



Board of Trustees

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

**Board of Trustees Special Meeting Agenda
Hartland Township Hall
Tuesday, August 16, 2022
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. Pending and New Business
 - a. [Fiscal Year 2021-2022 Audit Review](#)
7. Adjournment

Hartland Township Board of Trustees Meeting Agenda Memorandum

Submitted By: Susan Dryden-Hogan, Finance Director

Subject: Fiscal Year 2021-2022

Date: August 9, 2022

Recommended Action

Board review and questions only

Discussion

Attached is the fiscal year 2022 audit report, management report and presentation, prepared by Pfeffer, Hanniford & Palka

Financial Impact

Is a Budget Amendment Required? ☐ Yes ☒ No

Attachments

Audit Presentation

Management Letter

Audited Financial Statements

Hartland Township

Audit Presentation
March 31, 2022



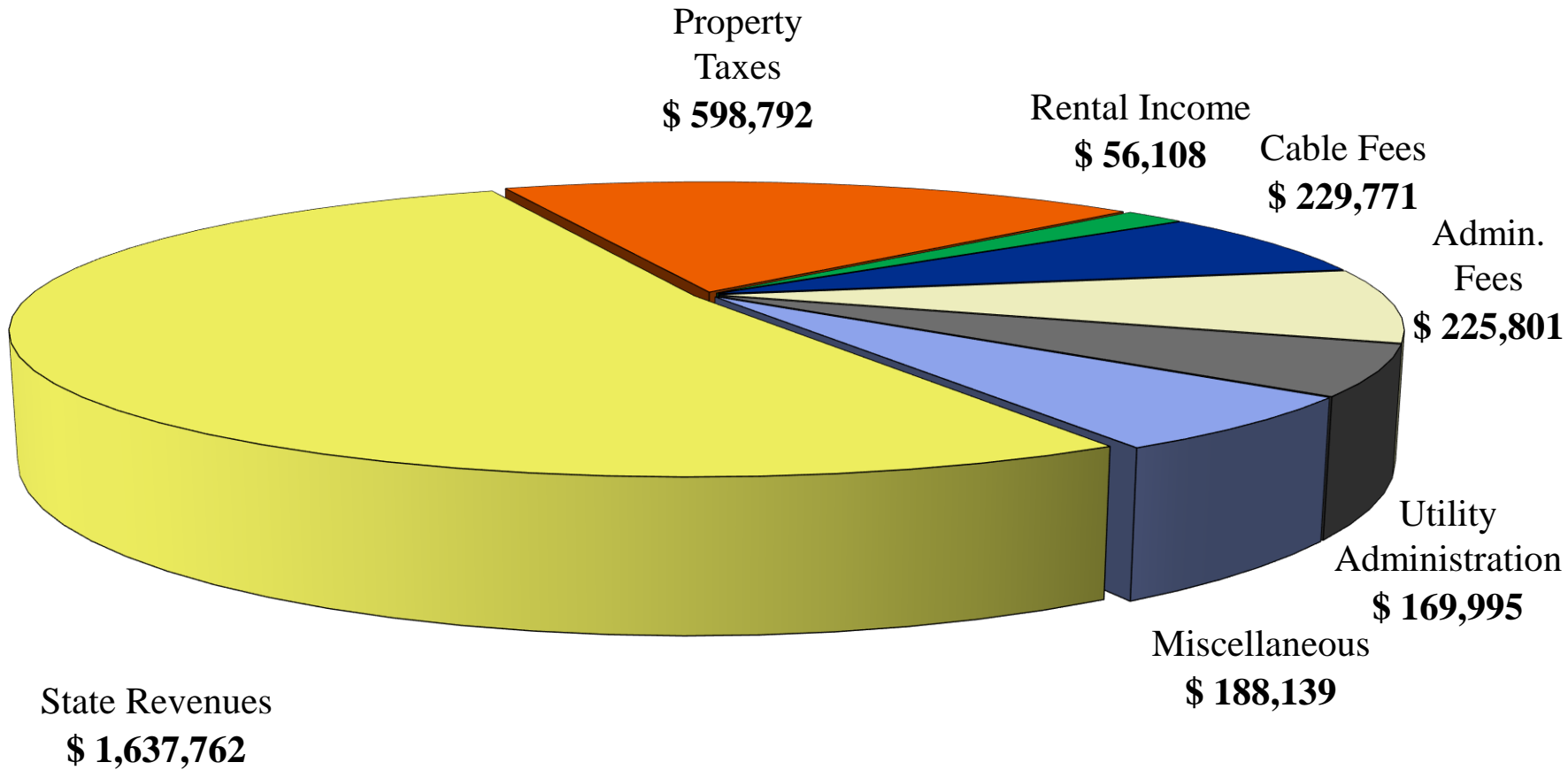
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Certified Public Accountants

BRIGHTON, MICHIGAN

Hartland Township

General Fund Revenues – Pre GASB 54

For The Year Ended March 31, 2022

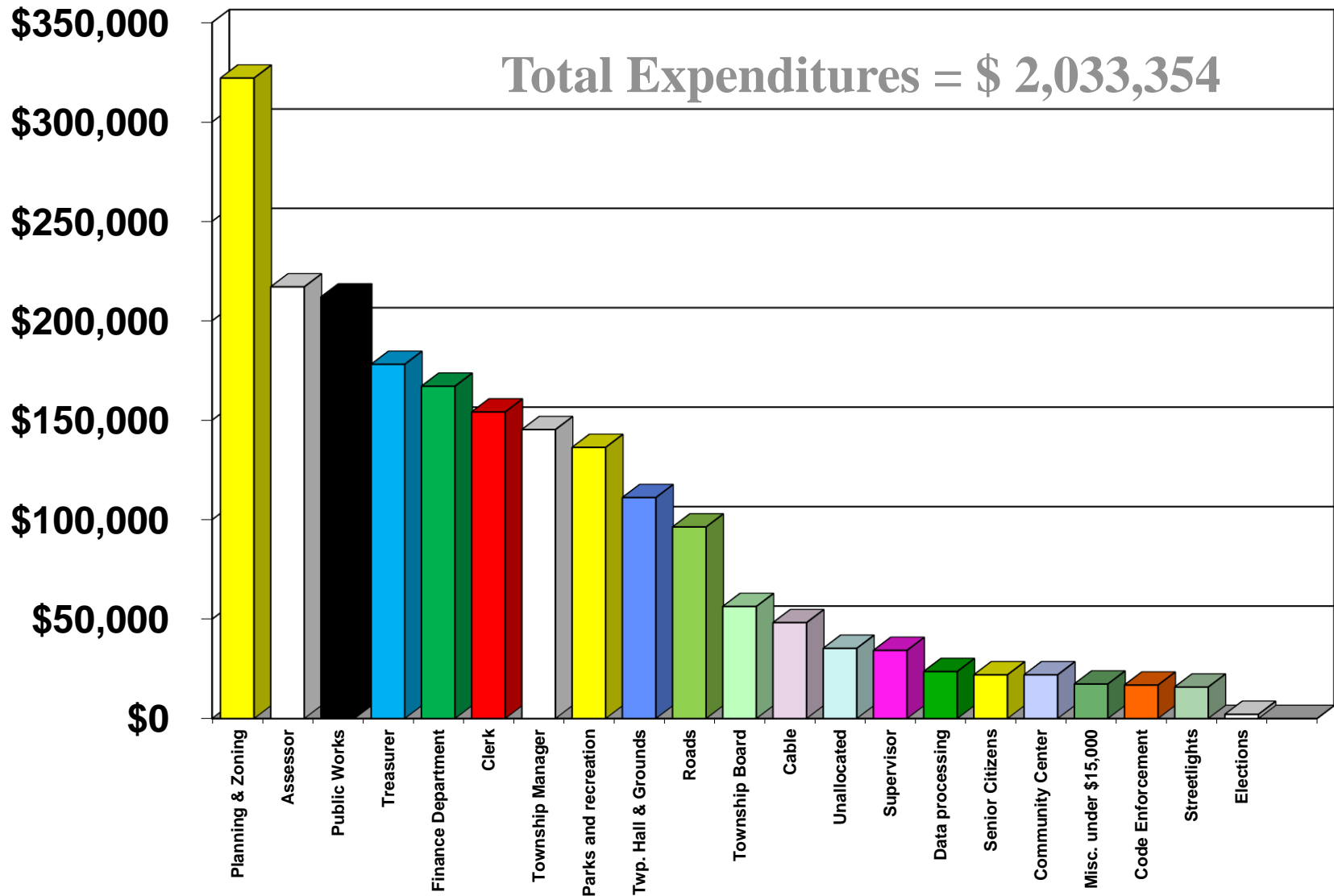


Total Revenues \$ 3,136,368

Hartland Township

General Fund Expenditures – Pre GASB 54

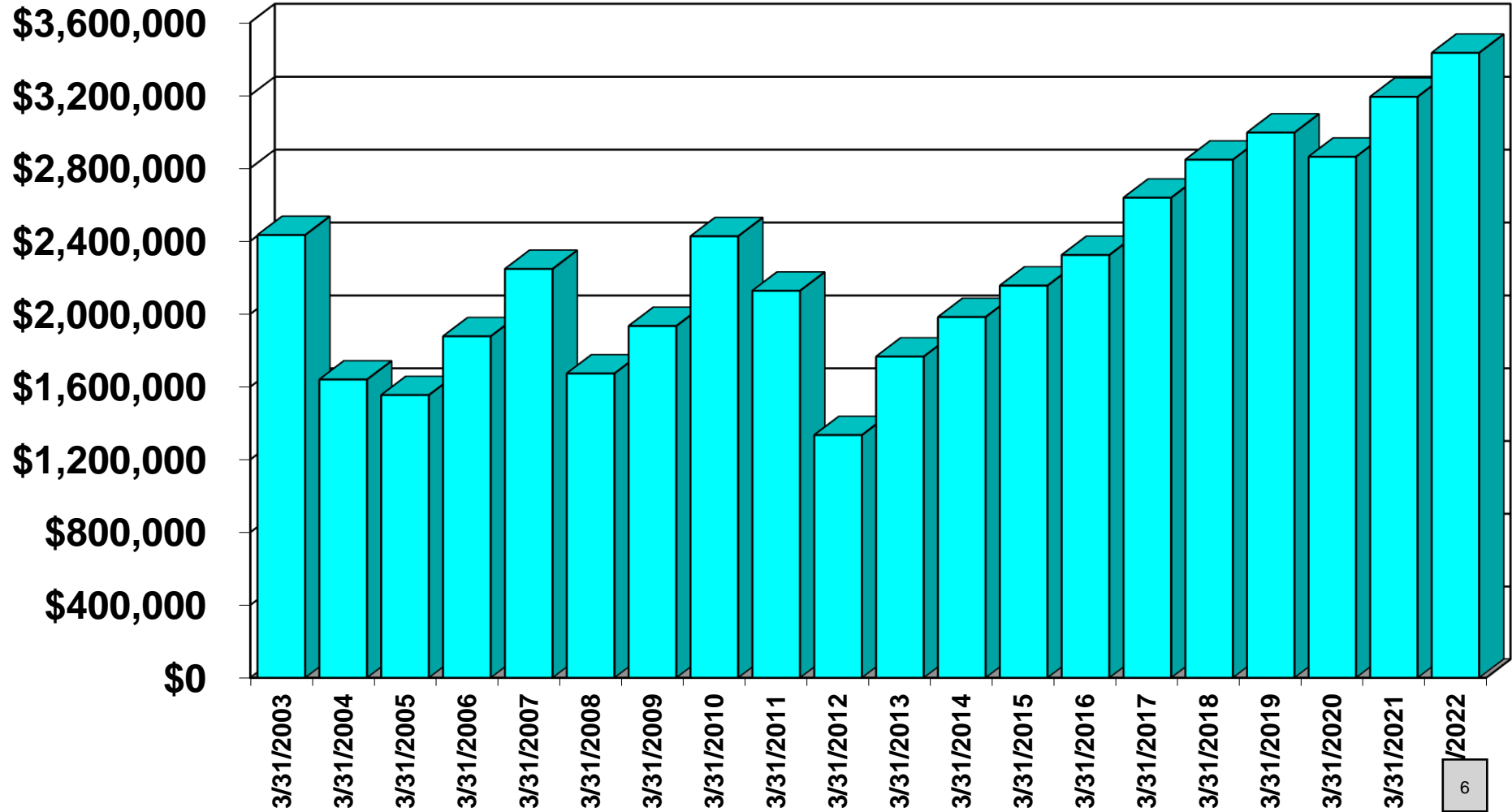
For The Year Ended March 31, 2022



Hartland Township

General Fund - Fund Balance – Pre GASB 54

March 31, 2003-2022





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

Members:
AICPA Private Practice Companies Section
MACPA

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

August 16, 2022

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

Dear Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Hartland Township as of and for the year ended March 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Hartland Township's internal control over financial reporting (internal control) as a basis for designing and auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

CONCLUSION

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

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control

or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

HARTLAND TOWNSHIP

Report on Audit of Financial Statements

For the Year Ended March 31, 2022

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

August 16, 2022

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, 2022, 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

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, 2022. 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 \$42,944,513. This is a \$4,178,454 increase over last year's net position of \$38,766,059.

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

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	3/31/2022	3/31/2021	3/31/2022	3/31/2021	3/31/2022	3/31/2021
ASSETS						
Current and other assets	\$ 14,034,927	\$ 12,286,035	\$ 18,353,570	\$ 17,434,878	\$ 32,388,497	\$ 29,720,913
Capital assets	8,841,407	8,785,546	20,761,558	21,393,001	29,602,965	30,178,547
Total assets	<u>22,876,334</u>	<u>21,071,581</u>	<u>39,115,128</u>	<u>38,827,879</u>	<u>61,991,462</u>	<u>59,899,460</u>
LIABILITIES						
Other liabilities	1,212,842	120,526	1,533,478	1,266,320	2,746,320	1,386,846
Long-term liabilities	4,155,556	5,332,882	12,145,073	14,413,673	16,300,629	19,746,555
Total liabilities	<u>5,368,398</u>	<u>5,453,408</u>	<u>13,678,551</u>	<u>15,679,993</u>	<u>19,046,949</u>	<u>21,133,401</u>
NET POSITION						
Net investment in capital assets	8,841,407	8,785,546	7,995,070	7,938,001	16,836,477	16,723,547
Restricted	3,380,767	3,586,450			3,380,767	3,586,450
Unrestricted	5,285,762	3,246,177	17,441,507	15,209,885	22,727,269	18,456,062
Total net position	<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>

Summary of Changes in Activities

	Governmental Activities		Business-type Activities		Totals	
	3/31/2022	3/31/2021	3/31/2022	3/31/2021	3/31/2022	3/31/2021
REVENUES						
Program revenues						
Charges for services	\$ 490,387	\$ 480,658	\$ 3,655,436	\$ 3,439,974	\$ 4,145,823	\$ 3,920,632
Capital contributions			2,837,822	53,502	2,837,822	53,502
General revenues						
State revenues	1,644,328	1,358,146			1,644,328	1,358,146
Property taxes	3,303,888	2,996,333			3,303,888	2,996,333
Interest and rent	181,620	196,841	429,430	212,532	611,050	409,373
Other	477,079	605,729	36,235	52,318	513,314	658,047
Total revenues	6,097,302	5,637,707	6,958,923	3,758,326	13,056,225	9,396,033
EXPENSES						
General government	1,609,921	1,849,959			1,609,921	1,849,959
Public safety	1,342,487	1,295,952			1,342,487	1,295,952
Parks and recreation	398,911	279,048			398,911	279,048
Public works	675,422	562,980			675,422	562,980
Community development	44,000	42,000			44,000	42,000
Cemetery		26,630				26,630
Interest on governmental long-term debt	136,798	155,096			136,798	155,096
Water system			722,579	816,183	722,579	816,183
Sewer system			3,947,653	3,058,432	3,947,653	3,058,432
Total expenses	4,207,539	4,211,665	4,670,232	3,874,615	8,877,771	8,086,280
Change in net position	1,889,763	1,426,042	2,288,691	(116,289)	4,178,454	1,309,753
Beginning net position	15,618,173	14,192,131	23,147,886	23,264,175	38,766,059	37,456,306
Ending net position	\$ 17,507,936	\$ 15,618,173	\$ 25,436,577	\$ 23,147,886	\$ 42,944,513	\$ 38,766,059

Financial Analysis of the Township's Funds

The Township has four major governmental funds for the year ended March 31, 2022. 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 \$654,285. Property tax revenues and State Shared Revenue remained strong and were not adversely affected by the pandemic.
- The Municipal Street Fund increased by \$247,364. 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. During the pandemic, larger repairs and maintenance projects were delayed into 2023 and 2024. Work during 2022 was limited to gravel road improvements.
- The Fire Operating fund increased \$331,494. A 5-year millage of 2.06, expiring in 2025, was approved by the voters in November 2020.
- The M-59/Hartland Road Debt Service Fund increased by \$21,326, as expected. A 2019 bond refunding resulted in interest savings to the assessed parcels and is accounted for in the budget.

The Township has two major business-type funds for the year ended March 31, 2022. These funds are the Water System Fund and the Sewage Disposal System Fund.

- The Water System Fund's net position increased by \$2,268,248. Water operations continues to perform well due to planned annual rate increases, as well as residential water usage was higher due to remote work. Water Repair and Replacement received over \$2,000,000 in connection fees due to the planned water system expansion down to the east end of the Township. The original Water System Bonds 2001 were paid off and excess surplus funds of \$255,124 were refunded to property owners. See Note 14 for further discussion.
- The Sewage Disposal System Fund increased its net position by \$20,443, which was better than expected in the amended budget. Connection revenues were slightly higher than expected as well as lower-than-expected expenses. Commercial sewer usage was down due to pandemic closures. Future special assessment revenues were reduced due to the Hartland Glen Development settlement; however, new construction connection revenues are expected to cover the loss. In addition, previous deferred special assessments are now due and payable over the next three years, including \$500,000 of capitalized interest. See Note 12 for further discussion of the Hartland Glen Settlement.

General Fund Budgetary Highlights

The General Fund's budget was adopted prior to the start of the fiscal year ended March 31, 2022. 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 received over \$797,000 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. No ARPA funds were spent or obligated during fiscal year ended March 31, 2022.

Capital Asset and Debt Administration

Governmental Funds

The Township acquired \$520,716 of capital assets during the year. The Township completed the sidewalk project called the M-59 Safety Path, incurring costs of \$317,970. The Township also completed two projects in Settlers Park – a walking path and the Duhnam Road crosswalk, for \$195,975. The Township-owned Fire Station obtained a new water heater at a cost of \$6,771.

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 \$870,000 during the fiscal year, bringing the total governmental debt balance to \$4,050,000 for the year end March 31, 2021. The Township did not issue any new debt during the fiscal year.

Business-Type Funds

The Township has two business-type funds – Water System Fund and Sewage Disposal Sstem Fund. These funds did not acquire any new assets in the current year.

Land of \$26,842 was disposed of during the fiscal year, as it was deed back to Hartland Glen Development in connection with the settlement. See Note 12 for further discussion of the settlement.

Costs associated with the design and engineering of the Water System's east expansion account for the majority of the Construction in Progress, totally almost \$281,000 as of March 31, 2022. This construction will be complete during 2022.

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 \$1,433,600, with a total of \$12,145,073 of principal outstanding for the year ended March 31, 2022.

Economic Conditions and Future Activities

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

The COVID-19 pandemic impacted many sectors of the economy, with a decline of growth and an increase in the unemployment rate. Hartland Township weathered this storm in 2021/2022 by postponing several capital projects, limiting temporary layoffs to part-time field employees. All budgeted positions are filled with regular in-office work schedules and budgeted projects are moving forward into the new fiscal year.

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

Contacting the Township's Financial Management

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

HARTLAND TOWNSHIP

**STATEMENT OF NET POSITION
MARCH 31, 2022**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current assets			
Cash and investments	\$ 9,782,851	\$ 10,911,991	\$ 20,694,842
Cash and investments - restricted		2,337,285	2,337,285
Receivables			
Taxes	102,876		102,876
State shared revenues	305,141		305,141
Special assessments	3,056,034	3,910,077	6,966,111
Connection fees		226,224	226,224
Accounts	82,322	949,601	1,031,923
Loan - Hartland Deerfield Fire Authority	650,000		650,000
Interest	368	2,538	2,906
Prepaid items	9,227	15,378	24,605
Intergovernmental	(476)	476	
Bond discount - net of amortization	46,584		46,584
Non-current assets			
Capital assets			
Non-depreciable	2,482,407	581,870	3,064,277
Depreciable - net of accumulated depreciation	6,359,000	20,179,688	26,538,688
Total assets	22,876,334	39,115,128	61,991,462
LIABILITIES			
Current liabilities			
Accounts payable	143,394	363,379	506,773
Accrued wages/taxes	64,226		64,226
Accrued interest payable		88,137	88,137
Unearned revenue	954,828		954,828
Compliance reserve	50,394		50,394
Long-term liabilities			
Bond premium - net of amortization	105,556	1,081,962	1,187,518
Other due within one year	890,000	1,178,600	2,068,600
Other due in more than one year	3,160,000	10,966,473	14,126,473
Total liabilities	5,368,398	13,678,551	19,046,949
NET POSITION			
Net investment in capital assets	8,841,407	7,995,070	16,836,477
Restricted	3,380,767		3,380,767
Unrestricted	5,285,762	17,441,507	22,727,269
Total net position	\$ 17,507,936	\$ 25,436,577	\$ 42,944,513

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

HARTLAND TOWNSHIP

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Assets</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Capital Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Governmental activities:						
General government	\$ (1,609,921)	\$ 490,387	\$	\$ (1,119,534)	\$	\$ (1,119,534)
Parks and recreation	(398,911)			(398,911)		(398,911)
Police protection	(16,837)			(16,837)		(16,837)
Fire protection	(1,325,650)			(1,325,650)		(1,325,650)
Public works	(675,422)			(675,422)		(675,422)
Community development	(44,000)			(44,000)		(44,000)
Interest on long-term debt	(136,798)			(136,798)		(136,798)
Total governmental activities	(4,207,539)	490,387		(3,717,152)		(3,717,152)
Business-type activities:						
Water system	(722,579)	693,605	2,514,341		2,485,367	2,485,367
Sewer system	(3,947,653)	2,961,831	323,481		(662,341)	(662,341)
Total business-type activities	(4,670,232)	3,655,436	2,837,822		1,823,026	1,823,026
Total	\$ (8,877,771)	\$ 4,145,823	\$ 2,837,822	(3,717,152)	1,823,026	(1,894,126)
General revenues and transfers						
Property taxes				3,303,888		3,303,888
State shared revenues				1,644,328		1,644,328
Licenses and permits				359,536		359,536
Interest and rents				181,620	429,430	611,050
Other income				117,543	36,235	153,778
Total general revenues				5,606,915	465,665	6,072,580
Changes in net position				1,889,763	2,288,691	4,178,454
Net position, April 1, 2021				15,618,173	23,147,886	38,766,059
Net position, March 31, 2022				\$ 17,507,936	\$ 25,436,577	\$ 42,944,513

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, 2022**

	<u>General Fund</u>	<u>Municipal Street</u>	<u>Fire Operating</u>	<u>M-59/Hartland Road Debt Service</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
ASSETS						
Cash and investments	\$ 4,111,508	\$ 2,203,971	\$ 1,658,278	\$ 439,987	\$ 1,369,107	\$ 9,782,851
Receivables						
Taxes	23,226	32,802	46,848			102,876
State shared revenues	305,141					305,141
Special assessments				2,559,007	497,027	3,056,034
Accounts	58,925				22,827	81,752
Loan - Hartland Deerfield Fire Authority	650,000					650,000
Interest	368					368
Due from other funds	570		185			755
Prepaid expenditures	9,227					9,227
Total assets	<u>\$ 5,158,965</u>	<u>\$ 2,236,773</u>	<u>\$ 1,705,311</u>	<u>\$ 2,998,994</u>	<u>\$ 1,888,961</u>	<u>\$ 13,989,004</u>
LIABILITIES						
Accounts payable	\$ 70,550	\$	\$ 1,424	\$ 500	\$ 5,712	\$ 78,186
Accrued wages and absences	64,226					64,226
Compliance reserves	50,394					50,394
Unearned revenue	157,721				797,107	954,828
Due to others	65,208					65,208
Due to other funds	661					661
Total liabilities	<u>408,760</u>		<u>1,424</u>	<u>500</u>	<u>802,819</u>	<u>1,213,503</u>
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue				2,539,438	496,521	3,035,959
FUND BALANCES						
Nonspendable - prepaid items	9,227					9,227
Restricted						
Roads		812,671				812,671
Public safety			1,703,887		87,222	1,791,109
Debt service				459,056	317,931	776,987
ARPA					163	163
Committed						
Capital improvement	1,317,561					1,317,561
Cable					169,963	169,963
Assigned for future deficit		1,424,102			14,342	1,438,444
Unassigned	3,423,417					3,423,417
Total fund balance	<u>4,750,205</u>	<u>2,236,773</u>	<u>1,703,887</u>	<u>459,056</u>	<u>589,621</u>	<u>9,739,542</u>
Total liabilities and deferred inflow of resources and liabilities	<u>\$ 5,158,965</u>	<u>\$ 2,236,773</u>	<u>\$ 1,705,311</u>	<u>\$ 2,998,994</u>	<u>\$ 1,888,961</u>	<u>\$ 13,989,004</u>

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

HARTLAND TOWNSHIP

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
MARCH 31, 2022**

Total fund balance per balance sheet		\$ 9,739,542
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	\$ 13,637,449	
Depreciation	<u>(4,796,042)</u>	
Capital assets net of depreciation		8,841,407
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable		(4,050,000)
Assessments not collected are reported as unavailable revenue in the fund statements, and are reported as income as levied in the Statement of Activities.		
		3,035,959
Unamortized bond discount and premiums are not recognized in the fund statements.		
		<u>(58,972)</u>
Net position of governmental activities		<u>\$ 17,507,936</u>

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

HARTLAND TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED MARCH 31, 2022

	General	Municipal Street	Fire Operating	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
REVENUES						
Taxes	\$ 598,792	\$ 1,114,366	\$ 1,590,730	\$	\$	\$ 3,303,888
Special assessments - principal				230,858	102,548	333,406
Special assessments - interest				96,412	23,987	120,399
State revenues	1,637,762	2,955	3,611			1,644,328
Licenses and permits	254,517				105,019	359,536
Interest and rents	59,047	1,139	423	166	446	61,221
Charges for services	490,387					490,387
Miscellaneous	117,365	7	171			117,543
Total revenues	3,157,870	1,118,467	1,594,935	327,436	232,000	6,430,708

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, 2022**

	General	Municipal Street	Fire Operating	M-59/Hartland Road Debt Service	Other Nonmajor Funds	Total
EXPENDITURES						
Current:						
General government	1,502,612					1,502,612
Parks and recreation	136,327					136,327
Capital improvement	2,893					2,893
Police protection/public safety	16,837					16,837
Fire protection			1,256,670			1,256,670
Public works	333,578	280,403			61,441	675,422
Community development	44,000					44,000
Capital outlay:						
General government	513,945					513,945
Fire protection			6,771			6,771
Debt service:						
Principal		540,000		240,000	90,000	870,000
Interest and fees		50,700		66,110	19,988	136,798
Total expenditures	2,550,192	871,103	1,263,441	306,110	171,429	5,162,275
Excess of revenues over (under) expenditures	607,678	247,364	331,494	21,326	60,571	1,268,433
OTHER FINANCING SOURCES (USES)						
Transfers in	46,607					46,607
Transfers (out)					(46,607)	(46,607)
Total other financing sources (uses)	46,607				(46,607)	
Net changes in fund balances	654,285	247,364	331,494	21,326	13,964	1,268,433
FUND BALANCE, APRIL 1, 2021	4,095,920	1,989,409	1,372,393	437,730	575,657	8,471,109
FUND BALANCE, MARCH 31, 2022	\$ 4,750,205	\$ 2,236,773	\$ 1,703,887	\$ 459,056	\$ 589,621	\$ 9,739,542

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, 2022**

Net change in fund balance - governmental funds	\$ 1,268,433
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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	\$ 520,716	
Depreciation expense	<u>(464,855)</u>	
Total		55,861

Issuance of new debt and the repayment of long-term debt are recorded as revenues and expenditures in the governmental funds, but change the outstanding long-term liabilities in the Statement of Net Position.

Contracts/bonds payable	870,000
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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	28,874
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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>(333,405)</u>
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Change in net position of governmental activities	<u><u>\$ 1,889,763</u></u>
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The accompanying notes are an integral part of these financial statements.

HARTLAND TOWNSHIP

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2022**

	ENTERPRISE FUNDS			
	Water System	Sewage Disposal System	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,847,922	\$ 4,490,928	\$	\$ 9,338,850
Investments		1,573,141		1,573,141
Special assessment receivable		74,766		74,766
Accounts receivable - billing	181,993	767,608		949,601
Prepaid	2,328	13,050		15,378
Interest receivable		2,538		2,538
Due from other funds	476	9,336	(9,336)	476
Total current assets	5,032,719	6,931,367	(9,336)	11,954,750
RESTRICTED ASSETS				
Cash and cash equivalents		2,337,285		2,337,285
Special assessments receivable		3,835,311		3,835,311
Connection fees receivable		226,224		226,224
Total restricted assets		6,398,820		6,398,820
CAPITAL ASSETS				
Land	300,000			300,000
Construction in progress	281,870			281,870
Utility systems, net	4,863,780	15,315,908		20,179,688
Net capital assets	5,445,650	15,315,908		20,761,558
Total assets	10,478,369	28,646,095	(9,336)	39,115,128
CURRENT LIABILITIES				
Accounts payable	63,394	290,861		354,255
Accrued expenditures	9,124			9,124
Accrued interest payable		88,137		88,137
Bonds and contracts - current portion		1,178,600		1,178,600
Due to other funds	9,336		(9,336)	
Total current liabilities	81,854	1,557,598	(9,336)	1,630,116
LONG-TERM LIABILITIES				
Bonds and contracts payable long term portion		10,966,473		10,966,473
Bond premiums, net of amortization		1,081,962		1,081,962
Total long-term liabilities		12,048,435		12,048,435
Total liabilities	81,854	13,606,033	(9,336)	13,678,551
NET POSITION				
Invested in capital assets, net of related debt	5,445,650	2,549,420		7,995,070
Unrestricted	4,950,865	12,490,642		17,441,507
Total net position	\$ 10,396,515	\$ 15,040,062	\$	\$ 25,436,577

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, 2022

	ENTERPRISE FUNDS		
	Sewage Disposal		
	Water System	System	Total
OPERATING REVENUES			
User charges	\$ 693,605	\$ 2,961,831	\$ 3,655,436
OPERATING EXPENSES	<u>721,704</u>	<u>2,665,980</u>	<u>3,387,684</u>
Operating (loss)	<u>(28,099)</u>	<u>295,851</u>	<u>267,752</u>
NON-OPERATING REVENUES AND (EXPENSES)			
Interest income - cash and cash equivalents	(252,899)	682,329	429,430
Other income (expense)	35,780	455	36,235
County chargeback for special assessments		(63,077)	(63,077)
Settlement costs		(406,842)	(406,842)
Special assessment write off		(342,082)	(342,082)
Interest expense and bond fees	(375)	(469,672)	(470,047)
Bond issuance costs	<u>(500)</u>		<u>(500)</u>
Total non-operating revenues and (expenses)	<u>(217,994)</u>	<u>(598,889)</u>	<u>(816,883)</u>
CAPITAL CONTRIBUTIONS			
Connection fees, net of refund	2,514,341	254,989	2,769,330
Surcharge fees		<u>68,492</u>	<u>68,492</u>
Total capital contributions	<u>2,514,341</u>	<u>323,481</u>	<u>2,837,822</u>
Changes in net position	2,268,248	20,443	2,288,691
NET POSITION AT APRIL 1, 2021	<u>8,128,267</u>	<u>15,019,619</u>	<u>23,147,886</u>
NET POSITION AT MARCH 31, 2022	<u><u>\$ 10,396,515</u></u>	<u><u>\$ 15,040,062</u></u>	<u><u>\$ 25,436,577</u></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, 2022

	ENTERPRISE FUNDS		
	Water System	Sewage Disposal System	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 655,903	\$ 2,933,962	\$ 3,589,865
Payments to other suppliers for goods or services	(499,568)	(2,178,079)	(2,677,647)
Payments made to employees	(124,832)		(124,832)
Net cash (used) provided by operating activities	31,503	755,883	787,386
CASH FLOW FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES			
Principal and interest paid on capital debt	(227,250)	(1,663,077)	(1,890,327)
Collections of special assessment (principal and interest)	(217,897)	974,054	756,157
Connection fees	2,514,341	179,581	2,693,922
Acquisition of fixed assets	(66,960)		(66,960)
County chargeback for special assessment		(63,077)	(63,077)
Settlements costs		(380,000)	(380,000)
Other revenue	35,280	4,187	39,467
Net cash from capital and related financing activities	2,037,514	(948,332)	1,089,182
CASH FLOW FROM INVESTING ACTIVITIES			
Net proceeds from sale/purchase of investments	375,553	258,637	634,190
Interest received on cash and cash equivalents	1,540	7,145	8,685
Net cash (used) provided by investing activities	377,093	265,782	642,875
Net increase (decrease) in cash and cash equivalents	2,446,110	73,333	2,519,443
CASH AND CASH EQUIVALENTS AT APRIL 1, 2021	2,401,812	6,754,880	9,156,692
CASH AND CASH EQUIVALENTS AT MARCH 31, 2022	\$ 4,847,922	\$ 6,828,213	\$ 11,676,135
ADJUSTMENTS TO OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES			
Operating gain (loss)	\$ (28,099)	\$ 295,851	\$ 267,752
Adjustments to reconcile operating income to net cash provided (used by) operating activities:			
Depreciation	234,891	436,670	671,561
Special Assessment write off		342,082	342,082
Land returned in settlement		26,842	26,842
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(37,702)	(27,869)	(65,571)
(Increase) decrease in prepaid expense	(2,328)	1,917	(411)
(Increase) decrease due from other funds	14,583	9,123	23,706
Increase (decrease) accounts payable	(153,879)	(346,383)	(500,262)
Increase (decrease) due to other funds	6,290	8,674	14,964
Increase (decrease) due to others		8,976	8,976
Increase (decrease) in accrued expenditures	(2,253)		(2,253)
Total adjustments	59,602	460,032	519,634
Net cash provided by operating activities	\$ 31,503	\$ 755,883	\$ 787,386

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

HARTLAND TOWNSHIP

**STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2022**

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Totals</u>
ASSET			
Cash	<u>\$ 570</u>	<u>\$ 22,304</u>	<u>\$ 22,874</u>
LIABILITIES			
Due to other funds	\$ 570	\$	\$ 570
Due to others	<u></u>	<u>22,304</u>	<u>22,304</u>
Total liabilities	<u>\$ 570</u>	<u>\$ 22,304</u>	<u>\$ 22,874</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, 2022**

	<u>Current Tax Collection</u>
ADDITIONS	
Tax collections for others	<u>\$26,940,518</u>
DEDUCTIONS	
Payments of tax to others	<u>\$26,940,518</u>
Net increase (decrease) in fiduciary net position	\$
Net position, April 1, 2021	<u> </u>
Net position, March 31, 2022	<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, 2022

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, 2022

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, 2022

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, 2022

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, 2022, expenditures did exceed appropriations immaterially in the General Fund.

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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, 2021 as revenue for the year ended March 31, 2022.

The 2021 taxable valuation of the Township totaled \$778,337,990. 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 2022.

The Township levies the following millage:

General Township	.7693
Fire and fire capital improvements	2.0437
Road improvement	<u>1.4317</u>
Total millage	<u><u>4.2447</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, 2022**

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, 2022.

K. INCOME TAXES

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

L. RECEIVABLES

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

M. INVESTMENTS

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

N. FUND EQUITY

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

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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, 2022.

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

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

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. BOND ISSUANCE COSTS AND BOND DISCOUNTS

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

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

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

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

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

HARTLAND DEERFIELD FIRE AUTHORITY

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

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2022, was as follows:

	<u>Balance 4/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Balance 3/31/2022</u>
Governmental activities:					
Capital assets not being depreciated					
Construction in progress	\$ 40,069	\$	\$	\$ (40,069)	\$
Land	<u>2,482,407</u>				<u>2,482,407</u>
Total assets not being depreciated	<u>2,522,476</u>			<u>(40,069)</u>	<u>2,482,407</u>
Other capital assets:					
Buildings and improvements	5,813,262	6,771			5,820,033
Parks	4,051,057	513,945		40,069	4,605,071
Vehicles and equipment	<u>729,938</u>				<u>729,938</u>
Total other capital assets	<u>10,594,257</u>	<u>520,716</u>		<u>40,069</u>	<u>11,155,042</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,733,410)	(150,581)			(2,883,991)
Parks	(1,081,037)	(262,584)			(1,343,621)
Vehicles and equipment	<u>(516,740)</u>	<u>(51,690)</u>			<u>(568,430)</u>
Total accumulated depreciation	<u>(4,331,187)</u>	<u>(464,855)</u>			<u>(4,796,042)</u>
Other capital assets, net	<u>6,263,070</u>	<u>55,861</u>		<u>40,069</u>	<u>6,359,000</u>
Governmental capital assets, net	<u><u>\$ 8,785,546</u></u>	<u><u>\$ 55,861</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 8,841,407</u></u>

There is no related long-term debt outstanding.

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 133,291
Public safety	68,980
Parks and recreation	<u>262,584</u>
Total	<u><u>\$ 464,855</u></u>

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

NOTE 3 - CAPITAL ASSETS (continued)

	Balance 4/1/2021	Additions	Deletions	Reclassification	Balance 3/31/2022
Business-type activities:					
Capital assets not being depreciated					
Land - sewer	\$ 26,842	\$	\$ (26,842)	\$	\$
Land - water	300,000				300,000
Construction in progress	329,100	1,170		(48,400)	281,870
Total other capital assets not being depreciated	655,942	1,170	(26,842)	(48,400)	581,870
Other capital assets:					
Intangible-sewer system and related equipment	21,839,792				21,839,792
Water plant and distribution system	9,302,407	65,790		48,400	9,416,597
Total other capital assets at historical cost	31,142,199	65,790		48,400	31,256,389
Less accumulated depreciation for:					
Sewer system	(6,087,214)	(436,670)			(6,523,884)
Water system	(4,317,926)	(234,891)			(4,552,817)
Total accumulated depreciation	(10,405,140)	(671,561)			(11,076,701)
Other capital assets, net	20,737,059	(605,771)		48,400	20,179,688
Business-type capital assets, net	\$ 21,393,001	\$ (604,601)	\$ (26,842)	\$	20,761,558
Related long-term debt outstanding at March 31, 2022					(12,145,073)
Business-type capital assets, net related long-term debt					\$ 8,616,485

Depreciation was charged to functions as follows:

Business-type activities:	
Sewer	\$ 436,670
Water service	234,891
Total	\$ 671,561

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

NOTE 4 - INTERFUND ACTIVITIES AND BALANCES

Interfund receivables and payables exist at March 31, 2022. These represent short-term borrowings and amounts owed for reimbursements between other funds.

INTERFUND RECEIVABLE		INTERFUND PAYABLE	
General Fund	\$ 570	Current Tax Collection Fund	\$ 570
Water System Fund	476	General Fund	476
Fire Fund	185	General Fund	185
Sewage Disposal System Fund	9,336	Water System Fund	9,336
	<u>\$ 10,567</u>		<u>\$ 10,567</u>

Interfund transfers for the year ended March 31, 2022 were as follows:

Transfer In	Transfer Out	Amount
General Fund	Cemetery Fund	24,381
Capital Improvements Fund	Hartland Shores Fund	22,226
Totals		<u>\$ 46,607</u>

HARTLAND TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

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, 2022 for governmental and business-type activities as follows:

Purpose	Issuance Amount	Annual Principal Installments	Final Maturity	Interest Rate(s)	Debt Outstanding
Governmental activities:					
Refunding Bonds, Series 2019	\$ 2,790,000	\$150,000 - \$250,000	5/1/33	.05 - 3.00%	\$ 2,300,000
Capital Improvement, Series 2015	1,650,000	170,000 - 205,000	4/1/24	3.00%	400,000
Capital Improvement, Series 2016	2,750,000	325,000 - 375,000	4/1/24	3.00%	750,000
Road Special Assessment, Series 2018	860,000	85,000 - 110,000	6/1/27	3.00 - 3.125%	600,000
Total for governmental activities					4,050,000
Business-type activities:					
Water System, Series 2017	1,010,000	225,000 - 280,000	5/1/21	2.00%	
Sewer System - Refunding Series 2011	5,610,000	700,000 - 705,000	11/1/33	4.00 - 5.25%	
Sewer System - Refunding Series 2016	11,430,000	400,000 - 1,175,000	11/1/30	1.50 - 3.00%	6,470,000
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%	900,073
Total for business-type activities					12,145,073
Total general obligation bonds payable					\$ 16,195,073

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
3/31/2023	\$ 890,000	\$ 113,750	\$ 1,178,600	\$ 374,666
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
4/1/2027 - 3/31/2032	1,015,000	113,094	5,024,530	709,376
4/1/2032 - 3/31/2034	305,000	9,075	1,374,963	62,836
	\$ 4,050,000	\$ 485,059	\$ 12,145,073	\$ 2,335,473

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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, 2022:

	Balance 4/1/2021	Additions	Reductions	Balance 3/31/2022	Due Within One Year
Governmental activities:					
<u>General obligation bonds payable</u>					
Refunding Bonds, Series 2019	\$ 2,540,000	\$	\$ (240,000)	\$ 2,300,000	\$ 230,000
Capital Improvement, Series 2015	590,000		(190,000)	400,000	195,000
Capital Improvement, Series 2016	1,100,000		(350,000)	750,000	375,000
Road Special Assessment, Series 2018	690,000		(90,000)	600,000	90,000
Governmental activities long-term liabilities	4,920,000		(870,000)	4,050,000	890,000
Business-type activities:					
<u>General obligation bonds payable</u>					
Water System, Series 2017	225,000		(225,000)		
Sewer System - Refunding Series 2011	5,610,000		(5,610,000)		
Sewer System - Refunding Series 2016	7,620,000		(1,150,000)	6,470,000	1,120,000
Sewer System Series 2021 Refunding		4,775,000		4,775,000	
Sewer System - Lake Tyrone 2016	958,673		(58,600)	900,073	58,600
Business-type activities long-term liabilities	14,413,673	4,775,000	(7,043,600)	12,145,073	1,178,600
Total long-term liabilities	\$ 19,333,673	\$ 4,775,000	\$ (7,913,600)	\$ 16,195,073	\$ 2,068,600

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE 6 - EMPLOYEE RETIREMENT PLAN

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

ICMA- RA 401(a) plan #109341 covers all full-time employees hired prior to July 1, 2017, the Clerk, Treasurer, Supervisor and four Trustees. Full-time employees, the Clerk and the Treasurer are required to contribute 2.5% of his/her compensation and the Township contributes 10%. The Supervisor and four Trustees are required to contribute \$25 monthly and the Township contributes \$75 monthly. The plan vests 100% immediately. The plan members and Township contributed \$19,313 and \$75,854, respectively during the fiscal year ended March 31, 2022.

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 \$6,601 and \$26,405, respectively during the fiscal year ended March 31, 2022.

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, 2022.

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, 2022, employees contributed \$41,860 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, 2022

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

As of March 31, 2022, cash, cash equivalents, and investments consist of the following:

	<u>Total</u>	<u>Cash</u>	<u>Investments</u>
Deposits			
Checking accounts	\$ 3,024,999	\$ 3,024,999	\$
Money market and savings accounts	18,286,543	18,286,543	
Non-negotiable CDs	1,568,094		1,568,094
Total deposits	<u>\$ 22,879,636</u>	<u>\$ 21,311,542</u>	<u>\$ 1,568,094</u>
Investments			
Negotiable CDs	\$ 251,876	\$	\$ 251,876
Total investments	<u>251,876</u>		<u>251,876</u>
Total deposits and investments	<u>\$ 23,131,512</u>	<u>\$ 21,311,542</u>	<u>\$ 1,819,970</u>

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

Statement of Net Position

Cash and investments	\$ 23,032,130
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Fiduciary Funds

Cash	22,874
Total cash and investments	<u>\$ 23,055,004</u>

The carrying amount of cash is stated at \$23,055,004 as of March 31, 2022. 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	\$ 4,789,207
Uninsured and collateralized	1,040,826
Uninsured and uncollateralized	<u>17,049,603</u>
	<u>\$ 22,879,636</u>

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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, 2022, investments totaled \$251,876, 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, 2022, the Township had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>1-5 years</u>
Negotiable certificate of deposit	\$ 251,876	\$ 251,876
Total	<u>\$ 251,876</u>	<u>\$ 251,876</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, 2022, the Township's investment were exposed to credit risk as follows:

<u>Investment Type</u>	<u>Ratings by Standard & Poor</u>	<u>Amount</u>
Negotiable certificate of deposit	Unrated	\$ 251,876
Total		<u>\$ 251,876</u>

HARTLAND TOWNSHIP**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022****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, 2022, was as follows:

	Water System Fund	Sewer Disposal System Fund	Total Enterprise Funds
Operating revenues	\$ 693,605	\$ 2,961,831	\$ 3,655,436
Depreciation	234,891	436,670	671,561
Operating income (loss)	(28,099)	295,851	267,752
Non-operating revenues (expenses)	(217,994)	(598,889)	(816,883)
Change in net position	2,268,248	20,443	2,288,691
Total assets	10,478,369	28,646,095	39,124,464
Accounts payable	63,394	290,861	354,255
Net working capital	4,950,865	5,373,769	10,324,634
Total equity	10,396,515	15,040,062	25,436,577

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE 9 - SPECIAL ASSESSMENTS RECEIVABLE

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

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

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

	Water System	Sewage Disposal System	Total
Gross special assessments receivable	\$	\$ 3,835,311	\$ 3,835,311
Less: allowance for uncollectable assessments			
Net special assessments receivable	\$	\$ 3,835,311	\$ 3,835,311
Total debt	\$	\$ 12,145,073	\$ 12,145,073

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, 2022

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.

NOTE 12 - HARTLAND GLEN DEVELOPMENT SETTLEMENT

During the fiscal year, the Township reached a settlement with Hartland Glen Development, LLC and Clyde Land Investment, and agreed to the following:

- Hartland Glen Development, LLC, purchased 470 REUs from the Township and said REUs are paid in full
- Hartland Township forgave remaining unpaid payments for REUs (approximately 133)
- Hartland Township purchased an additional 25 REUs from Hartland Glen Development, LLC, so that Hartland Glen Development, LLC had a net of 445 fully paid REUs
- Hartland Township deeded back to Hartland Glen Development, LLC, four parcels Hartland Glen Development, LLC, lost through tax foreclosure (value of land was \$26,842)
- Hartland Glen Development, LLC and Clyde Land Investment were paid \$580,000; Hartland Township paid \$380,000 and \$200,000 was paid by the Township's insurance carrier.

NOTE 13 - SPECIAL ASSESSMENT CHARGEBACK PAYABLE

Since 2009, the Township has estimated potential chargebacks payable to Livingston County on delinquent sewer special assessments created in 2005. Livingston County has the authority to pursue delinquent tax payments on all properties, while the Township does not. In order to facilitate this collection process, Livingston County annually reimburses local taxing authorities for their share of uncollected tax receipts, including special assessments. Generally, properties sold through tax foreclosure provide the reimbursement to the County to recoup advanced taxes. If properties are sold for less than the amount owing, including interest and fees, the taxing authority must reimburse the County for the difference plus interest. During 2008, the Township identified several properties that were at risk for foreclosure, and at that time began calculating the potential chargebacks owing. During fiscal year 2021, the final property on the Township's list, was sold at foreclosure, with the subsequent chargeback billed by the County in fiscal year 2022. The Township paid \$63,077 in additional interest, while the remaining balance of \$472,832 was covered by the sewer payable and other governmental funds (general, fire, roads).

NOTE 14 - WATER SYSTEM SPECIAL ASSESSMENT SURPLUS REFUNDS

The Township issued \$8,960,000 20-year limited tax general obligation bonds to construct the water system in 2001, at a net interest rate of 4.72%. Special assessments on connecting properties were established over the same time period at a rate of 5.72% to cover the annual bond obligations. These bonds were refunded in 2017 at a net interest rate of 1.53%, and net savings of \$182,770. The bonds were paid off at the beginning of the 2022 fiscal year. Subsequently, the Township determined the fund had a surplus of collections over bond payments in excess of the state allowance of 5% over the original special assessment roll. The Township allocated the surplus of \$255,124 among the properties assessed in December 2021 and issued refund checks.

HARTLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE 15 - COVID 19

In March 2020 the governor of Michigan took measures to contain the spread of the COVID-19 virus, including travel bans, quarantines, social distancing, and closures of non-essential services. This has triggered significant disruptions to the economy. The Township has taken steps to reduce the negative effect on its financial position by taking cost reduction measures. As a result, the Township had a positive increase to the net position at March 31, 2022. The Township continues to carefully monitor the situation.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 16, 2022, which is the date the financial statements were available to be issued.

Management has determined the ongoing COVID-19 events mentioned in Note 15 are non-adjusting subsequent events. Accordingly, the financial position and statement of activities as of and for the year ended March 31, 2022, have not been adjusted for their impact. The duration and impact of COVID-19 remains unclear at this time. While the Township is optimistic about continuing operations going forward, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and statement of activities of the Township for future periods.

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

NOTE 17 - UPCOMING GASB PRONOUNCEMENTS

GASB 87 - LEASES

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

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended March 31, 2023.

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

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

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended March 31, 2023.

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, 2022

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 598,792	\$
State revenue			1,637,762	
Licenses and permits			254,517	
Interest and rents			59,047	
Charges for services			490,387	
Miscellaneous			117,365	
Total revenues	2,775,712	2,783,462	3,157,870	374,408
EXPENDITURES	2,636,724	2,818,298	2,550,192	268,106
Excess of revenues over (under) expenditures	138,988	(34,836)	607,678	642,514
OTHER FINANCING SOURCES (USES)				
Transfers in		22,226	46,607	24,381
Total other financing sources (uses)		22,226	46,607	24,381
Net change in fund balance	138,988	(12,610)	654,285	666,895
FUND BALANCE, APRIL 1, 2021	4,095,920	4,095,920	4,095,920	
FUND BALANCE, MARCH 31, 2022	<u>\$ 4,234,908</u>	<u>\$ 4,083,310</u>	<u>\$ 4,750,205</u>	<u>\$ 666,895</u>

HARTLAND TOWNSHIP

MUNICIPAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2022

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 1,114,366	\$
State - personal property tax reimbursement			2,955	
Interest and rent			1,139	
Other revenue			7	
Total revenues	<u>1,077,833</u>	<u>1,107,697</u>	<u>1,118,467</u>	<u>10,770</u>
EXPENDITURES				
Project costs			280,403	
Debt				
Principal			540,000	
Interest			50,700	
Total expenditures	<u>1,621,250</u>	<u>1,322,950</u>	<u>871,103</u>	<u>451,847</u>
Net change in fund balance	(543,417)	(215,253)	247,364	462,617
FUND BALANCE, APRIL 1, 2021	<u>1,989,409</u>	<u>1,989,409</u>	<u>1,989,409</u>	
FUND BALANCE, MARCH 31, 2022	<u>\$ 1,445,992</u>	<u>\$ 1,774,156</u>	<u>\$ 2,236,773</u>	<u>\$ 462,617</u>

HARTLAND TOWNSHIP

FIRE OPERATING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2022

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 1,590,730	\$
State - personal property tax reimbursement			3,611	
Interest			423	
Miscellaneous			171	
Total revenues	<u>1,353,457</u>	<u>1,577,473</u>	<u>1,594,935</u>	<u>17,462</u>
EXPENDITURES				
Authority contributions			1,237,344	
Repairs and maintenance			15,103	
Tax chargebacks			1,600	
Capital outlay			6,771	
Professional fees			1,834	
Utility/assessments			789	
Total expenditures	<u>1,221,479</u>	<u>1,321,543</u>	<u>1,263,441</u>	<u>58,102</u>
Net change in fund balance	131,978	255,930	331,494	75,564
FUND BALANCE, APRIL 1, 2021	<u>1,372,393</u>	<u>1,372,393</u>	<u>1,372,393</u>	
FUND BALANCE, MARCH 31, 2022	<u>\$ 1,504,371</u>	<u>\$ 1,628,323</u>	<u>\$ 1,703,887</u>	<u>\$ 75,564</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HARTLAND TOWNSHIP

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2022**

NOTE - BUDGETARY INFORMATION

Budget Overruns

There were no expenditures that exceeded appropriations in funds that were required by law to adopt budgets during the year ended March 31, 2022.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

HARTLAND TOWNSHIP

**COMBINING BALANCE SHEETS
FUNDS INCLUDED IN GASB 54 CONSOLIDATION
MARCH 31, 2022**

	General Fund Pre GASB 54 - Consolidation	Capital Improvement Fund	Eliminations	Totals Restated General Fund
ASSETS				
Cash and cash equivalents	\$ 2,783,734	\$ 1,327,774	\$	\$ 4,111,508
Taxes receivable	23,226			23,226
State shared revenue receivable	305,141			305,141
Accounts receivable - other	58,925			58,925
Loan - Hartland Deerfield Fire Authority	650,000			650,000
Interest	368			368
Prepaid expense	9,227			9,227
Due from other funds	570	2,003	(2,003)	570
Total assets	\$ 3,831,191	\$ 1,329,777	\$ (2,003)	\$ 5,158,965
LIABILITIES				
Accounts payable	\$ 58,334	\$ 12,216	\$	\$ 70,550
Accrued expenditures	64,226			64,226
Compliance reserves	50,394			50,394
Unearned revenue	157,721			157,721
Due to others	65,208			65,208
Due to other funds	2,664		(2,003)	661
Total liabilities	398,547	12,216	(2,003)	408,760
FUND BALANCES				
Nonspendable	9,227			9,227
Committed - capital improvement		1,317,561		1,317,561
Unassigned	3,423,417			3,423,417
Total fund balance	3,432,644	1,317,561		4,750,205
Total liabilities and fund balance	\$ 3,831,191	\$ 1,329,777	\$ (2,003)	\$ 5,158,965

HARTLAND TOWNSHIP

**COMBINING BALANCE SHEETS
ALL NONMAJOR FUNDS
MARCH 31, 2022**

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		
	Cemetery	ARPA	Liquor Law Enforcement	Cable Television	Millpointe Road SAD	Bullard Lake Road SAD	Totals
ASSETS							
Cash and investments	\$	\$ 797,270	\$ 87,222	\$ 152,848	\$ 265,304	\$ 66,463	\$ 1,369,107
Special assessment receivable					384,162	112,865	497,027
Fees receivable				22,827			22,827
Total assets	\$	\$ 797,270	\$ 87,222	\$ 175,675	\$ 649,466	\$ 179,328	\$ 1,888,961
LIABILITIES							
Accounts payable	\$	\$	\$	\$ 5,712	\$	\$	\$ 5,712
Unearned revenue		797,107					797,107
Total liabilities		797,107		5,712			802,819
DEFERRED INFLOW OF RESOURCES							
Unavailable revenue					383,656	112,865	496,521
FUND BALANCE							
Restricted							
Public safety			87,222				87,222
Debt service					252,029	65,902	317,931
ARPA		163					163
Committed							
Cable				169,963			169,963
Assigned for future budget deficit					13,781	561	14,342
Total fund balance		163	87,222	169,963	265,810	66,463	589,621
Total liabilities, deferred inflow of resources and fund balance	\$	\$ 797,270	\$ 87,222	\$ 175,675	\$ 649,466	\$ 179,328	\$ 1,888,961

HARTLAND TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FUNDS INCLUDED IN GASB 54 CONSOLIDATION
FOR THE YEAR ENDED MARCH 31, 2022**

	General Fund - Pre GASB 54 Consolidation	Capital Improvement Fund	Eliminations	Totals Restated General Fund
REVENUES				
Taxes	\$ 598,792	\$	\$	\$ 598,792
State revenues	1,637,762			1,637,762
Licenses and permits	233,367	21,150		254,517
Interest and rents	58,695	352		59,047
Charges for services	490,387			490,387
Miscellaneous	117,365			117,365
Total revenues	3,136,368	21,502		3,157,870
EXPENDITURES	2,033,354	516,838		2,550,192
Excess of revenues over (under) expenditures	1,103,014	(495,336)		607,678
OTHER FINANCING SOURCES (USES)				
Transfers in	24,381	908,455	(886,229)	46,607
Transfers (out)	(886,229)		886,229	
Total other financing sources (uses)	(861,848)	908,455		46,607
Net changes in fund balances	241,166	413,119		654,285
FUND BALANCE, APRIL 1, 2021	3,191,478	904,442		4,095,920
FUND BALANCE, MARCH 31, 2022	\$ 3,432,644	\$ 1,317,561	\$	\$ 4,750,205

HARTLAND TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR FUNDS
FOR THE YEAR ENDED MARCH 31, 2022**

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS			
	Cemetery	ARPA	Liquor Law Enforcement	Cable Television	Ore Valley SAD	Millpointe Road SAD	Bullard Lake Road SAD	Totals
REVENUES								
Special assessments								
Principal	\$	\$	\$	\$	\$	\$ 86,424	\$ 16,124	\$ 102,548
Interest						19,730	4,257	23,987
Licenses and permits			13,473	91,546				105,019
Interest and rents		163	41	70	44	102	26	446
Total revenues		163	13,514	91,616	44	106,256	20,407	232,000
EXPENDITURES								
Public works				59,438			2,003	61,441
General government								
Debt service								
Principal						90,000		90,000
Interest						19,988		19,988
Total expenditures				59,438		109,988	2,003	171,429
Excess of revenues over (under) expenditures		163	13,514	32,178	44	(3,732)	18,404	60,571
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers (out)	(24,381)				(22,226)			(46,607)
Total other financing sources (uses)	(24,381)				(22,226)			(46,607)
Net change in fund balances	(24,381)	163	13,514	32,178	(22,182)	(3,732)	18,404	13,964
FUND BALANCE, APRIL 1, 2021	24,381		73,708	137,785	22,182	269,542	48,059	575,657
FUND BALANCE, MARCH 31, 2022	\$	\$ 163	\$ 87,222	\$ 169,963	\$	\$ 265,810	\$ 66,463	\$ 589,621

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, 2022**

ASSETS

Cash and investments	\$ 2,783,734
Accounts receivable	
Taxes	23,226
State revenues	305,141
Other	58,925
Loan - Hartland Deerfield Fire Authority	650,000
Interest	368
Due from other funds	570
Prepaid expenditures	9,227
	<hr/>
Total assets	\$ 3,831,191

LIABILITIES

Accounts payable	\$ 58,334
Accrued expenditures	64,226
Compliance reserves	50,394
Unearned revenue	157,721
Due to others	65,208
Due to other funds	2,664
	<hr/>
Total liabilities	\$ 398,547

FUND BALANCE

	<hr/>
	3,432,644
	<hr/>
Total liabilities and fund balance	\$ 3,831,191

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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 598,792	\$
Licenses and permits		233,367	
State revenues		1,637,762	
Interest and rent		58,695	
Charges for services		490,387	
Other revenues		117,365	
Total revenues	2,770,962	3,136,368	365,406
EXPENDITURES	2,220,539	2,033,354	187,185
Excess of revenues over (under) expenditures	550,423	1,103,014	552,591
OTHER FINANCING SOURCES (USES)			
Transfers in		24,381	24,381
Transfers (out)	(886,229)	(886,229)	
Total other financing sources (uses)	(886,229)	(861,848)	24,381
Net change in fund balance	(335,806)	241,166	576,972
FUND BALANCE, APRIL 1, 2021	3,191,478	3,191,478	
FUND BALANCE, MARCH 31, 2022	<u>\$ 2,855,672</u>	<u>\$ 3,432,644</u>	<u>\$ 576,972</u>

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

HARTLAND TOWNSHIP

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
Current property taxes	\$ 587,879	\$ 598,792	\$ 10,913
LICENSES AND PERMITS			
Mobile home		3,300	
Dog licenses		296	
Cable fees		229,771	
Total licenses and permits	224,610	233,367	8,757
STATE REVENUE			
State shared revenue		1,636,187	
Personal property tax reimbursement		1,575	
Total state revenue	1,326,489	1,637,762	311,273
CHARGES FOR SERVICES			
Utility administration		169,995	
Tax administration fee		255,801	
Zoning fees		35,030	
Tax collections fees		17,661	
Other		11,900	
Total charges for services	491,420	490,387	(1,033)
INTEREST AND RENT			
Rental income		56,108	
Interest income		2,587	
Total interest and rent	58,064	58,695	631
MISCELLANEOUS REVENUES			
Donations		23,750	
Reimbursements		2,801	
Professional review costs		49,409	
Miscellaneous		36,363	
Farmers market		5,042	
Total miscellaneous revenues	82,500	117,365	34,865
Total revenues	\$ 2,770,962	\$ 3,136,368	\$ 365,406

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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Trustee fees	\$	\$ 26,900	\$
Retirement		3,600	
Taxes - payroll		2,058	
Supplies and postage		74	
Audit		9,260	
Legal		1,260	
Membership and dues		7,522	
Contracted services		2,602	
Education and training		3,073	
Total township board	<u>85,865</u>	<u>56,349</u>	<u>29,516</u>
SUPERVISOR			
Supervisor salary		31,000	
Taxes - payroll		2,372	
Retirement		900	
Total supervisor	<u>34,372</u>	<u>34,272</u>	<u>100</u>
TOWNSHIP MANAGER			
Wages		98,600	
Secretary wages		22,837	
Taxes - payroll		9,382	
Retirement		10,000	
Supplies and postage		665	
Membership and dues		316	
Education and training		694	
Miscellaneous		2,763	
Total township manager	<u>153,618</u>	<u>145,257</u>	<u>8,361</u>

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

HARTLAND TOWNSHIP

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
ELECTIONS			
Supplies and postage		494	
Capital outlay		1,624	
Total elections	2,150	2,118	32
FINANCE DEPARTMENT			
Salaries		122,472	
Taxes - payroll		9,037	
Insurance - benefits		18,036	
Retirement		12,217	
Supplies and postage		998	
Membership and dues		120	
Repairs and maintenance		2,794	
Education and training		1,385	
Total finance department	170,869	167,059	3,810
ASSESSOR			
Salaries and wages		152,958	
Taxes - payroll		10,991	
Insurance - benefits		19,263	
Retirement		12,012	
Supplies and postage		836	
Contracted services		550	
Membership and dues		2,183	
Tax preparation		3,966	
Legal fees		7,355	
Printing and publications		527	
Repairs and maintenance		5,518	
Education and training		881	
Total assessor	231,606	217,040	14,566

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, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
CLERK			
Clerk salary		62,000	
Other - clerical salary		43,011	
Taxes - payroll		7,639	
Insurance - benefits		27,434	
Retirement		10,507	
Supplies and postage		1,420	
Membership and dues		275	
Printing and publishing		1,845	
Total clerk	158,110	154,131	3,979
VEHICLE USE	3,045	1,837	1,208
BOARD OF REVIEW			
Fees		1,190	
Wages		420	
Taxes - payroll		123	
Supplies and postage		258	
Printing and publishing		302	
Total board of review	3,697	2,293	1,404
TREASURER			
Treasurer salary		62,000	
Assistant wages		65,703	
Taxes - payroll		9,616	
Insurance - benefits		10,429	
Retirement		11,159	
Supplies and postage		1,245	
Membership and dues		828	
Tax preparation		9,929	
Repairs and maintenance		5,565	
Education and training		1,314	
Miscellaneous		14	
Legal fees		294	
Total treasurer	183,029	178,096	4,933
DATA PROCESSING	26,400	23,650	2,750

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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP HALL AND GROUNDS			
Wages		200	
Taxes - payroll		15	
Supplies		3,094	
Snow removal and mowing		20,716	
Contract services		41,504	
Telephone		8,736	
Utilities		29,032	
Repairs and maintenance		7,801	
Total township hall and grounds	<u>123,086</u>	<u>111,098</u>	<u>11,988</u>
UNALLOCATED			
Office supplies and postage		1,182	
Tax chargebacks		5,482	
Insurance and bonds		23,403	
Repairs and maintenance		3,258	
Education and training		1,991	
Total unallocated	<u>41,491</u>	<u>35,316</u>	<u>6,175</u>
PLANNING AND ZONING			
Wages		201,217	
Taxes - payroll		16,341	
Insurance - benefits		3,175	
Retirement		19,151	
Planning commission		12,384	
Professional review costs		47,363	
Supplies and postage		1,600	
Contract services		9,067	
Membership and dues		1,853	
Legal fees		6,340	
Printing and publications		1,160	
Repairs and maintenance		316	
Liquor license application		2,063	
Education and training		50	
Total planning and zoning	<u>334,425</u>	<u>322,080</u>	<u>12,345</u>

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

HARTLAND TOWNSHIP

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC WORKS			
Salaries		124,751	
Taxes - payroll		9,204	
Insurance - benefits		22,838	
Retirement		12,307	
Supplies and postage		446	
Contracted services		21,709	
Sampling		18,499	
Membership and dues		832	
Miscellaneous		889	
Education and training		499	
Total public works	<u>212,978</u>	<u>211,974</u>	<u>1,004</u>
ZONING BOARD OF APPEALS	<u>2,172</u>	<u>630</u>	<u>1,542</u>
SIDEWALKS	<u>6,000</u>	<u>4,000</u>	<u>2,000</u>
STREETLIGHTS	<u>17,250</u>	<u>15,839</u>	<u>1,411</u>
ROADS	<u>112,763</u>	<u>96,324</u>	<u>16,439</u>
CABLE			
Salaries		39,011	
Taxes - payroll		2,960	
Contacted services		1,031	
Printing and publishing		3,959	
Postage and supplies		81	
Membership and dues		1,175	
Total cable	<u>57,195</u>	<u>48,217</u>	<u>8,978</u>
CODE ENFORCEMENT	<u>20,954</u>	<u>16,837</u>	<u>4,117</u>
DRAINS	<u>10,800</u>	<u>3,169</u>	<u>7,631</u>
SENIOR CITIZENS	<u>22,000</u>	<u>22,000</u>	
COMMUNITY CENTER	<u>22,000</u>	<u>22,000</u>	
CEMETARY	<u>20,966</u>	<u>5,441</u>	<u>15,525</u>
PARKS AND RECREATION	<u>163,698</u>	<u>136,327</u>	<u>27,371</u>
Total expenditures	<u>\$ 2,220,539</u>	<u>\$ 2,033,354</u>	<u>\$ 187,185</u>

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

MUNICIPAL STREET FUND

HARTLAND TOWNSHIP

**MUNICIPAL STREET FUND
BALANCE SHEET
MARCH 31, 2022**

ASSET

Cash	\$ 2,203,971
Taxes receivable	<u>32,802</u>
Total assets	<u><u>\$ 2,236,773</u></u>

FUND BALANCE

\$ 2,236,773

HARTLAND TOWNSHIP

MUNICIPAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 1,114,366	\$
Personal property tax reimbursement		2,955	
Interest and rent		1,139	
Other revenue		7	
Total revenues	<u>1,107,697</u>	<u>1,118,467</u>	<u>10,770</u>
EXPENDITURES			
Public works		280,403	
Debt			
Principal		540,000	
Interest		50,700	
Total expenditures	<u>1,322,950</u>	<u>871,103</u>	<u>451,847</u>
Net change in fund balance	<u>(215,253)</u>	<u>247,364</u>	<u>462,617</u>
FUND BALANCE, APRIL 1, 2021	<u>1,989,409</u>	<u>1,989,409</u>	
FUND BALANCE, MARCH 31, 2022	<u>\$ 1,774,156</u>	<u>\$ 2,236,773</u>	<u>\$ 462,617</u>

FIRE OPERATING FUND

HARTLAND TOWNSHIP

**FIRE OPERATING FUND
BALANCE SHEET
MARCH 31, 2022**

ASSETS

Cash	\$ 1,658,278
Taxes receivable	46,848
Due from other funds	<u>185</u>
Total assets	<u>\$ 1,705,311</u>

LIABILITIES

Accounts payable	\$ 1,424
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FUND BALANCE

Total liabilities and fund balance	<u>\$ 1,705,311</u>
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HARTLAND TOWNSHIP

FIRE OPERATING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 1,590,730	\$
Personal property tax reimbursement		3,611	
Interest		423	
Miscellaneous		171	
Total revenues	<u>1,577,473</u>	<u>1,594,935</u>	<u>17,462</u>
EXPENDITURES			
Authority contributions		1,237,344	
Repairs and maintenance		15,103	
Tax chargebacks		1,600	
Professional fees		1,834	
Capital outlay		6,771	
Utility/assessments		789	
Total expenditures	<u>1,321,543</u>	<u>1,263,441</u>	<u>58,102</u>
Net change in fund balance	255,930	331,494	75,564
FUND BALANCE, APRIL 1, 2021	<u>1,372,393</u>	<u>1,372,393</u>	
FUND BALANCE, MARCH 31, 2022	<u>\$ 1,628,323</u>	<u>\$ 1,703,887</u>	<u>\$ 75,564</u>

M-59/HARTLAND ROAD DEBT SERVICE FUND

HARTLAND TOWNSHIP

**M-59/HARTLAND ROAD DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2022**

ASSETS

Cash	\$ 439,987
Special assessments receivable	<u>2,559,007</u>
Total assets	<u><u>\$ 2,998,994</u></u>

LIABILITIES

Accounts payable	\$ 500
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DEFERRED INFLOW OF RESOURCES

Unavailable revenues	2,539,438
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FUND BALANCE

	<u>459,056</u>
Total liabilities, deferred inflow of resources and fund balance	<u><u>\$ 2,998,994</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, 2022**

REVENUES

Special assessments

Principal \$ 230,858

Interest 96,412

Interest income 166

Total revenues \$ 327,436

EXPENDITURES

Debt

Principal 240,000

Interest 65,110

Fees 1,000

Total expenditures 306,110

Net change in fund balance 21,326

FUND BALANCE, APRIL 1, 2021 437,730

FUND BALANCE, MARCH 31, 2022 \$ 459,056

WATER SYSTEM FUND

HARTLAND TOWNSHIP

**WATER SYSTEM FUND
BALANCE SHEET
MARCH 31, 2022**

CURRENT ASSETS

Cash and investments - operating	\$ 1,363,719	
Cash and investments - capital replacement	3,484,203	
Accounts receivable - customers	181,993	
Prepaid	2,328	
Due from other funds	476	
	<hr/>	
Total current assets		\$ 5,032,719

PROPERTY, PLANT AND EQUIPMENT

Capital assets		
Land	300,000	
Construction in progress	281,870	
Water plant and equipment	9,416,597	
	<hr/>	
	9,998,467	
Less: accumulated depreciation	(4,552,817)	
	<hr/>	
Total property, plant and equipment		5,445,650
		<hr/>
Total assets		\$ 10,478,369
		<hr/>

CURRENT LIABILITIES

Accounts payable	\$ 63,394	
Accrued expenditures	9,124	
Due to other funds	9,336	
	<hr/>	
Total current liabilities		\$ 81,854
		<hr/>

NET POSITION

Invested in capital assets, net of related debt	5,445,650	
Restricted	4,950,865	
	<hr/>	
Total net position		10,396,515
		<hr/>
Total liabilities and net position		\$ 10,478,369
		<hr/>

HARTLAND TOWNSHIP
WATER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

OPERATING REVENUES

User charges	\$ 693,605
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OPERATING EXPENSES

Wages	\$ 122,579
Taxes - payroll	9,549
Insurance - benefits	13,309
Retirement	9,965
Administration fees	90,383
Depreciation	234,891
Contracted services	38,487
Professional fees	7,375
Repair and maintenance	51,352
Insurance	9,634
Supplies and postage	28,497
Miscellaneous	2,553
Meters	103,130

Total operating expenses	<u>721,704</u>
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Operating (loss)	(28,099)
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NON-OPERATING REVENUES (EXPENSES)

Other income	35,780
Interest income - cash	(252,899)
Interest expense	(375)
Bond fees	(500)

Total non-operating revenues (expenses)	<u>(217,994)</u>
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CAPITAL CONTRIBUTIONS

Connection fees	<u>2,514,341</u>
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Net income	2,268,248
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NET POSITION APRIL 1, 2021	<u>8,128,267</u>
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NET POSITION, MARCH 31, 2022	<u><u>\$ 10,396,515</u></u>
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HARTLAND TOWNSHIP
WATER SYSTEM FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 655,903	
Payments to other suppliers for goods or services	(499,568)	
Payments to employees	<u>(124,832)</u>	
Net cash from operating activities		\$ 31,503

CASH FLOWS FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES

Principal and interest paid on bonds	(227,250)	
Refunds of special assessment (principal and interest), net of collections	(217,897)	
Acquisition of fixed assets	(66,960)	
Connection fees	2,514,341	
Other revenue	<u>35,280</u>	
Net cash from capital and related financing activities		2,037,514

CASH FLOWS FROM INVESTING ACTIVITIES

Net proceeds from sales/purchase of investments	375,553	
Interest received on cash and cash equivalents	<u>1,540</u>	
Net cash from investing activities		<u>377,093</u>

Net increase in cash and cash equivalents	2,446,110
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CASH AND CASH EQUIVALENTS AT APRIL 1, 2021	<u>2,401,812</u>
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CASH AND CASH EQUIVALENTS AT MARCH 31, 2022	<u><u>\$ 4,847,922</u></u>
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**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating (loss)		\$ (28,099)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 234,891	
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(37,702)	
(Increase) decrease in prepaid expense	(2,328)	
(Increase) decrease in due from other funds	14,583	
(Decrease) in accounts payable	(153,879)	
Increase (decrease) in due to other funds	6,290	
Increase (decrease) in accrued wages	<u>(2,253)</u>	
Total adjustments		<u>59,602</u>
Net cash provided by operating activities		<u><u>\$ 31,503</u></u>

SEWAGE DISPOSAL SYSTEM FUND

HARTLAND TOWNSHIP

**SEWAGE DISPOSAL SYSTEM FUND
BALANCE SHEET
MARCH 31, 2022**

CURRENT ASSETS

Cash and cash equivalents	\$ 4,490,928	
Investments	1,573,141	
Accounts receivable - billings	767,608	
Interest receivable	2,538	
Due from other funds	9,336	
Special assessments receivable	74,766	
Prepaid	<u>13,050</u>	
Total current assets		\$ 6,931,367

RESTRICTED ASSETS

Cash and cash equivalents	2,337,285	
Special assessment receivable	<u>3,835,311</u>	
Total restricted assets		6,172,596

PROPERTY, PLANT AND EQUIPMENT

Sewer system and office equipment	<u>21,839,792</u>	
	21,839,792	
Less: accumulated depreciation	<u>(6,523,884)</u>	
Total property, plant and equipment		15,315,908

OTHER ASSETS

Connection fees receivable	<u>226,224</u>	
Total other assets		<u>226,224</u>
Total assets		<u>\$ 28,646,095</u>

CURRENT LIABILITIES

Accounts payable	\$ 290,861	
Accrued interest payable	88,137	
Bonds payable	<u>1,178,600</u>	
Total current liabilities		\$ 1,557,598

LONG-TERM LIABILITIES (from restricted assets)

Bond premium - net of amortization	1,081,962	
Bonds payable after one year	<u>10,966,473</u>	
Total long term liabilities		<u>12,048,435</u>
Total liabilities		13,606,033

NET POSITION

Invested in capital assets, net of related debt	2,549,420	
Unrestricted	<u>12,490,642</u>	
Total net position		<u>15,040,062</u>
Total liabilities and net position		<u>\$ 28,646,095</u>

HARTLAND TOWNSHIP

**SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022**

OPERATING REVENUES

User charges	\$ 2,625,299	
Septage station fees	<u>336,532</u>	
Total revenue		\$ 2,961,831

OPERATING EXPENSES

Administration	79,650	
Depreciation	436,670	
Sewer usage fees	2,109,535	
Professional fees	26,569	
Repair and maintenance	1,070	
Insurance	10,830	
Supplies and postage	<u>1,656</u>	
Total operating expenses		<u>2,665,980</u>
Operating income		295,851

NON-OPERATING REVENUES (EXPENSES)

Interest income	682,329	
Miscellaneous revenue	455	
County chargeback for special assessment	(63,077)	
Settlement costs	(406,842)	
Special assessment write offs	(342,082)	
Interest expense and bond fees	<u>(469,672)</u>	
Total non-operating revenues (expenses)		(598,889)

CAPITAL CONTRIBUTIONS

Connection fees	254,989	
Surcharge fees	<u>68,492</u>	
Total capital contributions		<u>323,481</u>
Net income (loss)		20,443

NET POSITION, APRIL 1, 2021 15,019,619

NET POSITION, MARCH 31, 2022 \$ 15,040,062

HARTLAND TOWNSHIP

SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 2,933,962	
Payments to other suppliers for goods or services	<u>(2,178,079)</u>	
Net cash from operating activities		\$ 755,883

CASH FLOWS FROM (USED IN) CAPITAL AND FINANCING ACTIVITIES

Principal and interest paid on capital debt	(1,663,077)	
Collections of special assessment (principal and interest)	974,054	
Connection fees	179,581	
County chargeback for special assessment	(63,077)	
Settlement costs	(380,000)	
Other revenue	<u>4,187</u>	
Net cash from capital and related financing activities		(948,332)

CASH FLOWS FROM INVESTING ACTIVITIES

Net proceeds from sales/purchase of investments	258,637	
Interest received on cash and cash equivalents	<u>7,145</u>	
Net cash from (used in) investing activities		<u>265,782</u>
Net increase in cash and cash equivalents		73,333

CASH AND CASH EQUIVALENTS AT APRIL 1, 2021		<u>6,754,880</u>
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CASH AND CASH EQUIVALENTS AT MARCH 31, 2022		<u><u>\$ 6,828,213</u></u>
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RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income		\$ 295,851
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 436,670	
Special assessment write off	342,082	
Land returned in settlement	26,842	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(27,869)	
(Increase) decrease in prepaid expenditures	1,917	
(Increase) decrease in due from others	9,123	
Increase (decrease) in accounts payable	(346,383)	
Increase (decrease) due to others	8,976	
Increase (decrease) due to other funds	<u>8,674</u>	
Total adjustments		<u>460,032</u>
Net cash provided by operating activities		<u><u>\$ 755,883</u></u>