

HAYES TOWNSHIP  
CHARLEVOIX COUNTY, MICHIGAN

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FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
for the year ended June 30, 2020

KAMMERMANN & BASCOM, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
CHARLEVOIX, MICHIGAN

# **Hayes Township**

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# KAMMERMANN & BASCOM, P.C.

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*Certified Public Accountants*

Velda K. Kammermann, CPA  
Corey R. Bascom, CPA

Established 1988  
www.northmi.cpa

## INDEPENDENT AUDITOR'S REPORT

June 18, 2021

Members of the Township Board  
Hayes Township  
Charlevoix, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hayes Township of Charlevoix County, Michigan, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

~ Boyne City ~

116 E. Main Street  
Boyne City, MI 49712  
p: 231-582-7211

~ Charlevoix ~

110 Park Avenue  
Charlevoix, MI 49720  
p: 231-547-4911

~ Petoskey ~

2780 Charlevoix Avenue – Unit 16  
Petoskey, MI 49770  
p: 231-348-6930

### **Auditor's Responsibility (Continued)**

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hayes Township, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 3 through 8 and 24 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Kammermann & Bascom, P.C.*

# **Hayes Township**

## **Management's Discussion & Analysis June 18, 2021**

This section of Hayes Township's annual financial report presents our discussion and analysis of the financial performance of the Township during the fiscal year ended June 30, 2020.

### **Overview of the Financial Statements**

This discussion and analysis introduces the Township's basic financial statements that follow this section. These financial statements comply with Governmental Accounting Standards Board Statement 34 (GASB 34). Hayes Township's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements and the notes to the financial statements. Additionally, this report also contains other supplementary information to the basic financial statements.

### **Government-wide Statements**

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The Statement of Net Position presents information on all of Hayes Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Hayes Township is improving or deteriorating.

The Statement of Activities presents changes in the government's net position during the most recent fiscal year, on the accrual basis of accounting.

### **Fund Financial Statements**

The fund financial statements provide information separated into related areas to demonstrate how resources have been allocated for specific activities or functions. Hayes Township, like other governmental entities, uses fund accounting to ensure compliance with the requirements of accounting standards and laws. Hayes Township uses two categories of funds, which are governmental and fiduciary funds.

# **Hayes Township**

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## **Management's Discussion & Analysis June 18, 2021**

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Hayes Township maintains three major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Road, and Capital Project Funds.

The Township adopts an annual appropriated budget for its General, Road and Capital Projects Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources collected and held for the benefit of the Township and other governmental units outside the primary government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

# **Hayes Township**

## **Management's Discussion & Analysis June 18, 2021**

### **Financial Analysis of the Township as a Whole**

The table below shows, in a condensed format, the Township's net position as of June 30, 2020 and 2018:

	<u>2020</u>	<u>2018</u>
<b><u>Assets</u></b>		
Current Assets	\$ 1,279,279	\$ 1,791,530
Noncurrent Assets		
Capital assets, net	<u>6,441,137</u>	<u>4,761,881</u>
Total assets	7,720,416	6,553,411
<b><u>Liabilities and Net Position</u></b>		
Current Liabilities	173,548	288,311
Net Position		
Invested in capital assets, net	6,441,137	4,761,881
Restricted	649,066	527,550
Unrestricted	<u>456,665</u>	<u>975,669</u>
Total net position	<u>\$ 7,546,868</u>	<u>\$ 6,265,100</u>

The total governmental net position is \$7,546,868 for the Township. The Township has \$456,665 of unrestricted governmental net position, which may be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

# Hayes Township

## Management's Discussion & Analysis June 18, 2021

The following table shows how activities affected changes in net position during the fiscal years ending June 30, 2020 and 2018.

	2020	2018
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$ 7,452	\$ 7,249
Operating contributions	-	5,683
Capital grants and contributions	10,000	202,131
General Revenues:		
Property taxes	453,420	418,010
Administrative fees	76,587	72,495
State shared revenues	170,217	157,351
Interest	2,343	3,206
Other	14,567	13,364
Total revenues	734,586	879,489
<b>Expenses:</b>		
General government	206,254	192,427
Public safety	32,346	32,986
Public works	108,815	251,167
Health and welfare	50,688	24,966
Community and economic development	57,838	36,784
Recreation and culture	175,946	22,771
Total expenses	631,887	561,101
Change in net position	\$ 102,699	\$ 318,388

### Revenue sources and changes

Revenue from governmental activities totaled \$734,586. Revenue from governmental activities consists primarily of 61.7% from property taxes, 23.2% state revenue sharing and 10.4% from administrative fees. The millage rate for general operations was 0.987 mills and the millage rate for road improvements was 0.987 mills.



# **Hayes Township**

## **Management's Discussion & Analysis June 18, 2021**

### **Financial Analysis of the Township as a Whole (Continued)**

#### **Expenses**

Using the full accrual basis of accounting, the Township spent \$631,887 on governmental activities. This represents 32.6% on general government, 27.8% on recreation and culture, 17.2% on public works, 9.2% on community and economic development, 8.0% on health and welfare, and 5.1% on public safety.

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

At June 30, 2020, the Township's governmental funds reported combined cash and investments of \$1,267,785, which is \$486,695 less than the last audited year.

The General Fund decreased its fund balance by \$53,962.

In the Road Fund, revenues exceeded expenditures by \$118,552.

The Capital Projects Fund decreased its fund balance by \$77,681.

#### **General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires that the Board approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the year on June 30.

The following schedule shows a comparison of the original fund budget, the final amended general fund budget and actual totals from operations:

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues	\$ 500,534	\$ 500,534	\$ 499,586	\$ (948)
Total Expenditures	512,543	512,543	441,081	71,462
Excess (deficiency) of revenues over expenditures	(12,009)	(12,009)	58,505	70,514
Transfer to Capital Project Fund	(73,673)	(73,673)	(112,467)	(38,794)
Net Change in Fund Balance	<u>\$ (85,682)</u>	<u>\$ (85,682)</u>	<u>\$ (53,962)</u>	<u>\$ 31,720</u>

# **Hayes Township**

## **Management's Discussion & Analysis June 18, 2021**

### **Capital Assets**

At fiscal year ended June 30, 2020, the Township has recognized \$6,441,137 in capital assets, net of accumulated depreciation.

Capital assets include all purchases of assets that exceed \$1,000. Capital assets include: land and improvements, buildings and improvements, construction in progress and equipment. The Township uses straight-line depreciation for all depreciable assets.

### **Requests for Information**

This financial report is designed to provide a general overview of Hayes Township's finances for all of those with an interest in the township's finances. If you have questions concerning this report or requests for any additional financial information, please contact Hayes Township, 09195 Old US 31 N, Charlevoix, Michigan, 49720.

# Hayes Township

## Statement of Net Position June 30, 2020

	Governmental Activities
<b><u>Assets</u></b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 1,267,785
Accounts receivable	446
Due from other funds	5,499
Prepaid expenses	<u>5,549</u>
Total current assets	1,279,279
<b>Noncurrent Assets</b>	
Capital assets	6,801,826
Less accumulated depreciation	<u>(360,689)</u>
Total noncurrent assets	<u>6,441,137</u>
Total assets	7,720,416
<b><u>Liabilities and Net Position</u></b>	
<b>Current Liabilities</b>	
Accounts payable and accrued expenses	<u>173,548</u>
<b>Net Position</b>	
Invested in capital assets	6,441,137
Restricted	649,066
Unrestricted	<u>456,665</u>
Total net position	<u><u>\$ 7,546,868</u></u>

The accompanying notes are a part of the financial statements.

# Hayes Township

## Statement of Activities For The Year Ended June 30, 2020

		Program Revenues			Net Revenue (Expense) and Change in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total
Governmental Activities:					
General government	\$ 206,254	\$ 7,452	\$ -	\$ -	\$ (198,802)
Public safety	32,346	-	-	-	(32,346)
Public works	108,815	-	-	-	(108,815)
Health and welfare	50,688	-	-	-	(50,688)
Community & economic development	57,838	-	-	-	(57,838)
Recreation and culture	175,946	-	-	10,000	(165,946)
Total Government Activities	<u>\$ 631,887</u>	<u>\$ 7,452</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>(614,435)</u>
General Revenues:					
Property taxes					453,420
Administrative fees					76,587
State shared revenues					170,217
Interest					2,343
Other					14,567
Total general revenues					<u>717,134</u>
Change in Net Position					102,699
Net Position - July 1, 2019					<u>7,444,169</u>
Net Position - June 30, 2020					<u>\$ 7,546,868</u>

The accompanying notes are a part of the financial statements.

# Hayes Township

## Governmental Funds Balance Sheet June 30, 2020

<u>Assets</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents	\$ 566,643	\$ 699,042	\$ 2,100	\$ 1,267,785
Accounts receivable	446	-	-	446
Due from other funds	7,599	-	-	7,599
Prepaid expenses	5,549	-	-	5,549
Total assets	<u>\$ 580,237</u>	<u>\$ 699,042</u>	<u>\$ 2,100</u>	<u>\$ 1,281,379</u>
 <u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	\$ 63,298	\$ 102,250	\$ -	\$ 165,548
Accrued wages	8,000	-	-	8,000
Due to other funds	-	-	2,100	2,100
Total liabilities	71,298	102,250	2,100	175,648
Fund equity:				
Nonspendable, prepaid expenses	5,549	-	-	5,549
Restricted for roads	-	596,792	-	596,792
Restricted for Metro Act expenses	52,274	-	-	52,274
Unassigned	451,116	-	-	451,116
Total fund equity	508,939	596,792	-	1,105,731
Total liabilities & fund equity	<u>\$ 580,237</u>	<u>\$ 699,042</u>	<u>\$ 2,100</u>	<u>\$ 1,281,379</u>

The accompanying notes are a part of the financial statements.

# **Hayes Township**

## **Governmental Funds Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2020**

Total Fund Balances - Governmental Funds	\$ 1,105,731
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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 are not reported in the governmental funds balance sheet.

Cost of capital assets	\$ 6,801,826	
Accumulated depreciation	<u>(360,689)</u>	
Capital assets, net of depreciation		<u>6,441,137</u>
Total Net Position - Governmental Activities		<u><u>\$ 7,546,868</u></u>

The accompanying notes are a part of the financial statements.

# Hayes Township

## Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances For The Year Ended June 30, 2020

	General Fund	Road Fund	Capital Projects	Total
<b>Revenues:</b>				
Property taxes	\$ 233,513	\$ 219,907	\$ -	\$ 453,420
Administrative fees	76,587	-	-	76,587
State shared revenue	170,217	-	-	170,217
Grants	-	-	10,000	10,000
Interest	1,448	895	-	2,343
Charges for service	7,452	-	-	7,452
Other	10,369	-	4,198	14,567
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	499,586	220,802	14,198	734,586
<b>Expenditures:</b>				
General government	195,524	-	-	195,524
Public safety	32,346	-	-	32,346
Public works	6,565	102,250	-	108,815
Health and welfare	50,688	-	-	50,688
Community & economic development	57,838	-	-	57,838
Recreation and culture	98,120	-	-	98,120
Capital outlay	-	-	204,346	204,346
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	441,081	102,250	204,346	747,677
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Excess of Revenues Over (Under) Expenditures</b>	58,505	118,552	(190,148)	(13,091)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	112,467	112,467
Transfers out	(112,467)	-	-	(112,467)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(112,467)	-	112,467	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Change in Fund Balance</b>	(53,962)	118,552	(77,681)	(13,091)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Balances - July 1, 2019</b>	562,901	478,240	77,681	1,118,822
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Balances - June 30, 2020</b>	<u>\$ 508,939</u>	<u>\$ 596,792</u>	<u>\$ -</u>	<u>\$ 1,105,731</u>

The accompanying notes are a part of the financial statements.

# **Hayes Township**

## **Governmental Funds Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For The Year Ended June 30, 2020**

Net Change in Fund Balances - Total Governmental Funds	\$ (13,091)
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Amounts reported for governmental activities in the statement  
of activities are different because:

Capital outlays are reported in governmental funds as expenditures.  
However, in the statement of activities, the cost of those assets  
is allocated over their estimated useful lives

204,346
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Depreciation expense is recorded in the statement of activities but not  
the governmental fund financial statements

<u>(88,556)</u>
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Changes in Net Position - Governmental Activities

<u><u>\$ 102,699</u></u>
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The accompanying notes are a part of the financial statements.



# Hayes Township

## Fiduciary Fund Statement of Net Position June 30, 2020

	<u>Tax Collection</u>
<b>Assets</b>	
Cash	<u>\$ 3,399</u>
<b>Liabilities</b>	
Due to Other Funds	<u>\$ 3,399</u>

The accompanying notes are a part of the financial statements.

# **Hayes Township**

## **Notes To Financial Statements For The Year Ended June 30, 2020**

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Hayes Township (Township) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Hayes Township.

#### **A. Reporting Entity**

The Township operates under a Board-Supervisor form of government. The Township's major operations include capital projects, public works and general administrative services.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Local Unit (primary government). The criteria established by the GASB statements for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. Based on these criteria, the Township has no component units.

#### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

# **Hayes Township**

## **Notes To Financial Statements For The Year Ended June 30, 2020**

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the government receives cash.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets in non-exchange transactions are recognized in the period in which the exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, and then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets are current in nature and are reported with current assets and current liabilities in the financial statements.

The Township reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those that are required to be accounted for in another fund.

# **Hayes Township**

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## **Notes To Financial Statements For The Year Ended June 30, 2020**

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Road Fund – The Road Fund was established to account for millage voted by the taxpayers that have been restricted for township road improvements.

Capital Projects Fund – The Capital Projects Fund is used to account for the Camp Sea Gull boat launch and pier project.

The Township reports the following fiduciary fund,

Tax Collection Fund – The Tax Collection Fund is used to account for property taxes collected for the township and taxes collected as an agent for other governmental units.

These funds are not included in the government-wide financial statements since they are not available for obligations of the Township.

### **D. Assets, Liabilities, and Net Assets or Equity**

#### **Cash and Cash Equivalents**

Cash and cash equivalents are comprised of the amount of funds in bank accounts and money market funds.

#### **Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

#### **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# Hayes Township

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## Notes To Financial Statements For The Year Ended June 30, 2020

### D. Assets, Liabilities, and Net Assets or Equity (Continued)

Property, plant and equipment are depreciated using the straight-line method over the following useful lives.

Buildings	40 years
Building Improvements	20 years
Equipment	5-20 years
Land Improvements	20 years

### Fund Equity

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classification can be used.

# **Hayes Township**

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## **Notes To Financial Statements For The Year Ended June 30, 2020**

### **D. Assets, Liabilities, and Net Assets or Equity (Continued)**

#### **Use of Estimates**

The Township used estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **Budgets and Budgetary Accounting**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 15, the Township Board submits a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted.
4. The Township Board is authorized to transfer budgeted amounts between departments within any fund. In addition, the Township Board must approve any revisions that alter the total expenditures of any fund.
5. Formal budgetary integration is employed as a management control device during the year for the General, Road and Capital Project Funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles.
7. Appropriations expire at the end of the fiscal year.

#### **Accumulated Fund Deficits**

The Hayes Township had no funds with an accumulated fund balance/retained earnings deficit at June 30, 2020.

# **Hayes Township**

## **Notes To Financial Statements For The Year Ended June 30, 2020**

### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

#### **Excess of Expenditures over Appropriations in Budgeted Funds**

The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq.) provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The Hayes Township's budgeted and actual expenditures for the funds budgeted have been shown on a functional basis. During the year, the Township did not incur expenditures in excess of amounts appropriated.

### **NOTE 3 – PROPERTY TAXES**

Property taxes are levied on July first and December first and are payable on September and February fourteenth, respectively. Property tax revenues are recognized when levied.

The Township levied 0.987 mills for general operations and 0.987 mills for road improvements on state taxable valuation of \$221,788,806 on the 2019 tax roll.

The Township also bills and collects taxes for other governmental units, which are accounted for in an Agency Fund.

### **NOTE 4 – DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit 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; banker's acceptance of United States banks; commercial paper rated 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 as 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

Deposits – At June 30, 2020, the carrying amount of the Township's deposits was \$1,267,785.

# Hayes Township

## Notes To Financial Statements For The Year Ended June 30, 2020

### NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Federal Depository Insurance – Of the above balances, \$552,408 was covered by federal depository insurance and National Credit Union Association. The remaining \$715,377 was uninsured and uncollateralized. State statutes prohibit security in the form of collateral, surety bonds or another form to be taken for the deposit of public funds. The Township may experience significant fluctuations in deposit balances during the year.

### NOTE 5 – CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Balance of July 1, 2019	Additions	Reclassify Disposal	Balance of June 30, 2020
Capital assets not being depreciated				
Land	\$ 4,277,202	\$ -	\$ -	\$ 4,277,202
Construction in progress	1,618,053	204,346	1,822,399	-
Total capital assets not being depreciated	5,895,255	204,346	1,822,399	4,277,202
Capital assets being depreciated				
Land improvements	70,362	1,822,399	-	1,892,761
Buildings and improvements	525,554	-	-	525,554
Equipment and furniture	106,309	-	-	106,309
Total capital assets	6,597,480	2,026,745	1,822,399	6,801,826
Less accumulated depreciation	(272,133)	(88,556)	-	(360,689)
Total capital assets	<u>\$ 6,325,347</u>	<u>\$ 1,938,189</u>	<u>\$1,822,399</u>	<u>\$ 6,441,137</u>

Depreciation expense was charged to the Township's functions as follows:

General Government	\$ 10,730
Recreation & Culture	77,826
Total	<u>\$ 88,556</u>



# **Hayes Township**

## **Notes To Financial Statements For The Year Ended June 30, 2020**

### **NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 5,499	\$ -
Capital Projects Fund	-	2,100
Tax Collection Fund	-	3,399
Totals	<u>\$ 5,499</u>	<u>\$ 5,499</u>

During the fiscal year, the General Fund transferred \$112,467 to the Capital Projects Fund to provide funding for the construction of the boat launch and pier project at Camp Sea-Gull.

### **NOTE 7 – FUND EQUITY RESERVATIONS AND DESIGNATIONS**

The Road Fund has fund equity of \$596,792 restricted for road improvements.

The General Fund has \$5,549 of prepaid expenses that have been classified as nonspendable, and \$52,274 that is restricted for Metro Act expenses pertaining to construction of a bike trail.

### **NOTE 8 – RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omissions; injuries to employees and natural disasters.

The Township carries insurance for liability.

### **NOTE 10 – COMMITMENTS**

The Township has made commitments for road work totaling \$373,431.

# Hayes Township

## Statement of Revenues, Expenditures and Changes in Fund Balances Budgetary Comparison - General Fund For The Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Property taxes	\$ 227,234	\$ 227,234	\$ 233,513	\$ 6,279
Administrative fees	65,000	65,000	76,587	11,587
State shared revenues	190,000	190,000	170,217	(19,783)
Interest	2,400	2,400	1,448	(952)
Charges for services	7,400	7,400	7,452	52
Other	8,500	8,500	10,369	1,869
Total revenues	500,534	500,534	499,586	(948)
<b>Expenditures:</b>				
<b>General Government</b>				
<b>Legislative</b>				
Wages	8,394	8,394	9,432	(1,038)
Payroll taxes	14,000	14,000	12,435	1,565
Printing and publishing	9,000	9,000	10,891	(1,891)
Professional services	12,000	12,000	5,980	6,020
Contracted Services	9,000	9,000	5,138	3,862
Training	400	400	152	248
Insurance	15,000	15,000	8,088	6,912
Miscellaneous	2,400	2,400	4,500	(2,100)
Total legislative	70,194	70,194	56,616	13,578
<b>Township Supervisor</b>				
Salary	16,411	16,411	16,411	-
Education and training	500	500	3,742	(3,242)
Other expenses	600	600	847	(247)
Total township supervisor	17,511	17,511	21,000	(3,489)
<b>Elections</b>				
Wages	3,200	3,200	3,774	(574)
Other expenses	1,900	1,900	1,830	70
Total elections	5,100	5,100	5,604	(504)
<b>Township Assessor</b>				
Salary	30,182	30,182	30,182	-
Training	1,000	1,000	1,162	(162)
Other expenses	300	300	110	190
Total township assessor	31,482	31,482	31,454	28

# Hayes Township

## Statement of Revenues, Expenditures and Changes in Fund Balances Budgetary Comparison - General Fund For The Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Township Clerk</b>				
Salary	23,149	23,149	23,148	1
Wages, deputy clerk	10,000	10,000	8,298	1,702
Supplies	-	-	428	(428)
Other expenses	1,300	1,300	527	773
Total township clerk	34,449	34,449	32,401	2,048
<b>Township Board of Review</b>				
Per diem	1,900	1,900	1,538	362
Other expenses	600	600	225	375
Total board of review	2,500	2,500	1,763	737
<b>Township Treasurer</b>				
Salary	23,149	23,149	23,149	-
Wages, deputy treasurer	2,500	2,500	-	2,500
Supplies	-	-	158	(158)
Other expenses	1,200	1,200	835	365
Total township treasurer	26,849	26,849	24,142	2,707
<b>Building and Grounds</b>				
Wages	2,036	2,036	2,142	(106)
Supplies	8,965	8,965	4,048	4,917
Repairs and maintenance	8,500	8,500	5,476	3,024
Utilities	4,400	4,400	4,831	(431)
Total building and grounds	23,901	23,901	16,497	7,404
<b>Cemetery</b>				
Salary	5,450	5,450	5,450	-
Maintenance	2,000	2,000	597	1,403
Total cemetery	7,450	7,450	6,047	1,403
<b>Total General Government</b>	219,436	219,436	195,524	23,912
<b>Public Safety</b>				
Fire protection	33,700	33,700	32,346	1,354
<b>Public Works</b>				
Road maintenance and lighting	7,850	7,850	6,565	1,285
<b>Health and Welfare</b>				
Ambulance	48,714	48,714	50,688	(1,974)

# Hayes Township

## Statement of Revenues, Expenditures and Changes in Fund Balances Budgetary Comparison - General Fund For The Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Community &amp; Economic Develop.</b>				
<b>Planning &amp; Zoning</b>				
Salaries & wages	25,043	25,043	28,948	(3,905)
Per diem	11,000	11,000	8,340	2,660
Training	25,750	25,750	18,896	6,854
Supplies	1,200	1,200	-	1,200
Telephone	700	700	1,654	(954)
Total community & economic development	63,693	63,693	57,838	5,855
<b>Recreation and Culture</b>				
Township Parks:				
Professional services	28,600	28,600	21,951	6,649
Spring cleanup	25,000	25,000	51,925	(26,925)
Utilities	3,700	3,700	3,684	16
Phragmites	350	350	-	350
Repairs and maintenance	21,500	21,500	20,560	940
Total recreation and culture	79,150	79,150	98,120	(18,970)
<b>Capital outlay</b>	60,000	60,000	-	60,000
Total expenditures	512,543	512,543	441,081	71,462
<b>Excess of revenues over expenditures</b>	(12,009)	(12,009)	58,505	70,514
<b>Other financing sources (uses):</b>				
Transfer to Capital Projects Fund	(73,673)	(73,673)	(112,467)	(38,794)
<b>Net Change in Fund Balance</b>	(85,682)	(85,682)	(53,962)	31,720
<b>Fund Balance - July 1, 2019</b>	562,901	562,901	562,901	-
<b>Fund Balance - June 30, 2020</b>	<u>\$ 477,219</u>	<u>\$ 477,219</u>	<u>\$ 508,939</u>	<u>\$ 31,720</u>

# Hayes Township

## Statement of Revenues, Expenditures and Changes in Fund Balances Budgetary Comparison - Road Fund For The Year Ended June 30, 2020

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Property taxes	\$ 203,030	\$ 203,030	\$ 219,907	\$ 16,877
Interest income	350	350	895	545
Total revenues	203,380	203,380	220,802	17,422
<b>Expenses:</b>				
Road projects	312,490	312,490	102,250	210,240
Total expenses	312,490	312,490	102,250	210,240
<b>Net Change in Fund Balance</b>	(109,110)	(109,110)	118,552	227,662
<b>Fund Balance - July 1, 2019</b>	478,240	478,240	478,240	-
<b>Fund Balance - June 30, 2020</b>	<u>\$ 369,130</u>	<u>\$ 369,130</u>	<u>\$ 596,792</u>	<u>\$ 227,662</u>

# Hayes Township

## Statement of Revenues, Expenditures and Changes in Fund Balances Budgetary Comparison - Capital Projects Fund For The Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Grants	\$ 107,082	\$ 107,082	\$ 10,000	\$ (97,082)
Donations	-	-	4,198	4,198
Total revenues	107,082	107,082	14,198	(92,884)
<b>Expenses:</b>				
Recreation & Culture				
Capital outlay	333,410	333,410	204,346	129,064
Total expenses	333,410	333,410	204,346	129,064
Excess of revenues over expenditures	(226,328)	(226,328)	(190,148)	36,180
<b>Other financing sources:</b>				
Transfer from General Fund	138,673	138,673	112,467	(26,206)
Net Change in Fund Balance	(87,655)	(87,655)	(77,681)	9,974
Fund Balance - July 1, 2019	77,681	77,681	77,681	-
Fund Balance - June 30, 2020	<u>\$ (9,974)</u>	<u>\$ (9,974)</u>	<u>\$ -</u>	<u>\$ 9,974</u>