,637)</u>	<u>(43,228)</u>	<u>26,125</u>		<u>(516,740)</u>
Total accumulated depreciation	<u>(3,929,788)</u>	<u>(427,524)</u>	<u>26,125</u>		<u>(4,331,187)</u>
Other capital assets, net	<u>6,301,222</u>	<u>(259,871)</u>		<u>221,719</u>	<u>6,263,070</u>
Governmental capital assets, net	<u><u>\$ 8,773,326</u></u>	<u><u>\$ 12,220</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 8,785,546</u></u>

There is no related long-term debt outstanding.

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 124,829
Public safety	68,015
Parks and recreation	<u>234,680</u>
Total	<u><u>\$ 427,524</u></u>

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

NOTE 3 - CAPITAL ASSETS (continued)

	Balance 4/1/2020	Additions	Deletions	Reclassification	Balance 3/31/2021
Business-type activities:					
Capital assets not being depreciated					
Land - sewer	\$ 11,082	\$ 15,760	\$	\$	\$ 26,842
Land - water	300,000				300,000
Construction in progress	82,954	259,274		(13,128)	329,100
Total other capital assets not being depreciated	394,036	275,034		(13,128)	655,942
Other capital assets:					
Intangible-sewer system and related equipment	21,839,792				21,839,792
Water plant and distribution system	9,289,279			13,128	9,302,407
Total other capital assets at historical cost	31,129,071			13,128	31,142,199
Less accumulated depreciation for:					
Sewer system	(5,650,544)	(436,670)			(6,087,214)
Water system	(4,065,717)	(252,209)			(4,317,926)
Total accumulated depreciation	(9,716,261)	(688,879)			(10,405,140)
Other capital assets, net	21,412,810	(688,879)		13,128	20,737,059
Business-type capital assets, net	\$ 21,806,846	\$ (413,845)	\$	\$	21,393,001
Related long-term debt outstanding at March 31, 2021					(13,455,000)
Business-type capital assets, net related long-term debt					\$ 7,938,001

Depreciation was charged to functions as follows:

Business-type activities:

Sewer	\$ 436,670
Water service	252,209
Total	<u>\$ 688,879</u>

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

NOTE 4 - INTERFUND ACTIVITIES AND BALANCES

Interfund receivables and payables exist at March 31, 2021. These represent short-term borrowings and amounts owed for reimbursements between other funds.

INTERFUND RECEIVABLE		INTERFUND PAYABLE	
General Fund	\$ 481	Current Tax Collection Fund	\$ 481
General Fund	311	Sewage Disposal System Fund	311
General Fund	3,016	Water System Fund	3,016
Water System Fund	400	General Fund	400
Capital Improvement Fund	84,490	Ore Valley SAD Fund	84,490
Water System Fund	6,296	General Fund	6,296
Water System Fund	8,363	Sewage Disposal System Fund	8,363
Sewage Disposal System Fund	30	Water System Fund	30
Sewage Disposal System Fund	183	General Fund	183
	<u>\$ 103,570</u>		<u>\$ 103,570</u>

Interfund transfers for the year ended March 31, 2021 were as follows:

Transfer In	Transfer Out	Purpose	Amount
Capital Improvements Fund	Hartland Shores Fund	Future improvements	14,900
Totals			<u>\$ 14,900</u>

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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, 2021 for governmental and business-type activities as follows:

Purpose	Issuance Amount	Annual Principal Installments	Final Maturity	Interest Rate(s)	Debt Outstanding
Governmental activities:					
Refunding Bonds, Series 2019	\$ 2,790,000	\$150,000 - \$250,000	5/1/33	.05 - 3.00%	\$ 2,540,000
Capital Improvement, Series 2015	1,650,000	170,000 - 205,000	4/1/24	3.00%	590,000
Capital Improvement, Series 2016	2,750,000	325,000 - 375,000	4/1/24	3.00%	1,100,000
Road Special Assessment, Series 2018	860,000	85,000 - 110,000	6/1/27	3.00 - 3.125%	690,000
Total for governmental activities					<u>4,920,000</u>
Business-type activities:					
Water System, Series 2017	1,010,000	225,000 - 280,000	5/1/21	2.00%	225,000
Sewer System - Refunding Series 2011	5,610,000	700,000 - 705,000	11/1/33	4.00 - 5.25%	5,610,000
Sewer System - Refunding Series 2016	11,430,000	400,000 - 1,175,000	11/1/30	1.50 - 3.00%	7,620,000
Sewer System - Lake Tyrone 2016	1,312,640	52,740 - 79,673	4/1/35	2.50%	958,673
Total for business-type activities					<u>14,413,673</u>
Total general obligation bonds payable					<u>\$ 19,333,673</u>

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
3/31/2022	\$ 870,000	\$ 135,298	\$ 1,433,600	\$ 467,967
3/31/2023	890,000	113,750	1,178,600	441,252
3/31/2024	900,000	88,476	1,156,530	417,387
3/31/2025	320,000	62,588	1,156,530	393,949
3/31/2026	310,000	53,688	1,129,460	370,510
4/1/2026 - 3/31/2031	1,160,000	145,857	5,940,740	1,263,895
4/1/2031 - 3/31/2035	470,000	20,700	2,418,213	241,353
	<u>\$ 4,920,000</u>	<u>\$ 620,357</u>	<u>\$ 14,413,673</u>	<u>\$ 3,596,313</u>

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

NOTE 5 - LONG TERM LIABILITIES (continued)

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended March 31, 2021:

	Balance 4/1/2020	Additions	Reductions	Balance 3/31/2021	Due Within One Year
Governmental activities:					
<u>General obligation bonds payable</u>					
Refunding Bonds, Series 2019	\$ 2,790,000	\$	\$ (250,000)	\$ 2,540,000	\$ 240,000
Capital Improvement, Series 2015	775,000		(185,000)	590,000	190,000
Capital Improvement, Series 2016	1,450,000		(350,000)	1,100,000	350,000
Road Special Assessment, Series 2018	775,000		(85,000)	690,000	90,000
Governmental activities long-term liabilities	5,790,000		(870,000)	4,920,000	870,000
Business-type activities:					
<u>General obligation bonds payable</u>					
Water System, Series 2017	470,000		(245,000)	225,000	225,000
Sewer System - Refunding Series 2011	5,610,000			5,610,000	
Sewer System - Refunding Series 2016	8,795,000		(1,175,000)	7,620,000	1,150,000
Sewer System - Lake Tyrone 2016	1,014,343		(55,670)	958,673	58,600
Business-type activities long-term liabilities	15,889,343		(1,475,670)	14,413,673	1,433,600
Total long-term liabilities	\$ 21,679,343	\$	\$ (2,345,670)	\$ 19,333,673	\$ 2,303,600

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 6 - EMPLOYEE RETIREMENT PLAN

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

ICMA- RA 401(a) plan #109341 covers all full-time employees hired prior to July 1, 2017, the Clerk, Treasurer, Supervisor and four Trustees. Full-time employees, the Clerk and the Treasurer are required to contribute 2.5% of his/her compensation and the Township contributes 10%. The Supervisor and four Trustees are required to contribute \$25 monthly and the Township contributes \$75 monthly. The plan vests 100% immediately. The plan members and Township contributed \$18,510 and \$72,690, respectively during the fiscal year ended March 31, 2021.

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 \$5,750 and \$23,000, respectively during the fiscal year ended March 31, 2021.

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 \$100 and \$500, respectively during the fiscal year ended March 31, 2021.

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, 2021, employees contributed \$43,493 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, 2021**

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

As of March 31, 2021, cash, cash equivalents, and investments consist of the following:

	<u>Total</u>	<u>Cash</u>	<u>Investments</u>
Deposits			
Checking accounts	\$ 2,481,993	\$ 2,481,993	\$
Money market and savings accounts	14,772,362	14,772,362	
Non-negotiable CDs	2,668,019		2,668,019
Total deposits	<u>\$ 19,922,374</u>	<u>\$ 17,254,355</u>	<u>\$ 2,668,019</u>

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

Statement of Net Position

Cash and investments \$ 19,783,869

Fiduciary Funds

Cash 15,776

Total cash and investments \$ 19,799,645

The carrying amount of cash is stated at \$19,799,645 as of March 31, 2021. The difference between the carrying amounts and amounts mentioned above stem from outstanding checks and outstanding deposits and accrued interest.

Deposits - Custodial Credit Risk

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

Insured by FDIC	\$ 5,401,101
Uninsured and collateralized	1,037,782
Uninsured and uncollateralized	<u>13,483,491</u>
	<u>\$ 19,922,374</u>

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

NOTE 8 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Township maintains two enterprise funds, which provide water and sewer services. Segment information for the year ended March 31, 2021, was as follows:

	Water System Fund	Sewer Disposal System Fund	Total Enterprise Funds
Operating revenues	\$ 629,168	\$ 2,810,806	\$ 3,439,974
Depreciation	252,209	436,670	688,879
Operating income (loss)	(184,550)	210,757	26,207
Non-operating revenues (expenses)	68,787	(264,785)	(195,998)
Change in net position	(115,763)	(526)	(116,289)
Total assets	8,586,838	30,252,761	38,839,599
Accounts payable	217,273	175,497	392,770
Net working capital	1,627,808	5,247,585	6,875,393
Total equity	8,128,267	15,019,619	23,147,886

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 9 - SPECIAL ASSESSMENTS RECEIVABLE

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

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

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

	Water System	Sewage Disposal System	Total
Gross special assessments receivable	\$	\$ 5,062,564	\$ 5,062,564
Less: allowance for uncollectable assessments		(400,000)	(400,000)
Net special assessments receivable	<u>\$</u>	<u>\$ 4,662,564</u>	<u>\$ 4,662,564</u>
Total debt	<u>\$ 225,000</u>	<u>\$ 14,188,673</u>	<u>\$ 14,413,673</u>

NOTE 10 - HEALTH SAVINGS ACCOUNT

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

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

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 11 - COVID 19

In March 2020 the governor of Michigan took measures to contain the spread of the COVID-19 virus, including travel bans, quarantines, social distancing, and closures of non-essential services. This has triggered significant disruptions to the economy. The Township has taken steps to reduce the negative effect on its financial position by taking cost reduction measures. As a result, the Township had a positive increase to the net position at March 31, 2021. The Township continues to carefully monitor the situation.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 7, 2021, which is the date the financial statements were available to be issued.

Management has determined the ongoing COVID-19 events mentioned in Note 11 are non-adjusting subsequent events. Accordingly, the financial position and statement of activities as of and for the year ended March 31, 2021, have not been adjusted for their impact. The duration and impact of COVID-19 remains unclear at this time. While the Township is optimistic about continuing operations going forward, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and statement of activities of the Township for future periods.

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

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 13 - UPCOMING GASB PRONOUNCEMENTS

GASB 87 - LEASES

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

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended March 31, 2022.

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

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

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended March 31, 2022.

OTHER GASB STANDARDS

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

REQUIRED SUPPLEMENTARY INFORMATION

HARTLAND TOWNSHIP

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2021**

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 573,309	\$
State revenue			1,351,590	
Licenses and permits			242,173	
Interest and rents			60,247	
Charges for services			477,148	
Miscellaneous			95,637	
Total revenues	2,786,243	2,786,243	2,800,104	13,861
EXPENDITURES	3,007,595	3,015,299	2,254,231	761,068
Excess of revenues over (under) expenditures	(221,352)	(229,056)	545,873	774,929
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(25,000)	(25,000)	14,900	39,900
Total other financing sources (uses)	(25,000)	(25,000)	14,900	39,900
Net change in fund balance	(246,352)	(254,056)	560,773	814,829
FUND BALANCE, APRIL 1, 2020	3,535,147	3,535,147	3,535,147	
FUND BALANCE, MARCH 31, 2021	<u>\$ 3,288,795</u>	<u>\$ 3,281,091</u>	<u>\$ 4,095,920</u>	<u>\$ 814,829</u>

HARTLAND TOWNSHIP

MUNICIPAL STREET FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2021**

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 1,074,712	\$
State - personal property tax reimbursement			2,908	
Interest and rent			1,578	
Other revenue			21	
Total revenues	1,077,833	1,077,833	1,079,219	1,386
EXPENDITURES				
Project costs			76,083	
Debt				
Principal			535,000	
Interest			66,750	
Total expenditures	1,621,250	1,621,250	677,833	943,417
Net change in fund balance	(543,417)	(543,417)	401,386	944,803
FUND BALANCE, APRIL 1, 2020	1,588,023	1,588,023	1,588,023	
FUND BALANCE, MARCH 31, 2021	\$ 1,044,606	\$ 1,044,606	\$ 1,989,409	\$ 944,803

HARTLAND TOWNSHIP

FIRE OPERATING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2021

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 1,348,312	\$
State - personal property tax reimbursement			3,648	
Interest			902	
Miscellaneous			27	
Total revenues	<u>1,353,457</u>	<u>1,353,457</u>	<u>1,352,889</u>	<u>(568)</u>
EXPENDITURES				
Authority contributions			1,200,038	
Repairs and maintenance			17,206	
Capital outlay			48,950	
Professional fees			3,387	
Utility/assessments			988	
Total expenditures	<u>1,221,479</u>	<u>1,271,249</u>	<u>1,270,569</u>	<u>680</u>
Net change in fund balance	<u>131,978</u>	<u>82,208</u>	<u>82,320</u>	<u>112</u>
FUND BALANCE, APRIL 1, 2020	<u>1,290,073</u>	<u>1,290,073</u>	<u>1,290,073</u>	
FUND BALANCE, MARCH 31, 2021	<u>\$ 1,422,051</u>	<u>\$ 1,372,281</u>	<u>\$ 1,372,393</u>	<u>\$ 112</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HARTLAND TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2021

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			
Drains	\$ 8,300	\$ 9,164	\$ (864)
Streetlights	<u>14,750</u>	<u>16,183</u>	<u>(1,433)</u>
	<u>\$ 23,050</u>	<u>\$ 25,347</u>	<u>\$ (2,297)</u>

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

HARTLAND TOWNSHIP

**COMBINING BALANCE SHEETS
FUNDS INCLUDED IN GASB 54 CONSOLIDATION**

MARCH 31, 2021

	General Fund Pre GASB 54 - Consolidation	Capital Improvement Fund	Eliminations	Totals Restated General Fund
ASSETS				
Cash and cash equivalents	\$ 3,170,581	\$ 836,005		\$ 4,006,586
Taxes receivable	24,546			24,546
State shared revenue receivable	229,252			229,252
Special assessments receivable		2,003		2,003
Accounts receivable - other	56,589			56,589
Interest	489			489
Prepaid expense	1,888			1,888
Due from other funds	19,408	84,490	(15,600)	88,298
Total assets	<u>\$ 3,502,753</u>	<u>\$ 922,498</u>	<u>\$ (15,600)</u>	<u>\$ 4,409,651</u>
LIABILITIES				
Accounts payable	\$ 30,827	\$ 2,456		\$ 33,283
Accrued expenditures	70,792			70,792
Compliance reserves	50,429			50,429
Unearned revenue	85,906			85,906
Due to others	66,442			66,442
Due to other funds	6,879	15,600	(15,600)	6,879
Total liabilities	<u>311,275</u>	<u>18,056</u>	<u>(15,600)</u>	<u>313,731</u>
FUND BALANCES				
Nonspendable	1,888			1,888
Committed - capital improvement		904,442		904,442
Unassigned	3,189,590			3,189,590
Total fund balance	<u>3,191,478</u>	<u>904,442</u>		<u>4,095,920</u>
Total liabilities and fund balance	<u>\$ 3,502,753</u>	<u>\$ 922,498</u>	<u>\$ (15,600)</u>	<u>\$ 4,409,651</u>

HARTLAND TOWNSHIP
COMBINING BALANCE SHEETS
ALL NONMAJOR FUNDS
MARCH 31, 2021

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS			
	Cemetery	Liquor Law Enforcement	Cable Television	Ore Valley SAD	Millpointe Road SAD	Bullard Lake Road SAD	Totals
ASSETS							
Cash and investments	\$ 25,166	\$ 73,708	\$ 125,005	\$ 105,796	\$ 267,450	\$ 48,059	\$ 645,184
Special assessment receivable				876	472,171	128,989	602,036
Fees receivable			22,500				22,500
Total assets	<u>\$ 25,166</u>	<u>\$ 73,708</u>	<u>\$ 147,505</u>	<u>\$ 106,672</u>	<u>\$ 739,621</u>	<u>\$ 177,048</u>	<u>\$ 1,269,720</u>
LIABILITIES							
Accounts payable	\$ 785	\$	\$ 9,720	\$	\$	\$	\$ 10,505
Due to other funds				84,490			84,490
Total liabilities	<u>785</u>		<u>9,720</u>	<u>84,490</u>			<u>94,995</u>
DEFERRED INFLOW OF RESOURCES							
Unavailable revenue					470,079	128,989	599,068
FUND BALANCE							
Restricted							
Public safety		73,708					73,708
Debt service				22,182	258,438	47,760	328,380
Committed							
Cemetery	24,381						24,381
Cable			135,460				135,460
Assigned for future budget deficit			2,325		11,104	299	13,728
Total fund balance	<u>24,381</u>	<u>73,708</u>	<u>137,785</u>	<u>22,182</u>	<u>269,542</u>	<u>48,059</u>	<u>575,657</u>
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 25,166</u>	<u>\$ 73,708</u>	<u>\$ 147,505</u>	<u>\$ 106,672</u>	<u>\$ 739,621</u>	<u>\$ 177,048</u>	<u>\$ 1,269,720</u>

HARTLAND TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FUNDS INCLUDED IN GASB 54 CONSOLIDATION
FOR THE YEAR ENDED MARCH 31, 2021**

	General Fund - Pre GASB 54 Consolidation	Capital Improvement Fund	Eliminations	Totals Restated General Fund
REVENUES				
Taxes	\$ 573,309	\$	\$	\$ 573,309
State revenues	1,351,590			1,351,590
Grant	13,438			13,438
Licenses and permits	227,925	14,248		242,173
Interest and rents	59,791	456		60,247
Charges for services	477,148			477,148
Donations		2,500		2,500
Miscellaneous	70,249	9,450		79,699
Total revenues	2,773,450	26,654		2,800,104
EXPENDITURES	1,931,422	322,809		2,254,231
Excess of revenues over (under) expenditures	842,028	(296,155)		545,873
OTHER FINANCING SOURCES (USES)				
Transfers in		528,048	(513,148)	14,900
Transfers (out)	(513,148)		513,148	
Total other financing sources (uses)	(513,148)	528,048		14,900
Net changes in fund balances	328,880	231,893		560,773
FUND BALANCE, APRIL 1, 2020	2,862,598	672,549		3,535,147
FUND BALANCE, MARCH 31, 2021	\$ 3,191,478	\$ 904,442	\$	\$ 4,095,920

HARTLAND TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR FUNDS
FOR THE YEAR ENDED MARCH 31, 2021

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS		DEBT SERVICE FUNDS				
	Cemetery	Liquor Law Enforcement	Cable Television	Millpoint Road Construction	Bullard Lake Construction	Hartland Shores	Ore Valley SAD	Millpointe Road SAD	Bullard Lake Road SAD	Totals
REVENUES										
Special assessments										
Principal	\$	\$	\$	\$	\$	\$	\$ 19,827	\$ 95,309	\$ 16,124	\$ 131,260
Interest							397	23,664	4,789	28,850
Licenses and permits		12,120	89,908							102,028
Interest and rents	16	53	107	5	91	13	71	161	22	539
Charges for services	3,510									3,510
Total revenues	3,526	12,173	90,015	5	91	13	20,295	119,134	20,935	266,187
EXPENDITURES										
Cemetery	26,630									26,630
Public works			49,273		168,204					217,477
Capital outlay										
General government			86,829							86,829
Debt service										
Principal								85,000		85,000
Interest								22,613		22,613
Total expenditures	26,630		136,102		168,204			107,613		438,549
Excess of revenues over (under) expenditures	(23,104)	12,173	(46,087)	5	(168,113)	13	20,295	11,521	20,935	(172,362)
OTHER FINANCING SOURCES (USES)										
Transfers in								6,637	912	7,549
Transfers (out)				(6,637)	(912)	(14,900)				(22,449)
Total other financing sources (uses)				(6,637)	(912)	(14,900)		6,637	912	(14,900)
Net change in fund balances	(23,104)	12,173	(46,087)	(6,632)	(169,025)	(14,887)	20,295	18,158	21,847	(187,262)
FUND BALANCE, APRIL 1, 2020	47,485	61,535	183,872	6,632	169,025	14,887	1,887	251,384	26,212	762,919
FUND BALANCE , MARCH 31, 2021	\$ 24,381	\$ 73,708	\$ 137,785	\$	\$	\$	\$ 22,182	\$ 269,542	\$ 48,059	\$ 575,657

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, 2021**

ASSETS

Cash and investments	\$ 3,170,581
Accounts receivable	
Taxes	24,546
State revenues	229,252
Other	56,589
Interest	489
Due from other funds	19,408
Prepaid expenditures	<u>1,888</u>
Total assets	<u><u>\$ 3,502,753</u></u>

LIABILITIES

Accounts payable	\$ 30,827
Accrued expenditures	70,792
Compliance reserves	50,429
Unearned revenue	85,906
Due to others	66,442
Due to other funds	<u>6,879</u>
Total liabilities	\$ 311,275

FUND BALANCE

	<u>3,191,478</u>
Total liabilities and fund balance	<u><u>\$ 3,502,753</u></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, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 573,309	\$
Licenses and permits		227,925	
State revenues		1,351,590	
Interest and rent		59,791	
Charges for services		477,148	
Other revenues		83,687	
Total revenues	2,773,743	2,773,450	(293)
EXPENDITURES	2,218,320	1,931,422	286,898
Excess of revenues over (under) expenditures	555,423	842,028	286,605
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(538,148)	(513,148)	25,000
Net change in fund balance	17,275	328,880	311,605
FUND BALANCE, APRIL 1, 2020	2,862,598	2,862,598	
FUND BALANCE, MARCH 31, 2021	<u>\$ 2,879,873</u>	<u>\$ 3,191,478</u>	<u>\$ 311,605</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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
Current property taxes	\$ 572,786	\$ 573,309	\$ 523
LICENSES AND PERMITS			
Mobile home		3,760	
Dog licenses		162	
Cable fees		224,003	
Total licenses and permits	224,610	227,925	3,315
STATE REVENUE			
State shared revenue		1,350,039	
Personal property tax reimbursement		1,551	
Total state revenue	1,355,040	1,351,590	(3,450)
CHARGES FOR SERVICES			
Utility administration		162,767	
Tax administration fee		244,113	
Zoning fees		45,605	
Tax collections fees		17,673	
Other		6,990	
Total charges for services	466,765	477,148	10,383
INTEREST AND RENT			
Rental income		52,866	
Interest income		6,925	
Total interest and rent	64,345	59,791	(4,554)
MISCELLANEOUS REVENUES			
Reimbursements		15,695	
Professional review costs		37,417	
Grant revenue		13,438	
Miscellaneous		13,147	
Farmers market		3,990	
Total miscellaneous revenues	90,197	83,687	(6,510)
Total revenues	\$ 2,773,743	\$ 2,773,450	\$ (293)

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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Trustee fees	\$	\$ 25,467	\$
Retirement		3,600	
Taxes - payroll		1,948	
Supplies and postage		247	
Audit		9,160	
Legal		4,907	
Membership and dues		20,499	
Education and training		112	
Total township board	<u>80,963</u>	<u>65,940</u>	<u>15,023</u>
SUPERVISOR			
Supervisor salary		31,000	
Taxes - payroll		2,392	
Retirement		900	
Total supervisor	<u>34,372</u>	<u>34,292</u>	<u>80</u>
TOWNSHIP MANAGER			
Wages		97,398	
Secretary wages		61,415	
Taxes - payroll		11,973	
Insurance - health		12,896	
Retirement		9,094	
Supplies and postage		1,593	
Contracted services		12,994	
Membership and dues		534	
Education and training		327	
Miscellaneous		2,330	
Total township manager	<u>234,792</u>	<u>210,554</u>	<u>24,238</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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
ELECTIONS			
Wages and fees		23,008	
Taxes - payroll		36	
Supplies and postage		9,288	
Capital outlay		586	
Contracted services		6,294	
Printing and publications		120	
Miscellaneous		3,281	
Total elections	<u>72,175</u>	<u>42,613</u>	<u>29,562</u>
FINANCE DEPARTMENT			
Salaries		119,612	
Taxes - payroll		8,748	
Insurance - benefits		18,876	
Retirement		11,972	
Supplies and postage		1,209	
Membership and dues		310	
Repairs and maintenance		2,756	
Education and training		549	
Total finance department	<u>166,008</u>	<u>164,032</u>	<u>1,976</u>
ASSESSOR			
Salaries and wages		146,542	
Taxes - payroll		10,557	
Insurance - benefits		18,958	
Retirement		11,698	
Supplies and postage		1,393	
Contracted services		5,500	
Membership and dues		2,417	
Tax preparation		3,688	
Legal fees		17,826	
Repairs and maintenance		4,637	
Capital outlay		1,260	
Education and training		219	
Total assessor	<u>241,027</u>	<u>224,695</u>	<u>16,332</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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
CLERK			
Clerk salary		62,000	
Other - clerical salary		43,654	
Taxes - payroll		7,769	
Insurance - benefits		21,798	
Retirement		10,433	
Supplies and postage		902	
Membership and dues		271	
Printing and publishing		1,598	
Education and training		127	
Total clerk	154,416	148,552	5,864
VEHICLE USE	2,300	366	1,934
BOARD OF REVIEW			
Fees		1,820	
Taxes - payroll		139	
Supplies and postage		69	
Printing and publishing		979	
Total board of review	4,450	3,007	1,443
TREASURER			
Treasurer salary		62,000	
Assistant wages		59,069	
Taxes - payroll		8,884	
Insurance - benefits		24,189	
Retirement		10,677	
Supplies and postage		1,057	
Membership and dues		834	
Tax preparation		9,509	
Repairs and maintenance		6,306	
Education and training		425	
Miscellaneous		15	
Total treasurer	187,559	182,965	4,594
DATA PROCESSING	19,700	19,700	

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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP HALL AND GROUNDS			
Wages		2,931	
Taxes - payroll		224	
Supplies		5,124	
Snow removal and mowing		12,201	
Contract services		16,289	
Telephone		8,952	
Utilities		26,076	
Repairs and maintenance		9,829	
Capital outlay		9,162	
Assessments		245	
Total township hall and grounds	<u>119,022</u>	<u>91,033</u>	<u>27,989</u>
UNALLOCATED			
PTO payout		12,161	
Office supplies and postage		4,932	
Tax chargebacks		481	
Insurance and bonds		22,141	
Repairs and maintenance		2,699	
Education and training		1,900	
Total unallocated	<u>79,992</u>	<u>44,314</u>	<u>35,678</u>
PLANNING AND ZONING			
Wages		196,347	
Taxes - payroll		15,814	
Insurance - benefits		2,571	
Retirement		18,646	
Planning commission		10,368	
Professional review costs		25,900	
Supplies and postage		828	
Contract services		5,391	
Membership and dues		1,853	
Legal fees		7,740	
Printing and publications		2,250	
Repairs and maintenance		316	
Education and training		909	
Total planning and zoning	<u>327,385</u>	<u>288,933</u>	<u>38,452</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PUBLIC WORKS			
Salaries		106,409	
Taxes - payroll		8,029	
Retirement		10,119	
Supplies and postage		1,049	
Contracted services		19,818	
Sampling		11,448	
Membership and dues		233	
Miscellaneous		790	
Total public works	<u>183,785</u>	<u>165,188</u>	<u>18,597</u>
ZONING BOARD OF APPEALS	<u>2,172</u>	<u>94</u>	<u>2,078</u>
SIDEWALKS	<u>6,000</u>	<u>4,000</u>	<u>2,000</u>
STREETLIGHTS	<u>14,750</u>	<u>16,183</u>	<u>(1,433)</u>
ROADS	<u>103,445</u>	<u>84,049</u>	<u>19,396</u>
CABLE			
Salaries		30,975	
Taxes - payroll		2,394	
Contacted services		1,216	
Printing and publishing		4,351	
Postage and supplies		126	
Total cable	<u>48,683</u>	<u>39,062</u>	<u>9,621</u>
CODE ENFORCEMENT	<u>15,956</u>	<u>6,318</u>	<u>9,638</u>
DRAINS	<u>8,300</u>	<u>9,164</u>	<u>(864)</u>
SENIOR CITIZENS	<u>22,000</u>	<u>22,000</u>	
COMMUNITY CENTER	<u>20,000</u>	<u>20,000</u>	
PARKS AND RECREATION	<u>69,068</u>	<u>44,368</u>	<u>24,700</u>
Total expenditures	<u>\$ 2,218,320</u>	<u>\$ 1,931,422</u>	<u>\$ 286,898</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, 2021**

ASSET

Cash	\$ 2,027,323
Taxes receivable	<u>35,552</u>
Total assets	<u>\$ 2,062,875</u>

LIABILITIES

Accounts payable	\$ 73,466
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FUND BALANCE

	<u>1,989,409</u>
Total liabilities and fund balance	<u>\$ 2,062,875</u>

HARTLAND TOWNSHIP

MUNICIPAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$	\$ 1,074,712	\$
Personal property tax reimbursement		2,908	
Interest and rent		1,578	
Other revenue		21	
Total revenues	<u>1,077,833</u>	<u>1,079,219</u>	<u>1,386</u>
EXPENDITURES			
Public works		76,083	
Debt			
Principal		535,000	
Interest		66,750	
Total expenditures	<u>1,621,250</u>	<u>677,833</u>	<u>943,417</u>
Net change in fund balance	<u>(543,417)</u>	<u>401,386</u>	<u>944,803</u>
FUND BALANCE, APRIL 1, 2020	<u>1,588,023</u>	<u>1,588,023</u>	
FUND BALANCE, MARCH 31, 2021	<u>\$ 1,044,606</u>	<u>\$ 1,989,409</u>	<u>\$ 944,803</u>

FIRE OPERATING FUND

HARTLAND TOWNSHIP

**FIRE OPERATING FUND
BALANCE SHEET
MARCH 31, 2021**

ASSETS

Cash	\$ 1,331,994
Taxes receivable	<u>44,672</u>
Total assets	<u><u>\$ 1,376,666</u></u>

LIABILITIES

Accounts payable	\$ 4,273
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FUND BALANCE

	<u>1,372,393</u>
Total liabilities and fund balance	<u><u>\$ 1,376,666</u></u>

HARTLAND TOWNSHIP

FIRE OPERATING FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 1,348,312	\$
Personal property tax reimbursement		3,648	
Interest		902	
Miscellaneous		27	
Total revenues	<u>1,353,457</u>	<u>1,352,889</u>	<u>(568)</u>
EXPENDITURES			
Authority contributions		1,200,038	
Repairs and maintenance		17,206	
Professional fees		3,387	
Capital outlay		48,950	
Utility/assessments		988	
Total expenditures	<u>1,271,249</u>	<u>1,270,569</u>	<u>680</u>
Net change in fund balance	<u>82,208</u>	<u>82,320</u>	<u>112</u>
FUND BALANCE, APRIL 1, 2020	<u>1,290,073</u>	<u>1,290,073</u>	
FUND BALANCE, MARCH 31, 2021	<u><u>\$ 1,372,281</u></u>	<u><u>\$ 1,372,393</u></u>	<u><u>\$ 112</u></u>

M-59/HARTLAND ROAD DEBT SERVICE FUND

HARTLAND TOWNSHIP

**M-59/HARTLAND ROAD DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2021**

ASSETS

Cash	\$ 417,681
Special assessments receivable	<u>2,790,345</u>
Total assets	<u><u>\$ 3,208,026</u></u>

DEFERRED INFLOW OF RESOURCES

Unavailable revenues	\$ 2,770,296
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FUND BALANCE

	<u>437,730</u>
Total deferred inflow of resources and fund balance	<u><u>\$ 3,208,026</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, 2021**

REVENUES

Special assessments

Principal \$ 230,858

Interest 104,445

Interest income 280

Total revenues \$ 335,583

EXPENDITURES

Debt

Principal 250,000

Interest 65,233

Fees 500

Total expenditures 315,733

Net change in fund balance 19,850

FUND BALANCE, APRIL 1, 2020 417,880

FUND BALANCE, MARCH 31, 2021 \$ 437,730

WATER SYSTEM FUND

HARTLAND TOWNSHIP

WATER SYSTEM FUND BALANCE SHEET MARCH 31, 2021

CURRENT ASSETS

Cash and investments - operating	\$ 1,348,423	
Cash and investments - capital replacement	425,515	
Investments	101,634	
Accounts receivable - customers	144,291	
Special assessment receivable	37,228	
Interest receivable	14,229	
Due from other funds	15,059	
Total current assets		\$ 2,086,379

RESTRICTED ASSETS

Cash and investments restricted for debt	627,874	
Investments	259,004	
Total restricted assets		886,878

PROPERTY, PLANT AND EQUIPMENT

Capital assets		
Land	300,000	
Construction in progress	329,100	
Water plant and equipment	9,302,407	
	9,931,507	
Less: accumulated depreciation	(4,317,926)	
Total property, plant and equipment		5,613,581
Total assets		<u>\$ 8,586,838</u>

CURRENT LIABILITIES

Accounts payable	\$ 217,273	
Accrued expenditures	11,377	
Due to other funds	3,046	
Total current liabilities		\$ 231,696

CURRENT LIABILITIES (from restricted assets)

Accrued interest	1,875	
Bonds payable - current portion	225,000	
Total current liabilities (from restricted assets)		226,875
Total liabilities		<u>458,571</u>

NET POSITION

Invested in capital assets, net of related debt	5,388,581	
Restricted	2,739,686	
Total net position		8,128,267
Total liabilities and net position		<u>\$ 8,586,838</u>

HARTLAND TOWNSHIP
WATER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021

OPERATING REVENUES

User charges		\$ 629,168
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OPERATING EXPENSES

Wages	\$ 120,420	
Taxes - payroll	8,796	
Insurance - benefits	9,160	
Retirement	9,529	
Administration fees	83,140	
Depreciation	252,209	
Contracted services	4,287	
Professional fees	13,910	
Repair and maintenance	107,531	
Insurance	9,096	
Supplies and postage	33,043	
Miscellaneous	14,910	
Meters	103,815	
Utilities and telephone	43,872	

Total operating expenses		<u>813,718</u>
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Operating (loss)		(184,550)
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NON-OPERATING REVENUES (EXPENSES)

Other income	51,855	
Interest income - cash	11,066	
Interest income - special assessments	8,331	
Interest expense	(1,965)	
Bond fees	(500)	

Total non-operating revenues (expenses)		<u>68,787</u>
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Net (loss)		(115,763)
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NET POSITION APRIL 1, 2020		<u>8,244,030</u>
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NET POSITION, MARCH 31, 2021		<u><u>\$ 8,128,267</u></u>
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HARTLAND TOWNSHIP
WATER SYSTEM FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 663,476	
Payments to other suppliers for goods or services	(354,928)	
Payments to employees	(116,945)	
Net cash from operating activities		\$ 191,603

CASH FLOWS FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES

Principal and interest paid on bonds	(251,950)	
Collections of special assessment (principal and interest)	313,599	
Acquisition of fixed assets	(259,274)	
Other revenue	51,355	
Net cash from capital and related financing activities		(146,270)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received on cash and cash equivalents	1,540	
Net cash from investing activities		1,540
Net decrease in cash and cash equivalents		46,873

CASH AND CASH EQUIVALENTS AT APRIL 1, 2020

2,354,939

CASH AND CASH EQUIVALENTS AT MARCH 31, 2021

\$ 2,401,812

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating (loss)		\$ (184,550)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 252,209	
Changes in assets and liabilities		
(Increase) - Decrease in accounts receivable	34,308	
(Increase) - Decrease in due from other funds	(3,108)	
Increase - (Decrease) in accounts payable	89,272	
Increase - (Decrease) in accrued wages	3,472	
Total adjustments		376,153
Net cash provided by operating activities		<u><u>\$ 191,603</u></u>

SEWAGE DISPOSAL SYSTEM FUND

HARTLAND TOWNSHIP

SEWAGE DISPOSAL SYSTEM FUND BALANCE SHEET MARCH 31, 2021

CURRENT ASSETS

Cash and cash equivalents	\$ 4,810,284	
Investments	1,837,771	
Accounts receivable - billings	739,739	
Interest receivable	3,750	
Due from other funds	213	
Special assessments receivable	93,930	
Prepaid	14,967	
Total current assets		\$ 7,500,654

RESTRICTED ASSETS

Cash and cash equivalents	1,944,596	
Special assessment receivable, net of allowance of \$400,000	4,662,564	
Total restricted assets		6,607,160

PROPERTY, PLANT AND EQUIPMENT

Land	26,842	
Sewer system and office equipment	21,839,792	
	21,866,634	
Less: accumulated depreciation	(6,087,214)	
Total property, plant and equipment		15,779,420

OTHER ASSETS

Connection fees receivable	301,632	
Bond discount, net of amortization	63,895	
Total other assets		365,527
Total assets		<u>\$ 30,252,761</u>

CURRENT LIABILITIES

Accounts payable	\$ 175,497	
Accrued interest payable	109,229	
Due to others	8,976	
Due to other funds	8,674	
Chargebacks payable	467,523	
Bonds payable	1,208,600	
Total current liabilities		\$ 1,978,499

LONG-TERM LIABILITIES (from restricted assets)

Bond premium - net of amortization	274,570	
Bonds payable after one year	12,980,073	
Total long term liabilities		13,254,643
Total liabilities		15,233,142

NET POSITION

Invested in capital assets, net of related debt	2,549,420	
Unrestricted	12,470,199	
Total net position		15,019,619
Total liabilities and net position		<u>\$ 30,252,761</u>

HARTLAND TOWNSHIP

**SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021**

OPERATING REVENUES

User charges	\$ 2,452,862	
Septage station fees	<u>357,944</u>	
Total revenue		\$ 2,810,806

OPERATING EXPENSES

Administration	79,627	
Depreciation	436,670	
Sewer usage fees	2,035,676	
Professional fees	22,616	
Repair and maintenance	1,060	
Insurance	10,310	
Miscellaneous	12,500	
Supplies and postage	<u>1,590</u>	
Total operating expenses		<u>2,600,049</u>
Operating income		210,757

NON-OPERATING REVENUES (EXPENSES)

Interest income - cash	24,796	
Interest income - special assessments	168,339	
Miscellaneous revenue	463	
Interest expense and bond fees	<u>(458,383)</u>	
Total non-operating revenues (expenses)		(264,785)

CAPITAL CONTRIBUTIONS

Connection fees	9,439	
Surcharge fees	<u>44,063</u>	
Total capital contributions		<u>53,502</u>
Net (loss)		(526)

NET POSITION, APRIL 1, 2020	<u>15,020,145</u>
NET POSITION, MARCH 31, 2021	<u><u>\$ 15,019,619</u></u>

HARTLAND TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 2,933,830	
Payments to other suppliers for goods or services	<u>(2,152,926)</u>	
Net cash from operating activities		\$ 780,904

CASH FLOWS FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES

Principal and interest paid on capital debt	(1,712,737)	
Collections of special assessment (principal and interest)	633,818	
Connection fees	160,255	
Acquisition of fixed assets	(15,760)	
Other revenue	<u>43,600</u>	
Net cash from capital and related financing activities		(890,824)

CASH FLOWS FROM INVESTING ACTIVITIES

Net proceeds from sales/purchase of investments	200,460	
Interest received on cash and cash equivalents	<u>17,818</u>	
Net cash from (used in) investing activities		<u>218,278</u>
Net increase in cash and cash equivalents		108,358

CASH AND CASH EQUIVALENTS AT APRIL 1, 2020

6,646,522

CASH AND CASH EQUIVALENTS AT MARCH 31, 2021

\$ 6,754,880

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income		\$ 210,757
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 436,670	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	123,024	
(Increase) decrease in prepaid expenditures	1,958	
(Increase) decrease in due from others	(73)	
Increase (decrease) in accounts payable	<u>8,568</u>	
Total adjustments		<u>570,147</u>
Net cash provided by operating activities		<u><u>\$ 780,904</u></u>