



### **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

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**Board of Trustees Special Meeting Agenda  
Hartland Township Hall  
Tuesday, September 19, 2023  
6:30 PM**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Approval of the Agenda
5. Call to the Public
6. Approval of the Consent Agenda
7. Pending and New Business
  - a. [Fiscal Year 2022-2023 Audit Overview](#)
8. Adjournment

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

**Submitted By:** Susan Dryden-Hogan, Finance Director

**Subject:** Fiscal Year 2022 – 2023 Audit Review

**Date:** September 13, 2023

## **Recommended Action**

Auditor review with board. No action needed.

## **Discussion**

Attached is the fiscal year 2023 audit report, management report and presentation, prepared by Pfeffer, Hanniford & Palka, CPAs. John Pfeffer will be reviewing the audit and financial position of the Township during this special meeting.

## **Financial Impact**

Is a Budget Amendment Required? ☐ Yes ☒ No

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## **Attachments**

Audit Presentation

Audited Financial Statements

Hartland Comment Letter

Communication with Governance Letter

# Hartland Township

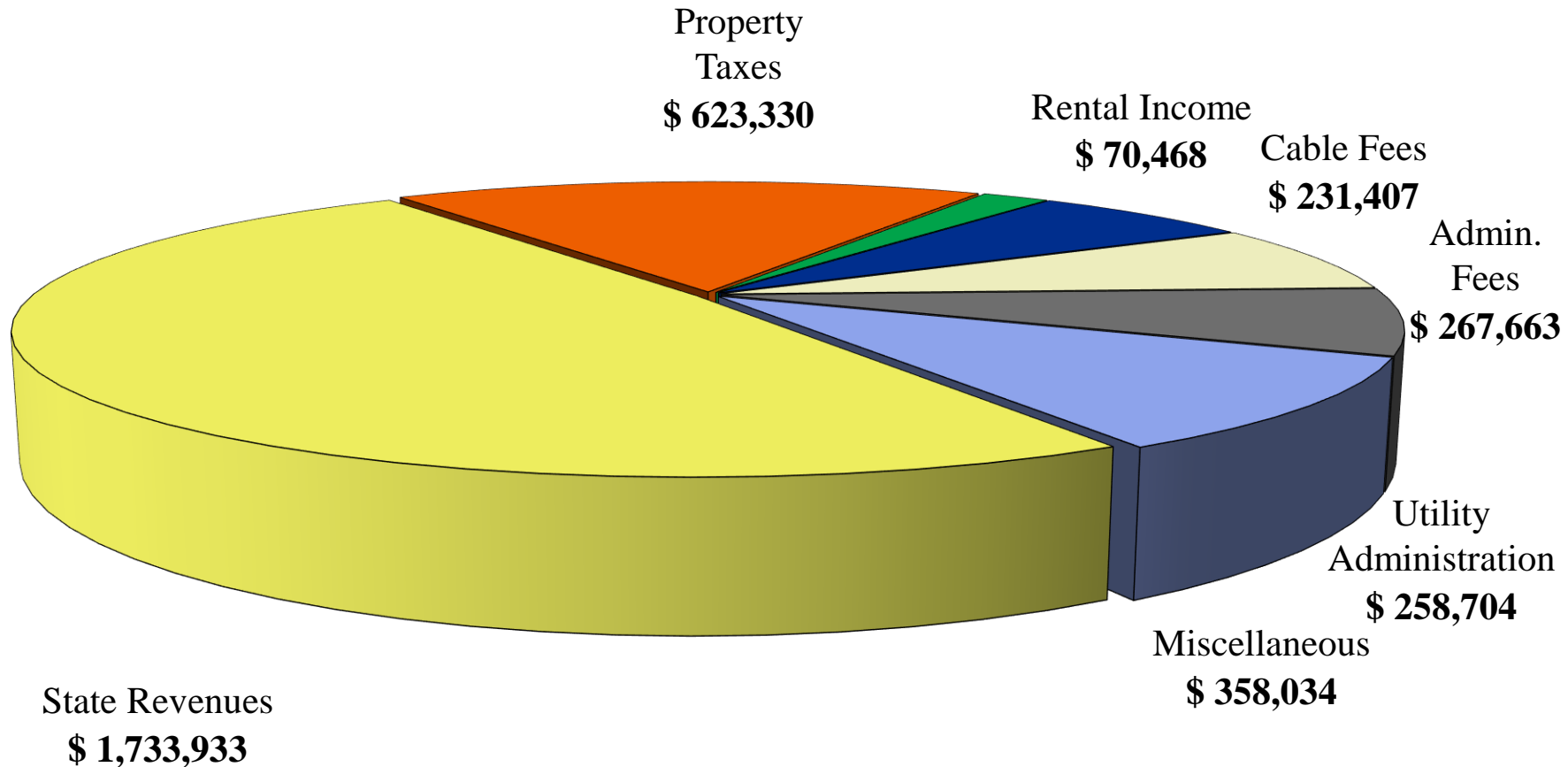
Audit Presentation  
March 31, 2023



PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

BRIGHTON, MICHIGAN

**Hartland Township**  
**General Fund Revenues – Pre GASB 54**  
**For The Year Ended March 31, 2023**

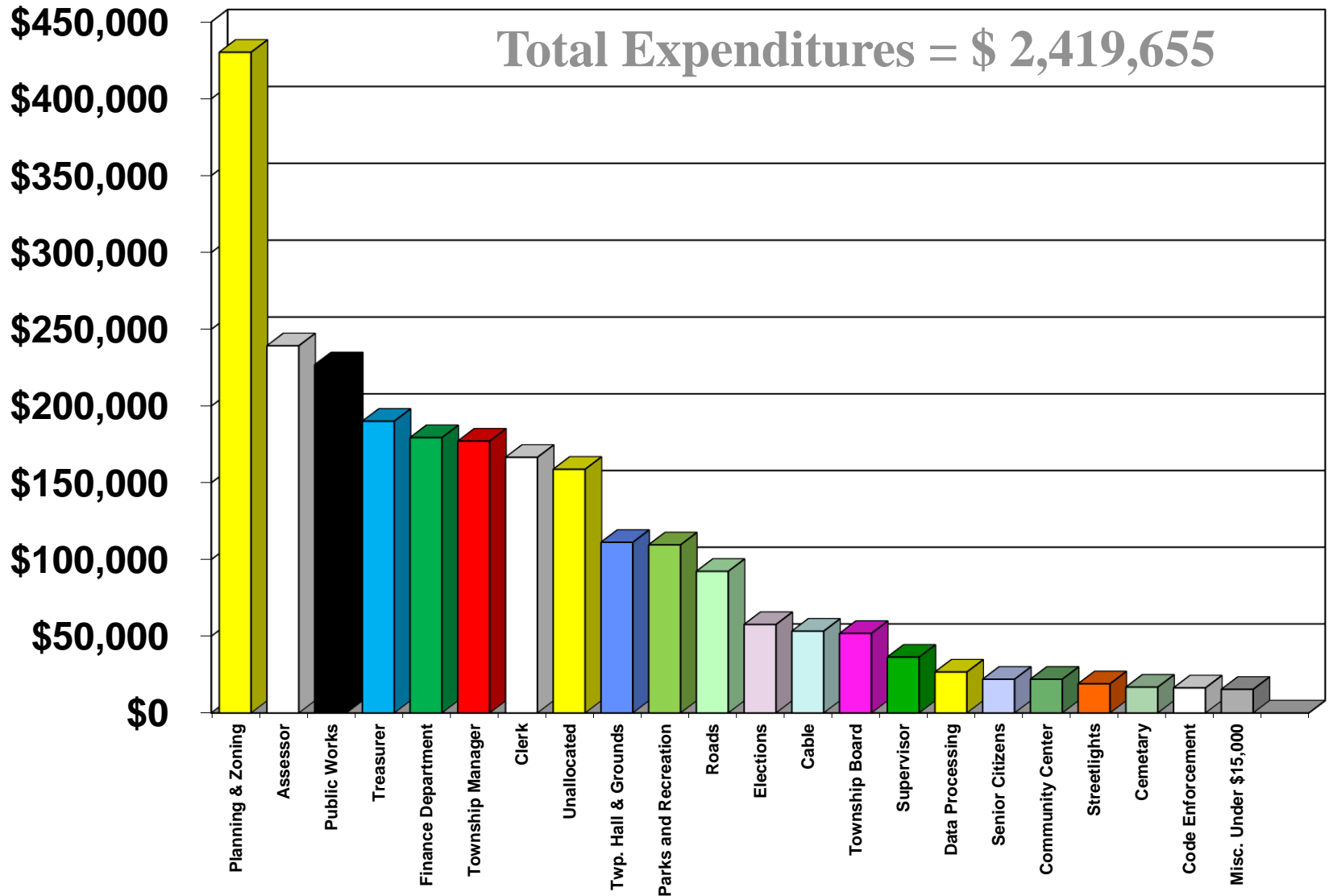


**Total Revenues \$ 3,543,539**

# Hartland Township

## General Fund Expenditures – Pre GASB 54

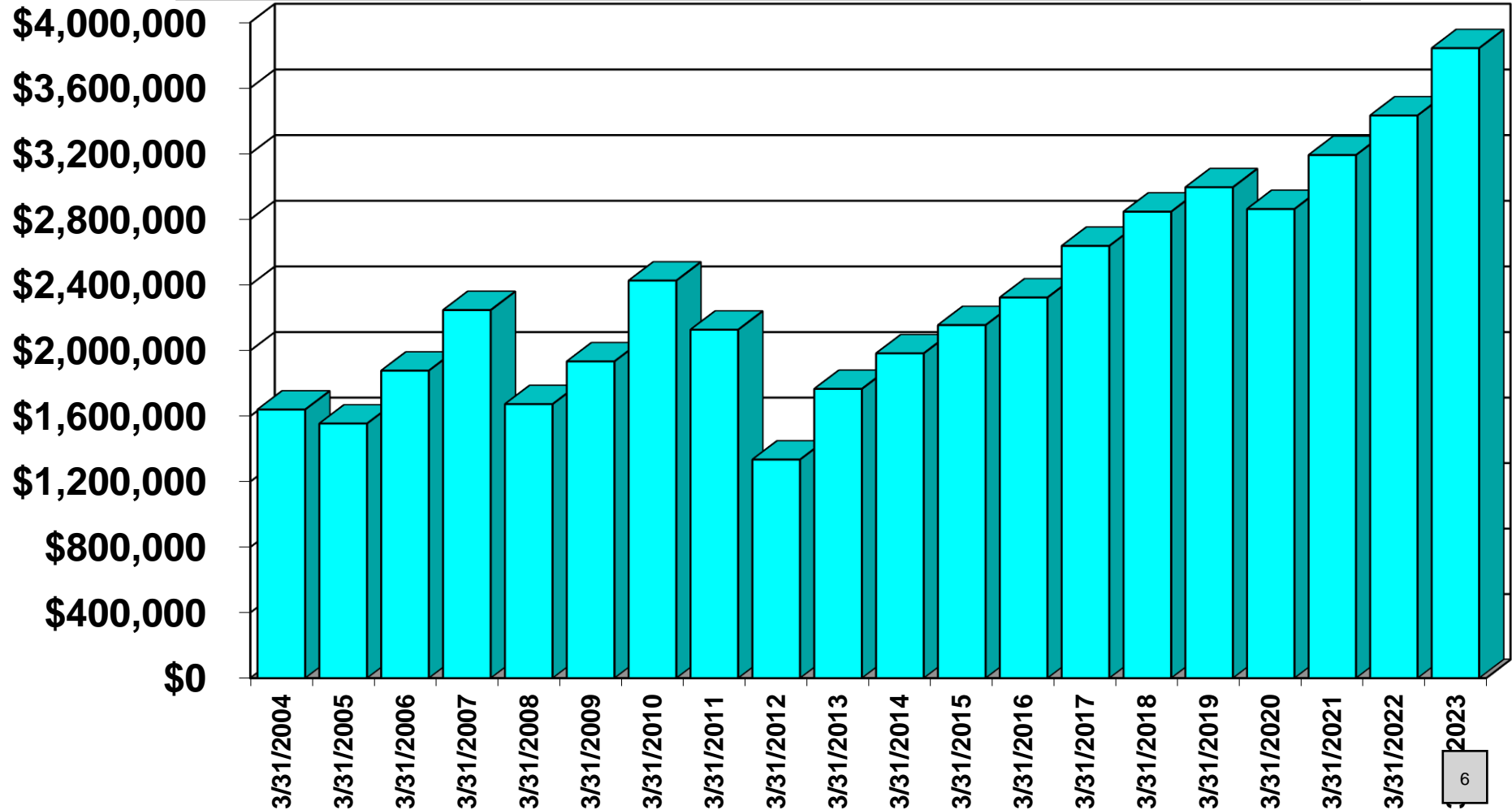
### For The Year Ended March 31, 2023



# Hartland Township

## General Fund - Fund Balance – Pre GASB 54

### March 31, 2004-2023



# HARTLAND TOWNSHIP

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**Report on Audit of Financial Statements**

**For the Year Ended March 31, 2023**

**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 19, 2023

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

**Report on the Audit of the Financial Statements****Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hartland Township, Michigan, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hartland Township, Michigan, as of March 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8-13 and 51-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2023, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is solely to describe the scope of our testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

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

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

## **MANAGEMENT DISCUSSION AND ANALYSIS**

## Management Discussion and Analysis

March 31, 2023

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Within this section of Hartland Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2023. 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 \$46,182,164. This is a \$3,237,651 increase over last year's net position of \$42,944,513.

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

#### Summary of Net Position

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>3/31/2023</b>	<b>3/31/2022</b>	<b>3/31/2023</b>	<b>3/31/2022</b>	<b>3/31/2023</b>	<b>3/31/2022</b>
<b>ASSETS</b>						
Current and other assets	\$ 15,300,761	\$ 14,034,927	\$ 16,101,603	\$ 18,353,570	\$ 31,402,364	\$ 32,388,497
Capital assets	8,613,905	8,841,407	22,988,578	20,761,558	31,602,483	29,602,965
<b>Total assets</b>	<b>23,914,666</b>	<b>22,876,334</b>	<b>39,090,181</b>	<b>39,115,128</b>	<b>63,004,847</b>	<b>61,991,462</b>
<b>LIABILITIES</b>						
Other liabilities	783,399	1,212,842	491,415	1,533,478	1,274,814	2,746,320
Long-term liabilities	3,232,803	4,155,556	11,948,026	12,145,073	15,180,829	16,300,629
<b>Total liabilities</b>	<b>4,016,202</b>	<b>5,368,398</b>	<b>12,439,441</b>	<b>13,678,551</b>	<b>16,455,643</b>	<b>19,046,949</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows from leases	367,040				367,040	
<b>NET POSITION</b>						
Net investment in capital assets	8,613,905	8,841,407	12,022,105	7,995,070	20,636,010	16,836,477
Restricted	3,562,847	3,380,767			3,562,847	3,380,767
Unrestricted	7,354,672	5,285,762	14,628,635	17,441,507	21,983,307	22,727,269
<b>Total net position</b>	<b>\$ 19,531,424</b>	<b>\$ 17,507,936</b>	<b>\$ 26,650,740</b>	<b>\$ 25,436,577</b>	<b>\$ 46,182,164</b>	<b>\$ 42,944,513</b>

### Summary of Changes in Activities

	Governmental Activities		Business-type Activities		Totals	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022	3/31/2023	3/31/2022
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 603,222	\$ 490,387	\$ 3,775,584	\$ 3,655,436	\$ 4,378,806	\$ 4,145,823
Capital contributions			197,314	2,837,822	197,314	2,837,822
General revenues						
State revenues	1,740,908	1,644,328			1,740,908	1,644,328
Property taxes	3,459,813	3,303,888			3,459,813	3,303,888
Interest and rent	774,444	181,620	192,698	429,430	967,142	611,050
Grant income	360,318		1,000,000		1,360,318	
Other	626,807	477,079	201,772	36,235	828,579	513,314
<b>Total revenues</b>	<u>7,565,512</u>	<u>6,097,302</u>	<u>5,367,368</u>	<u>6,958,923</u>	<u>12,932,880</u>	<u>13,056,225</u>
<b>EXPENSES</b>						
General government	2,702,719	1,609,921			2,702,719	1,609,921
Public safety	1,407,131	1,342,487			1,407,131	1,342,487
Parks and recreation	400,691	398,911			400,691	398,911
Public works	873,234	675,422			873,234	675,422
Community development	44,000	44,000			44,000	44,000
Interest on governmental long-term debt	114,249	136,798			114,249	136,798
Water system			852,191	722,579	852,191	722,579
Sewer system			3,301,014	3,947,653	3,301,014	3,947,653
<b>Total expenses</b>	<u>5,542,024</u>	<u>4,207,539</u>	<u>4,153,205</u>	<u>4,670,232</u>	<u>9,695,229</u>	<u>8,877,771</u>
<b>Change in net position</b>	<u>2,023,488</u>	<u>1,889,763</u>	<u>1,214,163</u>	<u>2,288,691</u>	<u>3,237,651</u>	<u>4,178,454</u>
<b>Beginning net position</b>	<u>17,507,936</u>	<u>15,618,173</u>	<u>25,436,577</u>	<u>23,147,886</u>	<u>42,944,513</u>	<u>38,766,059</u>
<b>Ending net position</b>	<u>\$ 19,531,424</u>	<u>\$ 17,507,936</u>	<u>\$ 26,650,740</u>	<u>\$ 25,436,577</u>	<u>\$ 46,182,164</u>	<u>\$ 42,944,513</u>

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

The Township has four major governmental funds for the year ended March 31, 2023. 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 \$536,071. Property tax revenues and State Shared Revenue remained strong, community investments were increased, and additional funds set aside for future capital projects.
- The Municipal Street Fund increased by \$107,768. 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. In the final two years of collections, the Township plans to make improvements to the Old US23 and M-59 intersection. The board is considering the renewal of the millage during the 2024 election cycle.
- The Fire Operating Fund increased \$351,284. A 5-year millage of 2.06, expiring in 2025, was approved by the voters in November 2020. Certain capital improvements of stations 61 and 62 were postponed until 2023 and 2024.
- The M-59/Hartland Road Debt Service Fund increased by \$26,984, as expected. A 2019 bond refunding resulted in interest savings on the assessed parcels and is accounted for in the budget.

The Township has two major business-type funds for the year ended March 31, 2023. These funds are the Water System Fund and the Sewage Disposal System Fund.

- The Water System Fund's net position increased by \$1,294,942. Water operations continue to perform well due to better than expected cost savings. In the current fiscal year, the Water Fund utilized \$1,000,000 of ARPA money for the expansion of the water main to the east side of the Township (see further note next page).
- The Sewage Disposal System Fund decreased its net position by \$80,779, which was mainly driven by the write-off of \$347,976 special assessment related to a mediated settlement.

## **General Fund Budgetary Highlights**

The General Fund's budget was adopted prior to the start of the fiscal year ended March 31, 2023. The overall funds were in compliance with the Board approved budget resolution. The budget was amended during the year to account for various projected changes due to Board decisions and economic reality.

The Township has received \$1,594,190 in funds under the State and Local Fiscal Recovery Program ("SLFRP") in relation to the American Rescue Plan Act ("ARPA"), which was passed to help communities recover from negative impacts of the Covid-19 pandemic. During the current fiscal year, \$1,360,318 of the funds were spent, including: \$109,022 for several park and township hall improvements; \$21,684 for a new fire station study by ESCI; \$20,937 to reimburse Hartland Deerfield Fire Authority for the contribution for Lexipol training software; \$208,675 for Duhnam Road sidewalk expansion; and \$1,000,000 for the watermain project.

The General Fund also provided the financing for the Hartland Woods Subdivision new road special assessment. Cost of the project was \$566,000 and will be covered by a ten year assessment, paid by the property owners.

## **Capital Asset and Debt Administration**

### *Governmental Funds*

The Township acquired \$262,873 of capital assets during the year. The Township acquired the following capital assets through the use of ARPA funds including: a John Deere Gator for \$25,471; CCTV for the township hall and park totaling \$8,550. The Township also completed the Duhnam Road Sidewalk for \$208,675(ARPA) and the M-59 Sidewalk Gap Project for \$20,177.

The Township disposed of one fully depreciated asset during the year, which cost a total of \$11,963 when it was originally purchased.

The Township made bond principal payments of \$890,000 during the fiscal year, bringing the total governmental debt balance to \$3,160,000 for the year end March 31, 2023. The Township did not issue any new debt during the fiscal year.

### *Business-Type Funds*

The Township has two business-type funds – Water System Fund and Sewage Disposal System Fund. The Water System Fund acquired a 2023 GMC for \$40,734. Additionally, the Water System Fund spent \$2,870,090 on the M-59 watermain expansion during fiscal year 2023. \$1,00,000 of ARPA funds were utilized for this project. The water main project is 95% complete, and is expected to be completed in fiscal year 2024 and is included in construction in progress at March 31, 2023.

On September 1, 2021, the Township issued the Sanitary Sewer Series 2021 Refunding bonds in the amount of \$4,775,000. The bond matures on March 31, 2034, and bears interest at 3.675%. The Township paid off the Sanitary Sewer Series 2011 Refunding bonds in the amount of \$5,610,000. Series principal paid on the remaining outstanding bonds totaled \$1,178,000, with a total of \$10,966,473 of principal outstanding for the year ended March 31, 2023.

## **Economic Conditions and Future Activities**

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

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

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

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**HARTLAND TOWNSHIP**

**STATEMENT OF NET POSITION  
MARCH 31, 2023**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 10,705,998	\$ 10,334,429	\$ 21,040,427
Cash and investments - restricted		2,003,046	2,003,046
Receivables			
Taxes	106,104		106,104
State shared revenues	253,440		253,440
Special assessments	3,208,955	2,507,714	5,716,669
Connection fees		150,816	150,816
Accounts	101,906	1,031,647	1,133,553
Loan - Hartland Deerfield Fire Authority	520,000		520,000
Lease receivable	379,061		379,061
Interest	734	18,310	19,044
Prepaid items	14,838	14,900	29,738
Intergovernmental	(40,741)	40,741	
Bond discount - net of amortization	50,466		50,466
Non-current assets			
Capital assets			
Non-depreciable	2,482,407	3,451,960	5,934,367
Depreciable - net of accumulated depreciation	6,131,498	19,536,618	25,668,116
<b>Total assets</b>	<b>23,914,666</b>	<b>39,090,181</b>	<b>63,004,847</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	203,220	416,582	619,802
Accrued wages/taxes	62,332		62,332
Accrued interest payable		74,833	74,833
Unearned revenue	467,463		467,463
Compliance reserve	50,384		50,384
Long-term liabilities			
Bond premium - net of amortization	72,803	981,553	1,054,356
Other due within one year	900,000	1,156,530	2,056,530
Other due in more than one year	2,260,000	9,809,943	12,069,943
<b>Total liabilities</b>	<b>4,016,202</b>	<b>12,439,441</b>	<b>16,455,643</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows from leases	367,040		367,040
<b>NET POSITION</b>			
Net investment in capital assets	8,613,905	12,022,105	20,636,010
Restricted	3,562,847		3,562,847
Unrestricted	7,354,672	14,628,635	21,983,307
<b>Total net position</b>	<b>\$ 19,531,424</b>	<b>\$ 26,650,740</b>	<b>\$ 46,182,164</b>

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

# HARTLAND TOWNSHIP

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Capital Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
General government	\$ (2,702,719)	\$ 603,222	\$	\$ (2,099,497)	\$	\$ (2,099,497)
Parks and recreation	(400,691)			(400,691)		(400,691)
Police protection	(16,380)			(16,380)		(16,380)
Fire protection	(1,390,751)			(1,390,751)		(1,390,751)
Public works	(873,234)			(873,234)		(873,234)
Community development	(44,000)			(44,000)		(44,000)
Interest on long-term debt	(114,249)			(114,249)		(114,249)
<b>Total governmental activities</b>	<b>(5,542,024)</b>	<b>603,222</b>		<b>(4,938,802)</b>		<b>(4,938,802)</b>
<b>Business-type activities:</b>						
Water system	(852,191)	933,402			81,211	81,211
Sewer system	(3,301,014)	2,842,182	197,314		(261,518)	(261,518)
<b>Total business-type activities</b>	<b>(4,153,205)</b>	<b>3,775,584</b>	<b>197,314</b>		<b>(180,307)</b>	<b>(180,307)</b>
<b>Total</b>	<b>\$ (9,695,229)</b>	<b>\$ 4,378,806</b>	<b>\$ 197,314</b>	<b>(4,938,802)</b>	<b>(180,307)</b>	<b>(5,119,109)</b>
<b>General revenues and transfers</b>						
Property taxes				3,459,813		3,459,813
State shared revenues				1,740,908		1,740,908
Licenses and permits				362,686		362,686
Interest and rents				774,444	192,698	967,142
Grant income				360,318	1,000,000	1,360,318
Gain on sale of asset				300		300
Other income				263,821	201,772	465,593
<b>Total general revenues</b>				<b>6,962,290</b>	<b>1,394,470</b>	<b>8,356,760</b>
<b>Changes in net position</b>				<b>2,023,488</b>	<b>1,214,163</b>	<b>3,237,651</b>
<b>Net position, April 1, 2022</b>				<b>17,507,936</b>	<b>25,436,577</b>	<b>42,944,513</b>
<b>Net position, March 31, 2023</b>				<b>\$ 19,531,424</b>	<b>\$ 26,650,740</b>	<b>\$ 46,182,164</b>

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



## **FUND FINANCIAL STATEMENTS**

**HARTLAND TOWNSHIP**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2023**

	<b>General</b>	<b>Municipal Street</b>	<b>Fire Operating</b>	<b>M-59/Hartland Road Debt Service</b>	<b>Other Nonmajor Funds</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and investments	\$ 4,969,633	\$ 2,310,435	\$ 2,008,939	\$ 466,951	\$ 950,040	\$ 10,705,998
Receivables						
Taxes	24,113	33,757	48,234			106,104
State shared revenues	253,440					253,440
Special assessments				2,327,670	881,285	3,208,955
Accounts	66,354				23,164	89,518
Loan - Hartland Deerfield Fire Authority	520,000					520,000
Lease receivable	379,061					379,061
Interest	734					734
Due from other funds	12,388	349				12,737
Prepaid expenditures	14,838					14,838
<b>Total assets</b>	<b>\$ 6,240,561</b>	<b>\$ 2,344,541</b>	<b>\$ 2,057,173</b>	<b>\$ 2,794,621</b>	<b>\$ 1,854,489</b>	<b>\$ 15,291,385</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 100,263	\$	\$ 2,002	\$	\$ 1,364	\$ 103,629
Accrued wages and absences	62,332					62,332
Compliance reserves	50,384					50,384
Unearned revenue	233,585				233,878	467,463
Due to others	99,591					99,591
Due to other funds	41,090					41,090
<b>Total liabilities</b>	<b>587,245</b>		<b>2,002</b>		<b>235,242</b>	<b>824,489</b>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Unavailable revenue				2,308,581	881,285	3,189,866
Deferred inflows from leases	367,040					367,040
<b>Total deferred inflows or resources</b>	<b>367,040</b>			<b>2,308,581</b>	<b>881,285</b>	<b>3,556,906</b>
<b>FUND BALANCES</b>						
Nonspendable - prepaid items	14,838					14,838
Restricted						
Roads		529,151				529,151
Public safety			2,037,636		99,792	2,137,428
Debt service				486,040	410,228	896,268
ARPA					525	525
Committed						
Capital improvement	1,443,530					1,443,530
Cable					207,421	207,421
Cemetery						
Assigned for future deficit		1,815,390	17,535		19,996	1,852,921
Unassigned	3,827,908					3,827,908
<b>Total fund balances</b>	<b>5,286,276</b>	<b>2,344,541</b>	<b>2,055,171</b>	<b>486,040</b>	<b>737,962</b>	<b>10,909,990</b>
<b>Total liabilities and deferred inflow of resources and fund balances</b>	<b>\$ 6,240,561</b>	<b>\$ 2,344,541</b>	<b>\$ 2,057,173</b>	<b>\$ 2,794,621</b>	<b>\$ 1,854,489</b>	<b>\$ 15,291,385</b>

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, 2023

**Total fund balance per balance sheet** \$ 10,909,990

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	\$ 13,888,359
Depreciation	<u>(5,274,454)</u>

**Capital assets net of depreciation** 8,613,905

Some liabilities are not due and payable in the current period  
and therefore are not reported in the funds. These include:

Bonds payable	(3,160,000)
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Assessments not collected are reported as unavailable revenue in  
the fund statements, and are reported as income as levied in the  
Statement of Activities.

3,189,866

Unamortized bond discount and premiums are not  
recognized in the fund statements.

(22,337)

**Net position of governmental activities** \$ 19,531,424

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, 2023

	General	Municipal Street	Fire Operating	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
<b>REVENUES</b>						
Taxes	\$ 623,330	\$ 1,168,471	\$ 1,668,012	\$	\$	\$ 3,459,813
Special assessments - principal				230,858	181,530	412,388
Special assessments - interest				88,377	23,589	111,966
State revenues	1,733,933	2,959	4,016			1,740,908
Grants					360,318	360,318
Licenses and permits	257,814				104,872	362,686
Interest and rents	90,922	3,854	565	211	632	96,184
Charges for services	603,222					603,222
Donations	2,500					2,500
Miscellaneous	261,045	115	161			261,321
<b>Total revenues</b>	<b>3,572,766</b>	<b>1,175,399</b>	<b>1,672,754</b>	<b>319,446</b>	<b>670,941</b>	<b>7,411,306</b>

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

**HARTLAND TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (continued)  
FOR THE YEAR ENDED MARCH 31, 2023**

	General	Municipal Street	Fire Operating	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
<b>EXPENDITURES</b>						
Current:						
General government	1,894,573				117,622	2,012,195
Parks and recreation	109,594					109,594
Capital improvement	597,163					597,163
Police protection/public safety	16,359				21	16,380
Fire protection			1,321,470			1,321,470
Public works	355,129	463,131			54,974	873,234
Community development	44,000					44,000
Capital outlay:						
General government	20,177					20,177
Parks and recreation					242,696	242,696
Debt service:						
Principal		570,000		230,000	90,000	890,000
Interest and fees		34,500		62,462	17,287	114,249
<b>Total expenditures</b>	<b>3,036,995</b>	<b>1,067,631</b>	<b>1,321,470</b>	<b>292,462</b>	<b>522,600</b>	<b>6,241,158</b>
<b>Excess of revenues over (under)     expenditures</b>	<b>535,771</b>	<b>107,768</b>	<b>351,284</b>	<b>26,984</b>	<b>148,341</b>	<b>1,170,148</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of assets	300					300
<b>Net changes in fund balances</b>	<b>536,071</b>	<b>107,768</b>	<b>351,284</b>	<b>26,984</b>	<b>148,341</b>	<b>1,170,448</b>
<b>FUND BALANCE, APRIL 1, 2022</b>	<b>4,750,205</b>	<b>2,236,773</b>	<b>1,703,887</b>	<b>459,056</b>	<b>589,621</b>	<b>9,739,542</b>
<b>FUND BALANCE, MARCH 31, 2023</b>	<b>\$ 5,286,276</b>	<b>\$ 2,344,541</b>	<b>\$ 2,055,171</b>	<b>\$ 486,040</b>	<b>\$ 737,962</b>	<b>\$ 10,909,990</b>

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

**HARTLAND TOWNSHIP**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2023**

**Net change in fund balance - governmental funds** \$ 1,170,448

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	\$ 262,873	
Depreciation expense	<u>(490,375)</u>	
<b>Total</b>		(227,502)

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		890,000
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Bond discounts and bond premiums are amortized over  
the life of the bonds on the Statement of Activities.

Current year amortization		36,635
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Assessment not collected are reported as deferred revenue in the  
fund statements, and are reported as income  
levied in the Statement of Activities.

Principal collected during the year		<u>153,907</u>
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**Change in net position of governmental activities** \$ 2,023,488

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

**HARTLAND TOWNSHIP**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
MARCH 31, 2023**

	<b>ENTERPRISE FUNDS</b>		
	<b>Water System</b>	<b>Sewage Disposal System</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 2,648,930	\$ 5,413,033	\$ 8,061,963
Investments	740,900	1,531,566	2,272,466
Special assessment receivable		69,403	69,403
Accounts receivable - billing	238,895	792,752	1,031,647
Prepaid	3,717	11,183	14,900
Interest receivable	8,379	9,931	18,310
Due from other funds	476	40,265	40,741
<b>Total current assets</b>	<b>3,641,297</b>	<b>7,868,133</b>	<b>11,509,430</b>
<b>RESTRICTED ASSETS</b>			
Cash and cash equivalents		2,003,046	2,003,046
Special assessments receivable		2,438,311	2,438,311
Connection fees receivable		150,816	150,816
<b>Total restricted assets</b>		<b>4,592,173</b>	<b>4,592,173</b>
<b>CAPITAL ASSETS</b>			
Land	300,000		300,000
Construction in progress	3,151,960		3,151,960
Utility systems, net	4,657,380	14,879,238	19,536,618
<b>Net capital assets</b>	<b>8,109,340</b>	<b>14,879,238</b>	<b>22,988,578</b>
<b>Total assets</b>	<b>11,750,637</b>	<b>27,339,544</b>	<b>39,090,181</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	38,774	357,402	396,176
Accrued expenditures	12,906		12,906
Accrued interest payable		74,833	74,833
Due to others	7,500		7,500
Bonds and contracts - current portion		1,156,530	1,156,530
<b>Total current liabilities</b>	<b>59,180</b>	<b>1,588,765</b>	<b>1,647,945</b>
<b>LONG-TERM LIABILITIES</b>			
Bonds and contracts payable long term portion		9,809,943	9,809,943
Bond premiums, net of amortization		981,553	981,553
<b>Total long-term liabilities</b>		<b>10,791,496</b>	<b>10,791,496</b>
<b>Total liabilities</b>	<b>59,180</b>	<b>12,380,261</b>	<b>12,439,441</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	8,109,340	3,912,765	12,022,105
Unrestricted	3,582,117	11,046,518	14,628,635
<b>Total net position</b>	<b>\$ 11,691,457</b>	<b>\$ 14,959,283</b>	<b>\$ 26,650,740</b>

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

**HARTLAND TOWNSHIP**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS**

**FOR THE YEAR ENDED MARCH 31, 2023**

	<b>ENTERPRISE FUNDS</b>		
	<b>Sewage Disposal</b>		
	<b>Water System</b>	<b>System</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
User charges	\$ 933,402	\$ 2,842,182	\$ 3,775,584
<b>OPERATING EXPENSES</b>	<u>852,191</u>	<u>2,700,416</u>	<u>3,552,607</u>
<b>Operating gain (loss)</b>	<u>81,211</u>	<u>141,766</u>	<u>222,977</u>
<b>NON-OPERATING REVENUES AND (EXPENSES)</b>			
Interest income - cash and cash equivalents	12,176	180,522	192,698
Other income (expense)	201,555	217	201,772
Special assessment write off		(347,976)	(347,976)
Interest expense and bond fees		(252,622)	(252,622)
Other federal grants	<u>1,000,000</u>		<u>1,000,000</u>
<b>Total non-operating revenues and (expenses)</b>	<u>1,213,731</u>	<u>(419,859)</u>	<u>793,872</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Connection fees, net of refund		113,459	113,459
Surcharge fees		<u>83,855</u>	<u>83,855</u>
<b>Total capital contributions</b>		<u>197,314</u>	<u>197,314</u>
<b>Changes in net position</b>	<u>1,294,942</u>	<u>(80,779)</u>	<u>1,214,163</u>
<b>NET POSITION AT APRIL 1, 2022</b>	<u>10,396,515</u>	<u>15,040,062</u>	<u>25,436,577</u>
<b>NET POSITION AT MARCH 31, 2023</b>	<u>\$ 11,691,457</u>	<u>\$ 14,959,283</u>	<u>\$ 26,650,740</u>

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



HARTLAND TOWNSHIP

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2023

	ENTERPRISE FUNDS		
	Water System	Sewage Disposal System	Total
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 876,500	\$ 2,817,038	\$ 3,693,538
Payments to other suppliers for goods or services	(469,832)	(1,878,291)	(2,348,123)
Payments made to employees	(159,288)		(159,288)
<b>Net cash (used) provided by operating activities</b>	<b>247,380</b>	<b>938,747</b>	<b>1,186,127</b>
<b>CASH FLOW FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES</b>			
Principal and interest paid on capital debt		(1,544,935)	(1,544,935)
Collections of special assessment (principal and interest)	201,555	863,281	1,064,836
Connection fees		272,722	272,722
Acquisition of fixed assets	(2,910,824)		(2,910,824)
Other revenue	1,000,000	217	1,000,217
<b>Net cash from capital and related financing activities</b>	<b>(1,709,269)</b>	<b>(408,715)</b>	<b>(2,117,984)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net proceeds from sale/purchase of investments	(740,900)	39,728	(701,172)
Interest received on cash and cash equivalents	3,797	18,106	21,903
<b>Net cash (used) provided by investing activities</b>	<b>(737,103)</b>	<b>57,834</b>	<b>(679,269)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,198,992)</b>	<b>587,866</b>	<b>(1,611,126)</b>
<b>CASH AND CASH EQUIVALENTS AT APRIL 1, 2022</b>	<b>4,847,922</b>	<b>6,828,213</b>	<b>11,676,135</b>
<b>CASH AND CASH EQUIVALENTS AT MARCH 31, 2023</b>	<b>\$ 2,648,930</b>	<b>\$ 7,416,079</b>	<b>\$ 10,065,009</b>
<b>ADJUSTMENTS TO OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES</b>			
Operating gain (loss)	\$ 81,211	\$ 141,766	\$ 222,977
Adjustments to reconcile operating income to net cash provided (used by) operating activities:			
Depreciation	247,134	436,670	683,804
Special Assessment write off		347,976	347,976
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(56,902)	(25,144)	(82,046)
(Increase) decrease in prepaid expense	(1,389)	1,867	478
(Increase) decrease due from other funds	(9,336)	(30,929)	(40,265)
Increase (decrease) accounts payable	(33,744)	66,541	32,797
Increase (decrease) due to others	7,500		7,500
Increase (decrease) in accrued expenditures	12,906		12,906
<b>Total adjustments</b>	<b>166,169</b>	<b>796,981</b>	<b>963,150</b>
<b>Net cash provided by operating activities</b>	<b>\$ 247,380</b>	<b>\$ 938,747</b>	<b>\$ 1,186,127</b>

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

HARTLAND TOWNSHIP

STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
MARCH 31, 2023

	<u>Current Tax Collection</u>	<u>General Custodial Fund</u>	<u>Totals</u>
<b>ASSET</b>			
Cash	<u>\$ 10,991</u>	<u>\$ 33,425</u>	<u>\$ 44,416</u>
<b>LIABILITIES</b>			
Due to other funds	\$ 10,991	\$ 1,397	\$ 12,388
Due to others	<u>                    </u>	<u>32,028</u>	<u>32,028</u>
<b>Total liabilities</b>	<u>\$ 10,991</u>	<u>\$ 33,425</u>	<u>\$ 44,416</u>

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

**HARTLAND TOWNSHIP**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2023**

	<u>Current Tax Collection</u>
<b>ADDITIONS</b>	
Tax collections for others	\$ 28,184,134
<b>DEDUCTIONS</b>	
Payments of tax to others	<u>28,184,134</u>
<b>Net increase (decrease) in fiduciary net position</b>	
<b>NET POSITION, APRIL 1, 2022</b>	<u>                    </u>
<b>NET POSITION, MARCH 31, 2023</b>	<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, 2023

#### **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, 2023

#### **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, 2023

#### **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, 2023

#### **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, 2023, expenditures did exceed appropriations immaterially in the General Fund.



## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### **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, 2022 as revenue for the year ended March 31, 2023.

The 2022 taxable valuation of the Township totaled \$821,451,399. 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 2023.

The Township levies the following millage:

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

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

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

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

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

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

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

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

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

## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### **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, 2023.

##### **K. INCOME TAXES**

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

##### **L. RECEIVABLES**

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

##### **M. INVESTMENTS**

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

##### **N. FUND EQUITY**

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

## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### **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, 2023.

Deferred inflow of resources represents an acquisition of net position that applies to a future period. The element will not be recognized as revenue until the time restriction is met.

For the year ended March 31, 2023, the Township records deferred inflows of resources on the Statement of Net Position related to leases.

## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

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

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

##### **Q. LEASES**

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

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

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

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

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

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

#### **NOTE 2 - DESCRIPTION OF REPORTING ENTITY**

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

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

##### **HARTLAND DEERFIELD FIRE AUTHORITY**

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

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2023, was as follows:

	Balance 4/1/2022	Additions	Deletions	Reclassification	Balance 3/31/2023
<b>Governmental activities:</b>					
Capital assets not being depreciated					
Land	\$ 2,482,407	\$	\$	\$	\$ 2,482,407
Other capital assets:					
Buildings and improvements	5,820,033				5,820,033
Parks	4,605,071	237,402			4,842,473
Vehicles and equipment	729,938	25,471	(11,963)		743,446
Total other capital assets	11,155,042	262,873	(11,963)		11,405,952
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(2,883,991)	(150,882)			(3,034,873)
Parks	(1,343,621)	(291,097)			(1,634,718)
Vehicles and equipment	(568,430)	(48,396)	11,963		(604,863)
Total accumulated depreciation	(4,796,042)	(490,375)	11,963		(5,274,454)
Other capital assets, net	6,359,000	(227,502)			6,131,498
<b>Governmental capital assets, net</b>	<b>\$ 8,841,407</b>	<b>\$ (227,502)</b>	<b>\$</b>	<b>\$</b>	<b>\$ 8,613,905</b>

There is no related long-term debt outstanding.

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 129,997
Public safety	69,281
Parks and recreation	291,097
Total	<u>\$ 490,375</u>

**HARTLAND TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

**NOTE 3 - CAPITAL ASSETS (continued)**

	<u>Balance 4/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Balance 3/31/2023</u>
<b>Business-type activities:</b>					
Capital assets not being depreciated					
Land - water	\$ 300,000	\$	\$	\$	\$ 300,000
Construction in progress	281,870	2,870,090			3,151,960
<b>Total other capital assets not being depreciated</b>	<u>581,870</u>	<u>2,870,090</u>			<u>3,451,960</u>
Other capital assets:					
Intangible-sewer system and related equipment	21,839,792				21,839,792
Water plant and distribution system	9,416,597	40,734			9,457,331
<b>Total other capital assets at historical cost</b>	<u>31,256,389</u>	<u>40,734</u>			<u>31,297,123</u>
<b>Less accumulated depreciation for:</b>					
Sewer system	(6,523,884)	(436,670)			(6,960,554)
Water system	(4,552,817)	(247,134)			(4,799,951)
<b>Total accumulated depreciation</b>	<u>(11,076,701)</u>	<u>(683,804)</u>			<u>(11,760,505)</u>
<b>Other capital assets, net</b>	<u>20,179,688</u>	<u>(643,070)</u>			<u>19,536,618</u>
<b>Business-type capital assets, net</b>	<u>\$ 20,761,558</u>	<u>\$ 2,227,020</u>	<u>\$</u>	<u>\$</u>	<u>22,988,578</u>
Related long-term debt outstanding at March 31, 2023					<u>(10,966,473)</u>
<b>Business-type capital assets, net related long-term debt</b>					<u><u>\$ 12,022,105</u></u>

Depreciation was charged to functions as follows:

<b>Business-type activities:</b>	
Sewer	\$ 436,670
Water service	247,134
<b>Total</b>	<u><u>\$ 683,804</u></u>

**HARTLAND TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

**NOTE 4 - INTERFUND ACTIVITIES AND BALANCES**

Interfund receivables and payables exist at March 31, 2023. These represent short-term borrowings and amounts owed for reimbursements between other funds.

<b>INTERFUND RECEIVABLE</b>		<b>INTERFUND PAYABLE</b>	
General Fund	\$ 10,991	Current Tax Collection Fund	\$ 10,991
Water System Fund	476	General Fund	476
General Fund	1,397	Trust & Agency Fund	1,397
Municipal Street Fund	349	General Fund	349
Sewage Disposal System Fund	40,265	General Fund	40,265
	<u>\$ 53,478</u>		<u>\$ 53,478</u>

Interfund transfers for the year ended March 31, 2023 were as follows:

<b>Transfer In</b>	<b>Transfer Out</b>	<b>Amount</b>
Capital Improvements Fund	General Fund	<u>\$ 713,782</u>

# HARTLAND TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

### 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, 2023 for governmental and business-type activities as follows:

Purpose	Issuance Amount	Annual Principal Installments	Final Maturity	Interest Rate(s)	Debt Outstanding
<b>Governmental activities:</b>					
Refunding Bonds, Series 2019	\$ 2,790,000	\$150,000 - \$250,000	5/1/33	.05 - 3.00%	\$ 2,070,000
Capital Improvement, Series 2015	1,650,000	170,000 - 205,000	4/1/24	3.00%	205,000
Capital Improvement, Series 2016	2,750,000	325,000 - 375,000	4/1/24	3.00%	375,000
Road Special Assessment, Series 2018	860,000	85,000 - 110,000	6/1/27	3.00 - 3.125%	510,000
<b>Total for governmental activities</b>					<u>3,160,000</u>
<b>Business-type activities:</b>					
Sewer System - Refunding Series 2016	11,430,000	400,000 - 1,175,000	11/1/30	1.50 - 3.00%	5,350,000
Sewer System Series 2021 Refunding	4,775,000	560,000- 620,000	3/31/34	3.75% avg	4,775,000
Sewer System - Lake Tyrone 2016	1,312,640	52,740 - 79,673	4/1/35	2.50%	841,473
<b>Total for business-type activities</b>					<u>10,966,473</u>
<b>Total general obligation bonds payable</b>					<u>\$ 14,126,473</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
3/31/2024	\$ 900,000	\$ 88,476	\$ 1,156,530	\$ 334,837
3/31/2025	320,000	62,588	1,156,530	311,399
3/31/2026	310,000	53,688	1,129,460	287,960
3/31/2027	310,000	44,388	1,124,460	254,399
3/31/2028	305,000	35,094	1,107,390	219,187
4/1/2028 - 3/31/2033	865,000	84,825	4,573,320	530,263
4/1/2033 - 3/31/2034	150,000	2,250	718,783	22,762
	<u>\$ 3,160,000</u>	<u>\$ 371,309</u>	<u>\$ 10,966,473</u>	<u>\$ 1,960,807</u>



HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023

**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, 2023:

	Balance 4/1/2022	Additions	Reductions	Balance 3/31/2023	Due Within One Year
<b>Governmental activities:</b>					
<b><u>General obligation bonds payable</u></b>					
Refunding Bonds, Series 2019	\$ 2,300,000	\$	\$ (230,000)	\$ 2,070,000	\$ 225,000
Capital Improvement, Series 2015	400,000		(195,000)	205,000	205,000
Capital Improvement, Series 2016	750,000		(375,000)	375,000	375,000
Road Special Assessment, Series 2018	600,000		(90,000)	510,000	95,000
<b>Governmental activities long-term liabilities</b>	<b>4,050,000</b>		<b>(890,000)</b>	<b>3,160,000</b>	<b>900,000</b>
<b>Business-type activities:</b>					
<b><u>General obligation bonds payable</u></b>					
Sewer System - Refunding Series 2016	6,470,000		(1,120,000)	5,350,000	1,095,000
Sewer System Series 2021 Refunding	4,775,000			4,775,000	
Sewer System - Lake Tyrone 2016	900,073		(58,600)	841,473	61,530
<b>Business-type activities long-term liabilities</b>	<b>12,145,073</b>		<b>(1,178,600)</b>	<b>10,966,473</b>	<b>1,156,530</b>
<b>Total long-term liabilities</b>	<b>\$ 16,195,073</b>	<b>\$</b>	<b>\$ (2,068,600)</b>	<b>\$ 14,126,473</b>	<b>\$ 2,056,530</b>

## **HARTLAND TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

#### **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 \$18,369 and \$72,500, respectively during the fiscal year ended March 31, 2023.

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 \$8,705 and \$34,821, respectively during the fiscal year ended March 31, 2023.

IMCA-RA 401(a) plan #109350 covers all officials elected after July 1, 2017. The Clerk and Treasurer are required to contribute 2.5% and the Township contributes 10%. The Supervisor and Trustee are required to contribute \$25 monthly and the Township contributes \$75 monthly. The plan vests 100% at year 4. The plan members and Township contributed \$600 and \$1,800, respectively during the fiscal year ended March 31, 2023.

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, 2023, employees contributed \$54,032 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, 2023**

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

As of March 31, 2023, cash, cash equivalents, and investments consist of the following:

	<u>Total</u>	<u>Cash</u>	<u>Investments</u>
<b>Deposits</b>			
Checking accounts	\$ 4,442,048	\$ 4,442,048	\$
Money market and savings accounts	16,190,600	16,190,600	
Non-negotiable CDs	3,026,149		3,026,149
<b>Total deposits</b>	<u>\$ 23,658,797</u>	<u>\$ 20,632,648</u>	<u>\$ 3,026,149</u>
<b>Investments</b>			
Cash awaiting investment at brokerage	\$ 2,489	\$ 2,489	\$
Negotiable CDs	244,763		244,763
<b>Total investments</b>	<u>247,252</u>	<u>2,489</u>	<u>244,763</u>
<b>Total deposits and investments</b>	<u>\$ 23,906,049</u>	<u>\$ 20,635,137</u>	<u>\$ 3,270,912</u>

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

**Statement of Net Position**

Cash and investments \$ 23,043,473

**Fiduciary Funds**

Cash 44,416

**Total cash and investments** \$ 23,087,889

The carrying amount of cash is stated at \$23,087,889 as of March 31, 2023. The difference between the carrying amounts and amounts mentioned above stem from outstanding checks and outstanding deposits and accrued interest.

**Custodial Credit Risk**

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

Insured by FDIC	\$ 6,213,143
Uninsured and collateralized	551,769
Uninsured and uncollateralized	<u>17,141,137</u>
	<u>\$ 23,906,049</u>

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023

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

**Investment** - This is the risk that in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of its investments. The Township does not have a policy to cover custodial credit risk of investments. As of March 31, 2023, investments totaled \$247,252, which was not exposed to custodial credit.

**Concentration of Credit Risk**

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

<u>Investment Type</u>	<u>Issuer</u>	<u>Percentage of Portfolio</u>
Negotiable certificate of deposit	Bank of North America	100%

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair values of investments and cash deposits. The Township does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. As of March 31, 2023, the Township had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>1-5 years</u>
Negotiable certificate of deposit	<u>\$ 244,763</u>	<u>\$ 244,763</u>

**Credit Risk**

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

<u>Investment Type</u>	<u>Ratings by Standard &amp; Poor</u>	<u>Amount</u>
Negotiable certificate of deposit	Unrated	<u>\$ 244,763</u>

**HARTLAND TOWNSHIP****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023****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, 2023, was as follows:

	<b>Water System Fund</b>	<b>Sewer Disposal System Fund</b>	<b>Total Enterprise Funds</b>
Operating revenues	\$ 933,402	\$ 2,842,182	\$ 3,775,584
Depreciation	247,134	436,670	683,804
Operating income (loss)	81,211	141,766	222,977
Non-operating revenues (expenses)	1,213,731	(419,859)	793,872
Change in net position	1,294,942	(80,779)	1,214,163
Total assets	11,750,637	27,339,544	39,090,181
Accounts payable	38,774	357,402	396,176
Net working capital	3,582,117	6,279,368	9,861,485
Total equity	11,691,457	14,959,283	26,650,740

**HARTLAND TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

**NOTE 9 - SPECIAL ASSESSMENTS RECEIVABLE**

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

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

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

	<b>Water System</b>	<b>Sewage Disposal System</b>	<b>Total</b>
Gross special assessments receivable	\$	\$ 2,507,714	\$ 2,507,714
Less: allowance for uncollectable assessments			
Net special assessments receivable	\$	\$ 2,507,714	\$ 2,507,714
Total debt	\$	\$ 10,966,473	\$ 10,966,473

**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, 2023****NOTE 11 - LOAN RECEIVABLE - HARTLAND DEERFIELD FIRE AUTHORITY**

On October 5, 2021, the Township entered into a loan agreement and promissory note with Hartland Deerfield Fire Authority (the "Authority"), whereby the Township loaned \$650,000 to the Authority in order to finance the purchase of a new fire engine needed to protect the health, safety and welfare of the firefighters and general public. The loan bears an interest rate of 1% per annum and it requires principal payments of \$130,000 , plus interest starting May 1, 2022 and annually thereafter until May 1, 2026, at which time the remaining principal and interest shall be paid in full. The balance outstanding at March 31, 2023 is \$520,000.

**NOTE 12 - LEASES**

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

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

The net present value at implementation, lease term, rent earned, interest earned and remaining balance as of March 31, 2023 are presented below:

<u>Lease</u>	<u>Term</u>	<u>Balance at Implementation April 1, 2022</u>	<u>Rent Earned</u>	<u>Balance at March 31, 2023</u>	<u>Interest Earned</u>	<u>Total Received</u>
Cingular Wireless	9 Years	<u>\$ 410,649</u>	<u>\$ 31,588</u>	<u>\$ 379,061</u>	<u>\$13,874</u>	<u>\$ 45,462</u>

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

<u>Year Ended March31,</u>	<u>Rent Revenue</u>	<u>Interest Revenue</u>	<u>Total Receipts</u>
2024	\$ 34,118	\$ 12,729	\$ 46,847
2025	36,768	11,492	48,260
2026	39,422	10,164	49,586
2027	42,461	8,735	51,196
2028	45,528	7,200	52,728
Thereafter	184,662	12,017	196,679
<b>Total</b>	<u>\$ 382,959</u>	<u>\$ 62,337</u>	<u>\$ 445,296</u>

## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### **NOTE 12 - LEASES (continued)**

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

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

#### **NOTE 13 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 19, 2023, which is the date the financial statements were available to be issued. Management has determined that the Township does not have any material recognizable or nonrecognizable events.

#### **NOTE 14 - RECENTLY ADOPTED GASB PRONOUNCEMENTS**

During the current year, the Township adopted GASB Standard No. 87, Leases.

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 provision of the contract. This Standard requires a lessee to recognize a lease liability and right-to-use leased asset and requires a lessor to recognize a lease receivable and a deferred inflow of resources. The Township does not recognize leases with an initial term of 12 months or less ("short term leases") on the Statement of Net Position.

The Township implemented the Standard for the year ended March 31, 2023. Upon implementation, the Township recognized a lease receivable and a deferred inflow of resources for lease activity of \$410,649. A summary of the lease activity and amortization of deferred inflow of resources is available in Note 12 of these financial statements.



## HARTLAND TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### **NOTE 15 - UPCOMING GASB PRONOUNCEMENTS**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, Subscription Based Information Technology Arrangements (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This Statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Township is currently evaluating the impact this Statement will have on the financial statements when adopted. The provisions of this Statement are effective for the Township's financial statements for the year ending March 31, 2024.

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

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

HARTLAND TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2023

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$	\$	\$ 623,330	\$
State revenue			1,733,933	
Licenses and permits			257,814	
Interest and rents			90,922	
Charges for services			603,222	
Miscellaneous			263,545	
<b>Total revenues</b>	3,076,089	3,076,089	3,572,766	496,677
<b>EXPENDITURES</b>	3,450,773	3,260,665	3,036,995	223,670
<b>Excess of revenues over (under) expenditures</b>	(374,684)	(184,576)	535,771	720,347
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds on sale of asset			300	300
<b>Total other financing sources (uses)</b>			300	300
<b>Net change in fund balance</b>	(374,684)	(184,576)	536,071	720,647
<b>FUND BALANCE, APRIL 1, 2022</b>	4,750,205	4,750,205	4,750,205	
<b>FUND BALANCE, MARCH 31, 2023</b>	<u>\$ 4,375,521</u>	<u>\$ 4,565,629</u>	<u>\$ 5,286,276</u>	<u>\$ 720,647</u>

**HARTLAND TOWNSHIP**

**MUNICIPAL STREET FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2023**

	<b>Budgets</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$	\$	\$ 1,168,471	\$
State - personal property tax reimbursement			2,959	
Interest and rent			3,854	
Other revenue			115	
<b>Total revenues</b>	<u>1,167,898</u>	<u>1,167,898</u>	<u>1,175,399</u>	<u>7,501</u>
<b>EXPENDITURES</b>				
Project costs			463,131	
Debt				
Principal			570,000	
Interest			34,500	
<b>Total expenditures</b>	<u>2,592,000</u>	<u>3,082,000</u>	<u>1,067,631</u>	<u>2,014,369</u>
<b>Net change in fund balance</b>	(1,424,102)	(1,914,102)	107,768	2,021,870
<b>FUND BALANCE, APRIL 1, 2022</b>	<u>2,236,773</u>	<u>2,236,773</u>	<u>2,236,773</u>	
<b>FUND BALANCE, MARCH 31, 2023</b>	<u>\$ 812,671</u>	<u>\$ 322,671</u>	<u>\$ 2,344,541</u>	<u>\$ 2,021,870</u>

HARTLAND TOWNSHIP

FIRE OPERATING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2023

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$	\$	\$ 1,668,012	\$
State - personal property tax reimbursement			4,016	
Interest			565	
Miscellaneous			161	
<b>Total revenues</b>	<u>1,666,337</u>	<u>1,666,337</u>	<u>1,672,754</u>	<u>6,417</u>
<b>EXPENDITURES</b>				
Authority contributions			1,296,190	
Repairs and maintenance			21,344	
Tax chargebacks			1,314	
Professional fees			1,834	
Utility/assessments			788	
<b>Total expenditures</b>	<u>1,593,745</u>	<u>1,593,745</u>	<u>1,321,470</u>	<u>272,275</u>
<b>Net change in fund balance</b>	72,592	72,592	351,284	278,692
<b>FUND BALANCE, APRIL 1, 2022</b>	<u>1,703,887</u>	<u>1,703,887</u>	<u>1,703,887</u>	
<b>FUND BALANCE, MARCH 31, 2023</b>	<u>\$ 1,776,479</u>	<u>\$ 1,776,479</u>	<u>\$ 2,055,171</u>	<u>\$ 278,692</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

HARTLAND TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED MARCH 31, 2023

**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			
Planning and zoning	<u>\$        346,314</u>	<u>\$        430,262</u>	<u>\$        (83,948)</u>

## **SUPPLEMENTARY INFORMATION**



## COMBINING FINANCIAL STATEMENTS

**HARTLAND TOWNSHIP**

**COMBINING BALANCE SHEETS  
FUNDS INCLUDED IN GASB 54 CONSOLIDATION  
MARCH 31, 2023**

	<b>General Fund Pre GASB 54 - Consolidation</b>	<b>Capital Improvement Fund</b>	<b>Eliminations</b>	<b>Totals Restated General Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,944,789	\$ 2,024,844	\$	\$ 4,969,633
Taxes receivable	24,113			24,113
State shared revenue receivable	253,440			253,440
Accounts receivable - other	66,354			66,354
Loan - Hartland Deerfield Fire Authority	520,000			520,000
Lease receivable	379,061			379,061
Interest	734			734
Prepaid expense	14,838			14,838
Due from other funds	578,681		(566,293)	12,388
<b>Total assets</b>	<u>\$ 4,782,010</u>	<u>\$ 2,024,844</u>	<u>\$ (566,293)</u>	<u>\$ 6,240,561</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 85,242	\$ 15,021	\$	\$ 100,263
Accrued expenditures	62,332			62,332
Compliance reserves	50,384			50,384
Unearned revenue	233,585			233,585
Due to others	99,591			99,591
Due to other funds	41,090	566,293	(566,293)	41,090
<b>Total liabilities</b>	<u>572,224</u>	<u>581,314</u>	<u>(566,293)</u>	<u>587,245</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows from leases	367,040			367,040
<b>Total liabilities and deferred inflows of resources</b>	<u>939,264</u>	<u>581,314</u>	<u>(566,293)</u>	<u>\$ 954,285</u>
<b>FUND BALANCES</b>				
Nonspendable	14,838			14,838
Committed - capital improvement		1,443,530		1,443,530
Unassigned	3,827,908			3,827,908
<b>Total fund balances</b>	<u>3,842,746</u>	<u>1,443,530</u>		<u>5,286,276</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 4,782,010</u>	<u>\$ 2,024,844</u>	<u>\$ (566,293)</u>	<u>\$ 6,240,561</u>

**HARTLAND TOWNSHIP**

**COMBINING BALANCE SHEETS  
ALL NONMAJOR FUNDS  
MARCH 31, 2023**

	SPECIAL REVENUE FUNDS						Totals
	ARPA	Liquor Law Enforcement	Cable Television	Hartland Woods SAD	Millpointe Road SAD	Bullard Lake Road SAD	
<b>ASSETS</b>							
Cash and investments	\$ 234,403	\$ 99,792	\$ 185,621	\$ 83,152	\$ 257,962	\$ 89,110	\$ 950,040
Special assessment receivable				486,844	300,463	93,978	881,285
Fees receivable			23,164				23,164
<b>Total assets</b>	<u>\$ 234,403</u>	<u>\$ 99,792</u>	<u>\$ 208,785</u>	<u>\$ 569,996</u>	<u>\$ 558,425</u>	<u>\$ 183,088</u>	<u>\$ 1,854,489</u>
<b>LIABILITIES</b>							
Accounts payable	\$	\$	\$ 1,364	\$	\$	\$	\$ 1,364
Unearned revenue	233,878						233,878
<b>Total liabilities</b>	<u>233,878</u>		<u>1,364</u>				<u>235,242</u>
<b>DEFERRED INFLOW OF RESOURCES</b>							
Unavailable revenue				486,844	300,463	93,978	881,285
<b>FUND BALANCE</b>							
Restricted							
Public safety		99,792					99,792
Debt service				83,152	238,701	88,375	410,228
ARPA	525						525
Committed							
Cable			207,421				207,421
Assigned for future budget deficit					19,261	735	19,996
<b>Total fund balance</b>	<u>525</u>	<u>99,792</u>	<u>207,421</u>	<u>83,152</u>	<u>257,962</u>	<u>89,110</u>	<u>737,962</u>
<b>Total liabilities, deferred inflow of resources and fund balance</b>	<u>\$ 234,403</u>	<u>\$ 99,792</u>	<u>\$ 208,785</u>	<u>\$ 569,996</u>	<u>\$ 558,425</u>	<u>\$ 183,088</u>	<u>\$ 1,854,489</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, 2023**

	<b>General Fund - Pre GASB 54 Consolidation</b>	<b>Capital Improvement Fund</b>	<b>Eliminations</b>	<b>Totals Restated General Fund</b>
<b>REVENUES</b>				
Taxes	\$ 623,330	\$	\$	\$ 623,330
State revenues	1,733,933			1,733,933
Licenses and permits	235,306	22,508		257,814
Interest and rents	86,703	4,219		90,922
Charges for services	603,222			603,222
Donations		2,500		2,500
Miscellaneous	261,045			261,045
<b>Total revenues</b>	<b>3,543,539</b>	<b>29,227</b>		<b>3,572,766</b>
<b>EXPENDITURES</b>	<b>2,419,655</b>	<b>617,340</b>		<b>3,036,995</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,123,884</b>	<b>(588,113)</b>		<b>535,771</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets		300		300
Transfers in		713,782	(713,782)	
Transfers (out)	(713,782)		713,782	
<b>Total other financing sources (uses)</b>	<b>(713,782)</b>	<b>714,082</b>		<b>300</b>
<b>Net changes in fund balances</b>	<b>410,102</b>	<b>125,969</b>		<b>536,071</b>
<b>FUND BALANCE, APRIL 1, 2022</b>	<b>3,432,644</b>	<b>1,317,561</b>		<b>4,750,205</b>
<b>FUND BALANCE, MARCH 31, 2023</b>	<b>\$ 3,842,746</b>	<b>\$ 1,443,530</b>	<b>\$</b>	<b>\$ 5,286,276</b>

**HARTLAND TOWNSHIP**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL NONMAJOR FUNDS  
FOR THE YEAR ENDED MARCH 31, 2023**

	DEBT SERVICE FUNDS						Totals
	ARPA	Liquor Law Enforcement	Cable Television	Hartland Woods SAD	Millpointe Road SAD	Bullard Lake Road SAD	
<b>REVENUES</b>							
Special assessments							
Principal	\$	\$	\$	\$ 79,450	\$ 83,193	\$ 18,887	\$ 181,530
Interest				3,715	16,149	3,725	23,589
Licenses and permits		12,523	92,349				104,872
Interest and rents	362	47	83	8	97	35	632
Other federal grants	360,318						360,318
<b>Total revenues</b>	<u>360,680</u>	<u>12,570</u>	<u>92,432</u>	<u>83,173</u>	<u>99,439</u>	<u>22,647</u>	<u>670,941</u>
<b>EXPENDITURES</b>							
Public safety				21			21
General government	117,622						117,622
Public works			54,974				54,974
Capital outlay							
ARPA	242,696						242,696
Debt service							
Principal					90,000		90,000
Interest					17,287		17,287
<b>Total expenditures</b>	<u>360,318</u>		<u>54,974</u>	<u>21</u>	<u>107,287</u>		<u>522,600</u>
<b>Net change in fund balances</b>	362	12,570	37,458	83,152	(7,848)	22,647	148,341
<b>FUND BALANCE, APRIL 1, 2022</b>	<u>163</u>	<u>87,222</u>	<u>169,963</u>		<u>265,810</u>	<u>66,463</u>	<u>589,621</u>
<b>FUND BALANCE, MARCH 31, 2023</b>	<u>\$ 525</u>	<u>\$ 99,792</u>	<u>\$ 207,421</u>	<u>\$ 83,152</u>	<u>\$ 257,962</u>	<u>\$ 89,110</u>	<u>\$ 737,962</u>

## 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, 2023**

**ASSETS**

Cash and investments	\$ 2,944,789
Accounts receivable	
Taxes	24,113
State revenues	253,440
Other	66,354
Loan - Hartland Deerfield Fire Authority	520,000
Interest	734
Leases receivable	379,061
Due from other funds	578,681
Prepaid expenditures	14,838
<b>Total assets</b>	<b>\$ 4,782,010</b>

**LIABILITIES**

Accounts payable	\$ 85,242
Accrued expenditures	62,332
Compliance reserves	50,384
Unearned revenue	233,585
Due to others	99,591
Due to other funds	41,090
<b>Total liabilities</b>	<b>\$ 572,224</b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows from leases	367,040
<b>Total liabilities and deferred inflows of resources</b>	<b>939,264</b>

**FUND BALANCE**

<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>3,842,746</b>
	<b>\$ 4,782,010</b>

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



HARTLAND TOWNSHIP

GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes	\$	\$ 623,330	\$
Licenses and permits		235,306	
State revenues		1,733,933	
Interest and rent		86,703	
Charges for services		603,222	
Other revenues		261,045	
<b>Total revenues</b>	3,052,589	3,543,539	490,950
<b>EXPENDITURES</b>	2,586,865	2,419,655	167,210
<b>Excess of revenues over (under) expenditures</b>	465,724	1,123,884	658,160
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(713,782)	(713,782)	
<b>Net change in fund balance</b>	(248,058)	410,102	658,160
<b>FUND BALANCE, APRIL 1, 2022</b>	3,432,644	3,432,644	
<b>FUND BALANCE, MARCH 31, 2023</b>	\$ 3,184,586	\$ 3,842,746	\$ 658,160

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, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
<b>TAXES</b>			
Current property taxes	\$ 625,884	\$ 623,330	\$ (2,554)
<b>LICENSES AND PERMITS</b>			
Mobile home		3,353	
Dog licenses		546	
Cable fees		231,407	
<b>Total licenses and permits</b>	231,110	235,306	4,196
<b>STATE REVENUE</b>			
State shared revenue		1,732,154	
Personal property tax reimbursement		1,779	
<b>Total state revenue</b>	1,466,624	1,733,933	267,309
<b>CHARGES FOR SERVICES</b>			
Utility administration		258,704	
Tax administration fee		267,663	
Zoning fees		37,540	
Tax collections fees		17,670	
Other		21,645	
<b>Total charges for services</b>	591,981	603,222	11,241
<b>INTEREST AND RENT</b>			
Lease revenue		70,468	
Interest income		16,235	
<b>Total interest and rent</b>	61,740	86,703	24,963
<b>MISCELLANEOUS REVENUES</b>			
Donations		19,500	
Reimbursements		55,994	
Professional review costs		152,138	
Miscellaneous		29,093	
Farmers market		4,320	
<b>Total miscellaneous revenues</b>	75,250	261,045	185,795
<b>Total revenues</b>	\$ 3,052,589	\$ 3,543,539	\$ 490,950

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, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOWNSHIP BOARD</b>			
Trustee fees	\$	\$ 25,200	\$
Retirement		3,600	
Taxes - payroll		1,928	
Supplies and postage		107	
Audit		9,160	
Legal		2,350	
Membership and dues		8,111	
Education and training		900	
<b>Total township board</b>	<b>65,810</b>	<b>51,356</b>	<b>14,454</b>
<b>SUPERVISOR</b>			
Supervisor salary		32,955	
Taxes - payroll		2,521	
Capital Outlay		500	
Retirement		900	
<b>Total supervisor</b>	<b>36,917</b>	<b>36,876</b>	<b>41</b>
<b>TOWNSHIP MANAGER</b>			
Wages		99,035	
Secretary wages		18,364	
Taxes - payroll		9,422	
Insurance - health		22,957	
Retirement		10,000	
Supplies and postage		9,481	
Capital outlay		1,025	
Membership and dues		664	
Education and training		268	
Miscellaneous		6,018	
<b>Total township manager</b>	<b>208,506</b>	<b>177,234</b>	<b>31,272</b>

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HARTLAND TOWNSHIP

GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
<b>ELECTIONS</b>			
Wages and fees		26,641	
Taxes - payroll		420	
Supplies and postage		17,303	
Repairs and Maintenance		5,162	
Contracted services		4,881	
Printing and publications		120	
Miscellaneous		3,142	
<b>Total elections</b>	<b>89,114</b>	<b>57,669</b>	<b>31,445</b>
<b>FINANCE DEPARTMENT</b>			
Salaries		131,728	
Taxes - payroll		9,643	
Insurance - benefits		18,979	
Retirement		13,191	
Supplies and postage		988	
Membership and dues		310	
Repairs and maintenance		2,886	
Education and training		1,795	
<b>Total finance department</b>	<b>180,438</b>	<b>179,520</b>	<b>918</b>
<b>ASSESSOR</b>			
Salaries and wages		169,428	
Taxes - payroll		12,273	
Insurance - benefits		21,048	
Retirement		12,660	
Supplies and postage		1,048	
Contracted services		112	
Membership and dues		2,198	
Tax preparation		4,756	
Legal fees		2,350	
Printing and publications		300	
Repairs and maintenance		10,216	
Tax chargebacks		1,207	
Education and training		1,745	
<b>Total assessor</b>	<b>252,347</b>	<b>239,341</b>	<b>13,006</b>

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HARTLAND TOWNSHIP

GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
<b>CLERK</b>			
Clerk salary		65,910	
Other - clerical salary		46,942	
Taxes - payroll		8,214	
Insurance - benefits		28,897	
Retirement		11,305	
Supplies and postage		2,552	
Membership and dues		285	
Printing and publishing		2,110	
Education and training		425	
<b>Total clerk</b>	<b>170,557</b>	<b>166,640</b>	<b>3,917</b>
<b>VEHICLE USE</b>	<b>2,845</b>	<b>2,136</b>	<b>709</b>
<b>BOARD OF REVIEW</b>			
Fees		1,820	
Taxes - payroll		139	
Supplies and postage		177	
Printing and publishing		713	
<b>Total board of review</b>	<b>3,537</b>	<b>2,849</b>	<b>688</b>
<b>TREASURER</b>			
Treasurer salary		65,910	
Assistant wages		69,552	
Taxes - payroll		10,202	
Insurance - benefits		11,017	
Retirement		11,756	
Supplies and postage		1,272	
Membership and dues		967	
Tax preparation		11,020	
Repairs and maintenance		5,769	
Education and training		1,330	
Capital outlay		894	
Miscellaneous		56	
Legal fees		435	
<b>Total treasurer</b>	<b>193,250</b>	<b>190,180</b>	<b>3,070</b>
<b>DATA PROCESSING</b>	<b>28,500</b>	<b>26,676</b>	<b>1,824</b>

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

**HARTLAND TOWNSHIP**

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>TOWNSHIP HALL AND GROUNDS</b>			
Supplies		2,431	
Snow removal and mowing		17,823	
Contract services		34,449	
Telephone		8,841	
Utilities		32,137	
Repairs and maintenance		15,562	
<b>Total township hall and grounds</b>	<u>115,529</u>	<u>111,243</u>	<u>4,286</u>
<b>UNALLOCATED</b>			
Contracted services		158,862	
<b>Total unallocated</b>	<u>164,000</u>	<u>158,862</u>	<u>5,138</u>
<b>PLANNING AND ZONING</b>			
Wages		210,219	
Taxes - payroll		17,129	
Insurance - benefits		3,734	
Retirement		19,964	
Planning commission		13,690	
Professional review costs		150,138	
Supplies and postage		777	
Contract services		6,320	
Membership and dues		2,023	
Legal fees		2,186	
Printing and publications		960	
Repairs and maintenance		272	
Education and training		900	
<b>Total planning and zoning</b>	<u>346,314</u>	<u>430,262</u>	<u>(83,948)</u>

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**HARTLAND TOWNSHIP**

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PUBLIC WORKS</b>			
Salaries		125,742	
Taxes - payroll		8,968	
Insurance - benefits		43,314	
Retirement		12,305	
Supplies and postage		1,324	
Contracted services		21,467	
Sampling		12,433	
Membership and dues		610	
Education and training		782	
<b>Total public works</b>	<u>241,836</u>	<u>226,945</u>	<u>14,891</u>
<b>ZONING BOARD OF APPEALS</b>	<u>2,172</u>	<u>675</u>	<u>1,497</u>
<b>SIDEWALKS</b>	<u>6,000</u>		<u>6,000</u>
<b>STREETLIGHTS</b>	<u>22,197</u>	<u>19,021</u>	<u>3,176</u>
<b>ROADS</b>	<u>121,111</u>	<u>92,332</u>	<u>28,779</u>
<b>CABLE</b>			
Salaries		42,177	
Taxes - payroll		3,227	
Contacted services		1,197	
Printing and publishing		5,536	
Postage and supplies		1,177	
<b>Total cable</b>	<u>74,949</u>	<u>53,314</u>	<u>21,635</u>
<b>CODE ENFORCEMENT</b>	<u>21,374</u>	<u>16,359</u>	<u>5,015</u>
<b>DRAINS</b>	<u>10,800</u>	<u>9,738</u>	<u>1,062</u>
<b>SENIOR CITIZENS</b>	<u>22,000</u>	<u>22,000</u>	
<b>COMMUNITY CENTER</b>	<u>22,000</u>	<u>22,000</u>	
<b>CEMETARY</b>	<u>29,186</u>	<u>16,831</u>	<u>12,355</u>
<b>PARKS AND RECREATION</b>	<u>155,576</u>	<u>109,596</u>	<u>45,980</u>
<b>Total expenditures</b>	<u>\$ 2,586,865</u>	<u>\$ 2,419,655</u>	<u>\$ 167,210</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, 2023**

**ASSET**

Cash	\$ 2,310,435
Taxes receivable	33,757
Due to other funds	<u>349</u>
<b>Total assets</b>	<u><u>\$ 2,344,541</u></u>

**FUND BALANCE**

\$ 2,344,541

HARTLAND TOWNSHIP

MUNICIPAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes	\$	\$ 1,168,471	\$
Personal property tax reimbursement		2,959	
Interest and rent		3,854	
Other revenue		115	
<b>Total revenues</b>	<u>1,167,898</u>	<u>1,175,399</u>	<u>7,501</u>
<b>EXPENDITURES</b>			
Public works		463,131	
Debt			
Principal		570,000	
Interest		34,500	
<b>Total expenditures</b>	<u>3,082,000</u>	<u>1,067,631</u>	<u>2,014,369</u>
<b>Net change in fund balance</b>	<u>(1,914,102)</u>	<u>107,768</u>	<u>2,021,870</u>
<b>FUND BALANCE, APRIL 1, 2022</b>	<u>2,236,773</u>	<u>2,236,773</u>	
<b>FUND BALANCE, MARCH 31, 2023</b>	<u>\$ 322,671</u>	<u>\$ 2,344,541</u>	<u>\$ 2,021,870</u>

## **FIRE OPERATING FUND**

**HARTLAND TOWNSHIP**

**FIRE OPERATING FUND  
BALANCE SHEET  
MARCH 31, 2023**

**ASSETS**

Cash	\$ 2,008,939
Taxes receivable	<u>48,234</u>
<b>Total assets</b>	<u><u>\$ 2,057,173</u></u>

**LIABILITIES**

Accounts payable	\$ 2,002
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**FUND BALANCE**

	<u>2,055,171</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 2,057,173</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes	\$	\$ 1,668,012	\$
Personal property tax reimbursement		4,016	
Interest		565	
Miscellaneous		161	
<b>Total revenues</b>	<u>1,666,337</u>	<u>1,672,754</u>	<u>6,417</u>
<b>EXPENDITURES</b>			
Authority contributions		1,296,190	
Repairs and maintenance		21,344	
Tax chargebacks		1,314	
Professional fees		1,834	
Utility/assessments		788	
<b>Total expenditures</b>	<u>1,593,745</u>	<u>1,321,470</u>	<u>272,275</u>
<b>Net change in fund balance</b>	<u>72,592</u>	<u>351,284</u>	<u>278,692</u>
<b>FUND BALANCE, APRIL 1, 2022</b>	<u>1,703,887</u>	<u>1,703,887</u>	
<b>FUND BALANCE, MARCH 31, 2023</b>	<u>\$ 1,776,479</u>	<u>\$ 2,055,171</u>	<u>\$ 278,692</u>

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

**HARTLAND TOWNSHIP**

**M-59/HARTLAND ROAD DEBT SERVICE FUND  
BALANCE SHEET  
MARCH 31, 2023**

**ASSETS**

Cash	\$ 466,951
Special assessments receivable	<u>2,327,670</u>
<b>Total assets</b>	<u><u>\$ 2,794,621</u></u>

**DEFERRED INFLOW OF RESOURCES**

Unavailable revenues	\$ 2,308,581
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**FUND BALANCE**

	<u>486,040</u>
<b>Total deferred inflow of resources and fund balance</b>	<u><u>\$ 2,794,621</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, 2023**

**REVENUES**

Special assessments	
Principal	\$ 230,858
Interest	88,377
Interest income	<u>211</u>
<b>Total revenues</b>	<b>\$ 319,446</b>

**EXPENDITURES**

Debt	
Principal	230,000
Interest	<u>62,462</u>
<b>Total expenditures</b>	<b><u>292,462</u></b>
<b>Net change in fund balance</b>	<b>26,984</b>
<b>FUND BALANCE, APRIL 1, 2022</b>	<b><u>459,056</u></b>
<b>FUND BALANCE, MARCH 31, 2023</b>	<b><u><u>\$ 486,040</u></u></b>



**WATER SYSTEM FUND**

**HARTLAND TOWNSHIP****WATER SYSTEM FUND  
BALANCE SHEET  
MARCH 31, 2023****CURRENT ASSETS**

Cash and investments - operating	\$ 878,736	
Cash and investments - capital replacement	1,770,194	
Investments	740,900	
Accounts receivable - customers	238,895	
Prepaid	3,717	
Interest receivable	8,379	
Due from other funds	476	
	<hr/>	
<b>Total current assets</b>		\$ 3,641,297

**PROPERTY, PLANT AND EQUIPMENT**

Capital assets		
Land	300,000	
Construction in progress	3,151,960	
Water plant and equipment	9,457,331	
	<hr/>	
	12,909,291	
Less: accumulated depreciation	(4,799,951)	
	<hr/>	
<b>Total property, plant and equipment</b>		8,109,340
		<hr/>
<b>Total assets</b>		<u><u>\$ 11,750,637</u></u>

**CURRENT LIABILITIES**

Accounts payable	\$ 38,774	
Accrued expenditures	12,906	
Due to others	7,500	
	<hr/>	
<b>Total current liabilities</b>		<u>\$ 59,180</u>

**NET POSITION**

Invested in capital assets, net of related debt	8,109,340	
Restricted	3,582,117	
	<hr/>	
<b>Total net position</b>		11,691,457
		<hr/>
<b>Total liabilities and net position</b>		<u><u>\$ 11,750,637</u></u>

**HARTLAND TOWNSHIP**

**WATER SYSTEM FUND  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2023**

**OPERATING REVENUES**

User charges		\$ 933,402
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**OPERATING EXPENSES**

Wages	\$ 159,288
Taxes - payroll	11,519
Insurance - benefits	33,940
Retirement	12,853
Administration fees	146,553
Depreciation	247,134
Contracted services	13,209
Professional fees	5,739
Repair and maintenance	65,997
Insurance	9,442
Supplies and postage	35,031
Miscellaneous	2,947
Meters	42,454
Utilities and telephone	66,085

<b>Total operating expenses</b>		<u>852,191</u>
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<b>Operating income</b>		81,211
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**NON-OPERATING REVENUES (EXPENSES)**

Other income	201,555
Interest income - cash	12,176
Other federal grants	<u>1,000,000</u>

<b>Total non-operating revenues (expenses)</b>		<u>1,213,731</u>
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<b>Net income</b>		1,294,942
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<b>NET POSITION APRIL 1, 2022</b>		<u>10,396,515</u>
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<b>NET POSITION, MARCH 31, 2023</b>		<u><u>\$ 11,691,457</u></u>
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**HARTLAND TOWNSHIP**  
**WATER SYSTEM FUND**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED MARCH 31, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 876,500	
Payments to other suppliers for goods or services	(469,832)	
Payments to employees	<u>(159,288)</u>	
<b>Net cash from operating activities</b>		<b>\$ 247,380</b>

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

Principal and interest paid on bonds		
Collections of special assessment (principal and interest)	201,555	
Acquisition of fixed assets	(2,910,824)	
Other revenue	<u>1,000,000</u>	
<b>Net cash from capital and related financing activities</b>		<b>(1,709,269)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net proceeds from sales/purchase of investments	(740,900)	
Interest received on cash and cash equivalents	<u>3,797</u>	
<b>Net cash from investing activities</b>		<b>(737,103)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(2,198,992)</b>

<b>CASH AND CASH EQUIVALENTS AT APRIL 1, 2022</b>	<u>4,847,922</u>
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<b>CASH AND CASH EQUIVALENTS AT MARCH 31, 2023</b>	<u><u>\$ 2,648,930</u></u>
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**RECONCILIATION OF OPERATING INCOME TO NET**

**CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income		\$ 81,211
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 247,134	
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(56,902)	
(Increase) decrease in prepaid expense	(1,389)	
(Increase) decrease in due from other funds	(9,336)	
(Decrease) in accounts payable	(33,744)	
Increase (decrease) in due to others	7,500	
Increase (decrease) in accrued wages	<u>12,906</u>	
<b>Total adjustments</b>		<u>166,169</u>
<b>Net cash provided by operating activities</b>		<u><u>\$ 247,380</u></u>

**SEWAGE DISPOSAL SYSTEM FUND**

**HARTLAND TOWNSHIP**

**SEWAGE DISPOSAL SYSTEM FUND  
BALANCE SHEET  
MARCH 31, 2023**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 5,413,033	
Investments	1,531,566	
Accounts receivable - billings	792,752	
Interest receivable	9,931	
Due from other funds	40,265	
Special assessments receivable	69,403	
Prepaid	<u>11,183</u>	
<b>Total current assets</b>		<b>\$ 7,868,133</b>

**RESTRICTED ASSETS**

Cash and cash equivalents	2,003,046	
Special assessment receivable	<u>2,438,311</u>	
<b>Total restricted assets</b>		<b>4,441,357</b>

**PROPERTY, PLANT AND EQUIPMENT**

Sewer system and office equipment	21,839,792	
Less: accumulated depreciation	<u>(6,960,554)</u>	
<b>Total property, plant and equipment</b>		<b>14,879,238</b>

**OTHER ASSETS**

Connection fees receivable	<u>150,816</u>	
<b>Total other assets</b>		<u>150,816</u>
<b>Total assets</b>		<u><u>\$ 27,339,544</u></u>

**CURRENT LIABILITIES**

Accounts payable	\$ 357,402	
Accrued interest payable	74,833	
Bonds payable	<u>1,156,530</u>	
<b>Total current liabilities</b>		<b>\$ 1,588,765</b>

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

Bond premium - net of amortization	981,553	
Bonds payable after one year	<u>9,809,943</u>	
<b>Total long term liabilities</b>		<u>10,791,496</u>
<b>Total liabilities</b>		<b>12,380,261</b>

**NET POSITION**

Invested in capital assets, net of related debt	3,912,765	
Unrestricted	<u>11,046,518</u>	
<b>Total net position</b>		<u>14,959,283</u>
<b>Total liabilities and net position</b>		<u><u>\$ 27,339,544</u></u>

**HARTLAND TOWNSHIP**  
**SEWAGE DISPOSAL SYSTEM FUND**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2023**

**OPERATING REVENUES**

User charges	\$ 2,522,756	
Septage station fees	319,426	
	<hr/>	
<b>Total revenue</b>		\$ 2,842,182

**OPERATING EXPENSES**

Administration	112,151	
Depreciation	436,670	
Sewer usage fees	2,117,054	
Professional fees	20,759	
Repair and maintenance	1,106	
Insurance	11,136	
Supplies and postage	1,540	
	<hr/>	
<b>Total operating expenses</b>		<hr/> 2,700,416
<b>Operating income</b>		141,766

**NON-OPERATING REVENUES (EXPENSES)**

Interest income	180,522	
Miscellaneous revenue	217	
Special assessment write offs	(347,976)	
Interest expense and bond fees	(252,622)	
	<hr/>	
<b>Total non-operating revenues (expenses)</b>		(419,859)

**CAPITAL CONTRIBUTIONS**

Connection fees	113,459	
Surcharge fees	83,855	
	<hr/>	
<b>Total capital contributions</b>		<hr/> 197,314
<b>Net income (loss)</b>		(80,779)

<b>NET POSITION, APRIL 1, 2022</b>	<hr/> 15,040,062
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<b>NET POSITION, MARCH 31, 2023</b>	<hr/> <hr/> \$ 14,959,283
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**HARTLAND TOWNSHIP**  
**SEWAGE DISPOSAL SYSTEM FUND**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED MARCH 31, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 2,817,038	
Payments to other suppliers for goods or services	<u>(1,878,291)</u>	
<b>Net cash from operating activities</b>		<b>\$ 938,747</b>

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

Principal and interest paid on capital debt	(1,544,935)	
Collections of special assessment (principal and interest)	863,281	
Connection fees	272,722	
Other revenue	<u>217</u>	
<b>Net cash from capital and related financing activities</b>		<b>(408,715)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net proceeds from sales/purchase of investments	39,728	
Interest received on cash and cash equivalents	<u>18,106</u>	
<b>Net cash from (used in) investing activities</b>		<b>57,834</b>
<b>Net increase in cash and cash equivalents</b>		<b>587,866</b>

<b>CASH AND CASH EQUIVALENTS AT APRIL 1, 2022</b>	<u><b>6,828,213</b></u>
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<b>CASH AND CASH EQUIVALENTS AT MARCH 31, 2023</b>	<u><u><b>\$ 7,416,079</b></u></u>
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**RECONCILIATION OF OPERATING INCOME TO NET**

**CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income		\$ 141,766
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 436,670	
Special assessment write off	347,976	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(25,144)	
(Increase) decrease in prepaid expenditures	1,867	
(Increase) decrease in due from others	(30,929)	
Increase (decrease) in accounts payable	<u>66,541</u>	
<b>Total adjustments</b>		<u><b>796,981</b></u>
<b>Net cash provided by operating activities</b>		<u><u><b>\$ 938,747</b></u></u>





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**PFEFFER ■ HANNIFORD ■ PALKA**  
*Certified Public Accountants*

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

*Members:*  
*AICPA Private Practice Companies Section*  
*MACPA*

**225 E. Grand River - Suite 104**  
**Brighton, Michigan 48116-1575**  
**(810) 229-5550**  
**FAX (810) 229-5578**

September 19, 2023

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2023, and the related notes to the financial statements, which collectively comprise the Hartland Township, Michigan's basic financial statements, and have issued our report thereon dated September 19, 2023.

#### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hartland Township, Michigan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hartland Township, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of Hartland Township, Michigan'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 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hartland Township, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

Very truly yours,

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

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

## SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2023

### **Finding 2022-001 – Preparation of Financial Statements in Accordance with GAAP, Material Adjustments (repeat comment)**

**Finding type.** Material Weakness in Internal Control over Financial Reporting.

**Criteria.** All Michigan governments are required to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. This is a responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

**Condition.** As is the case with many smaller and medium-sized entities, the Township has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the Township's internal controls.

**Cause.** The Township has decided that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.

**Effect.** The Township lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

**Recommendation.** The Township's decision to rely, in part, on its auditors, for the preparation of external financial statements is allowable provided the Township accepts responsibility for the financial statements. Therefore, no specific corrective action is required at this time.

**View of Responsible Officials.** The Township has evaluated the benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interests of the Township to outsource this task to its external auditors (including recording year-end-entries), and to carefully review the proposed journal entries, draft financial statements, and notes prior to approving them and accepting responsibility for their content and presentation.

## HARTLAND TOWNSHIP, MICHIGAN

### SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2023

#### **Finding 2022-002 – Lack of Appropriate Segregation of Accounting Duties (repeat comment)**

**Finding Type.** Significant Deficiency in Internal Control over Financial Reporting

**Criteria.** Management is responsible for establishing effective internal controls to safeguard the Township's assets, and to prevent or detect misstatements to the financial statements. In establishing appropriate internal controls, careful consideration must be given to the cost of a particular control and the related benefits to be received. Accordingly, management must make the difficult decision of what degree of risk it is willing to accept, given the Township's unique circumstances.

**Condition.** As is the case with many organizations of similar size, the Township lacks a sufficient number of accounting personnel in order to ensure a complete segregation of duties within its accounting function. Ideally, no single individual should ever be able to authorize a transaction, record the transaction in the accounting records, and maintain custody of the assets resulting from the transaction. Effectively, proper segregation of duties is intended to prevent an individual from committing an act of fraud or abuse and being able to conceal it.

**Cause.** This condition is a result of the Township's limited resources, and the small size of its accounting staff.

**Effect.** As a result of this condition, the Township is exposed to an increased risk that misstatements (whether caused by error or fraud) may occur and not be prevented or detected by management in a timely manner.

**Recommendation.** There are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and the segregation of incompatible duties. Recognizing this fact, we encourage the Township to mitigate this risk by requiring as much independent review, reconciliation, and approval of accounting function by qualified members of management as possible.

**View of Responsible Officials.** The Township recognizes that this limitation is a natural outgrowth of the small number of staff and applies its judgment in determining how best to allocate the Township's resources to provide an appropriate balance between sound internal controls and fiscal prudence.

September 19, 2023

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hartland Township, Michigan (the Township) as of and for the year ended March 31, 2023, and have issued our report thereon dated September 19, 2023. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated February 28, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

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

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

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated September 19, 2023.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated February 28, 2023.

### **Compliance with All Ethics Requirements Regarding Independence**

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

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

#### *Significant Accounting Policies*

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

There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023, except as described in Note 14 to the financial statements, as the Township implemented GASB No. 87, Leases, on April 1, 2022.

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

#### *Significant Accounting Estimates*

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

The most sensitive accounting estimates affecting the financial statements are:

#### Depreciation

Management's estimate of the depreciation expense is based on the estimated useful lives and salvage value of capital assets.

We have evaluated the key factors and assumptions used to develop the estimate for depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

## **Significant Difficulties Encountered during the Audit**

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

## **Uncorrected and Corrected Misstatements**

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

## **Disagreements with Management**

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

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated September 19, 2023.

## **Management's Consultations with Other Accountants**

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

## **Other Significant Matters, Findings or Issues**

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

## **Other Information in Documents Containing Audited Financial Statements**

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

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

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

Very truly yours,

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

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants