
Charter Township of Highland

Oakland County, Michigan

Financial Report
with Supplementary Information
December 31, 2023

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Independent Auditor's Report

To the Township Board of Trustees
Charter Township of Highland

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Highland (the "Township") as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Charter Township of Highland'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Highland as of December 31, 2023 and the respective changes in its financial position and, where applicable, its 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Township Board of Trustees
Charter Township of Highland

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 required supplementary information, as identified in the table of contents, 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, which 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.

To the Township Board of Trustees
Charter Township of Highland

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Highland's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is 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. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

April 24, 2024

As management of the Charter Township of Highland (the "Township"), we offer readers this narrative overview and analysis of the financial activities for the year ended December 31, 2023.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$37,849,677 at the close of the most recent fiscal year.

The Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 26,126,462	\$ 25,981,641	\$ 369,292	\$ 394,651	\$ 26,495,754	\$ 26,376,292
Capital assets	27,323,408	27,433,164	7,254,756	7,423,221	34,578,164	34,856,385
Total assets	53,449,870	53,414,805	7,624,048	7,817,872	61,073,918	61,232,677
Liabilities						
Current liabilities	1,593,316	4,056,961	6,631	15,348	1,599,947	4,072,309
Noncurrent liabilities	7,220,056	7,561,299	518,000	588,000	7,738,056	8,149,299
Total liabilities	8,813,372	11,618,260	524,631	603,348	9,338,003	12,221,608
Deferred Inflows of Resources	13,886,238	12,922,249	-	-	13,886,238	12,922,249
Net Position						
Net investment in capital assets	20,198,208	19,963,233	6,736,756	6,835,221	26,934,964	26,798,454
Restricted	4,566,735	4,678,421	754,487	674,759	5,321,222	5,353,180
Unrestricted	5,985,317	4,232,642	(391,826)	(295,456)	5,593,491	3,937,186
Total net position	\$ 30,750,260	\$ 28,874,296	\$ 7,099,417	\$ 7,214,524	\$ 37,849,677	\$ 36,088,820

The Township's net position increased by approximately 4.9 percent from a year ago, increasing from \$36,088,820 to \$37,849,677. Unrestricted net position, the part of net position that can be used to finance day-to-day operations, totaled \$5,593,491, or about 48 percent of expenses, which is an increase of \$1,656,305 from a year ago.

Public safety continues to be the Township's greatest expense, totaling approximately 59 percent of total governmental activities expenditures. The Township did see an increase in public safety expenditures during the year due to the addition of ambulance service staff.

Charter Township of Highland

Management's Discussion and Analysis (Continued)

The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue						
Program revenue:						
Charges for services	\$ 2,206,060	\$ 2,246,072	\$ 965,043	\$ 954,960	\$ 3,171,103	\$ 3,201,032
Operating grants	824,125	889,813	-	-	824,125	889,813
General revenue:						
Taxes - Property taxes	5,830,989	5,559,249	-	-	5,830,989	5,559,249
Intergovernmental	2,151,678	2,193,694	-	-	2,151,678	2,193,694
Investment earnings	585,680	286,018	2,490	2,401	588,170	288,419
Other revenue	844,954	731,003	-	-	844,954	731,003
Total revenue	12,443,486	11,905,849	967,533	957,361	13,411,019	12,863,210
Expenses						
General government	2,219,669	2,122,156	-	-	2,219,669	2,122,156
Public safety	6,188,571	5,800,083	-	-	6,188,571	5,800,083
Public works	1,478,540	1,465,858	-	-	1,478,540	1,465,858
Health and welfare	436,265	392,266	-	-	436,265	392,266
Recreation and culture	52,959	61,651	-	-	52,959	61,651
Debt service	191,518	206,005	-	-	191,518	206,005
Water	-	-	1,082,640	1,236,075	1,082,640	1,236,075
Total expenses	10,567,522	10,048,019	1,082,640	1,236,075	11,650,162	11,284,094
Change in Net Position	\$ 1,875,964	\$ 1,857,830	\$ (115,107)	\$ (278,714)	\$ 1,760,857	\$ 1,579,116

Financial Analysis of Individual Funds

Our analysis of the Township's major funds begins on pages 10 and 11, following the government-wide financial statements. The Township's board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millage. The Township's major funds for 2023 include the General Fund, the Refuse Fund, the Fire Operating Fund, the Police Fund, the Capital Improvement Fund, and the Fire Capital Fund.

The General Fund pays for the Township's governmental administrative services.

General Fund Budgetary Highlights

Some of the 2023 township budget expenditures included significant improvements to the Township Hall, staff adjustments, and salary increases to keep up with inflation and labor market trends.

Capital Assets and Debt Administration

At the end of 2023, the Township had \$34,578,164 invested in a broad range of capital assets, including buildings, property, equipment, water mains, water systems, and county-owned roads. Current year additions totaling \$1,003,352 primarily consisted of renovations to the Township Hall, park improvements, cemetery improvements, and the purchase of a fire truck and other fire equipment.

At the end of 2023, the Township had outstanding long-term debt of \$6,828,000. The total amount represents bond debt associated with the water system assets and bond debt associated with the new fire station construction.

Economic Factors and Next Year's Budgets and Rates

When developing the 2023 budget, the Township considered what to anticipate in the coming year, such as projections for property tax revenue and state-shared revenue, as well as permits for new builds and renovations, at the same time as expenditure considerations for staff, maintenance, and projects.

Charter Township of Highland

Management's Discussion and Analysis (Continued)

The Township continued its commitment to staff and continues to provide employee health care and a fair benefit package. The Township has worked to decrease health care costs with employee contributions toward premiums for newer full-time employees and a health care buyout plan to encourage outside health care options.

After Highland residents showed their continued support for our community and approved an additional 1 mill for fire department improvements in 2018, we were able to move forward with two new fire stations. Station 1 was completed in 2021, and Station 2 was completed in 2022. The police millage is up for renewal in 2024, and voters will be asked to approve a zero-increase renewal on the August ballot

The renovation of township offices was completed in 2023. This project was paid for with funds that the Township had on hand without raising taxes or borrowing money.

The Township has received approximately \$2,100,000 in American Rescue Plan funds and is in the process of planning for which projects that money will be used.

It is the Township's ongoing goal to listen and serve our constituents well. In doing so, we will strive to provide an exceptional quality of life with the tax dollars provided. The Township is very fortunate to be in a good financial position as a result of the fiscally conservative philosophy held by not only the current board of trustees but also the many leaders that came before us. The Township is a strong, solid community. We will continue to thrive and move forward.

Requests for Further Information

This financial report is intended to provide our citizens, taxpayers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Charter Township of Highland

Statement of Net Position

December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Assets				
Cash and investments (Note 3)	\$ 15,812,341	\$ 201,559	\$ 16,013,900	\$ 539,040
Receivables:				
Property taxes receivable	3,279,430	-	3,279,430	47,865
Special assessments receivable	484,819	-	484,819	-
Customer receivables	-	167,733	167,733	-
Leases receivable (Note 10)	6,039,722	-	6,039,722	-
Other receivables	122,974	-	122,974	-
Due from other governments	357,282	-	357,282	-
Advance to component unit (Note 5)	29,894	-	29,894	-
Capital assets: (Note 4)				
Assets not subject to depreciation	2,994,715	-	2,994,715	-
Assets subject to depreciation - Net	24,328,693	7,254,756	31,583,449	737,320
Total assets	53,449,870	7,624,048	61,073,918	1,324,225
Liabilities				
Accounts payable	477,735	5,336	483,071	20,220
Refundable deposits, bonds, etc.	337,187	-	337,187	-
Accrued liabilities and other	80,336	1,295	81,631	1,469
Unearned revenue	698,058	-	698,058	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	44,856	-	44,856	-
Current portion of long-term advance (Note 5)	-	-	-	29,894
Current portion of long-term debt (Note 6)	359,371	69,000	428,371	-
Due in more than one year:				
Provision for claims	50,000	-	50,000	-
Long-term debt (Note 6)	6,765,829	449,000	7,214,829	-
Total liabilities	8,813,372	524,631	9,338,003	51,583
Deferred Inflows of Resources				
Property taxes levied for the following year	6,954,696	-	6,954,696	107,566
Rubbish levied for the following year	1,218,240	-	1,218,240	-
Deferred inflows from leases (Note 10)	5,713,302	-	5,713,302	-
Total deferred inflows of resources	13,886,238	-	13,886,238	107,566
Net Position				
Net investment in capital assets	20,198,208	6,736,756	26,934,964	737,320
Restricted:				
Hauling route maintenance	663,654	-	663,654	-
Police	1,864,758	-	1,864,758	-
Fire	1,619,510	-	1,619,510	-
Refuse collection	200,619	-	200,619	-
Building department	173,863	-	173,863	-
Emergency repair reserve	-	77,059	77,059	-
Capital improvement reserve	-	677,428	677,428	-
Opioid settlement	44,331	-	44,331	-
Unrestricted (deficit)	5,985,317	(391,826)	5,593,491	427,756
Total net position	\$ 30,750,260	\$ 7,099,417	\$ 37,849,677	\$ 1,165,076

Charter Township of Highland

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,219,669	\$ 512,259	\$ 710,612	\$ -
Public safety	6,188,571	568,136	110,295	-
Public works	1,478,540	1,123,633	-	-
Health and welfare	436,265	-	3,218	-
Recreation and culture	52,959	2,032	-	-
Interest on long-term debt	191,518	-	-	-
Total governmental activities	10,567,522	2,206,060	824,125	-
Business-type activities - Water	1,082,640	965,043	-	-
Total primary government	\$ 11,650,162	\$ 3,171,103	\$ 824,125	\$ -
Component units - Downtown Development Authority	\$ 284,680	\$ -	\$ 9,500	\$ -

General revenue:

- Property taxes
- Unrestricted state-shared revenue
- Unrestricted investment income
- Cable franchise fees
- Gain on sale of capital assets
- Other miscellaneous income

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Statement of Activities

Year Ended December 31, 2023

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (996,798)	\$ -	\$ (996,798)	\$ -
(5,510,140)	-	(5,510,140)	-
(354,907)	-	(354,907)	-
(433,047)	-	(433,047)	-
(50,927)	-	(50,927)	-
(191,518)	-	(191,518)	-
(7,537,337)	-	(7,537,337)	-
-	(117,597)	(117,597)	-
(7,537,337)	(117,597)	(7,654,934)	-
-	-	-	(275,180)
5,830,989	-	5,830,989	242,795
2,151,678	-	2,151,678	49,779
585,680	2,490	588,170	20,113
300,532	-	300,532	-
55,497	-	55,497	-
488,925	-	488,925	6,023
9,413,301	2,490	9,415,791	318,710
1,875,964	(115,107)	1,760,857	43,530
28,874,296	7,214,524	36,088,820	1,121,546
\$ 30,750,260	\$ 7,099,417	\$ 37,849,677	\$ 1,165,076

Charter Township of Highland

	General	Refuse	Fire Operating	Police
Assets				
Cash and investments (Note 3)	\$ 4,735,185	\$ 934,040	\$ 2,240,303	\$ 4,014,408
Receivables:				
Property taxes receivable	292,259	-	901,158	1,615,374
Special assessments receivable	-	484,819	-	-
Leases receivable	-	-	-	-
Other receivables	72,950	-	-	-
Due from other governments	357,282	-	-	-
Advance to component unit (Note 5)	-	-	-	-
Total assets	\$ 5,457,676	\$ 1,418,859	\$ 3,141,461	\$ 5,629,782
Liabilities				
Accounts payable	\$ 88,892	\$ -	\$ 72,778	\$ 279,035
Refundable deposits, bonds, etc.	337,187	-	-	-
Accrued liabilities and other	41,685	-	35,956	2,695
Unearned revenue	698,058	-	-	-
Total liabilities	1,165,822	-	108,734	281,730
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Property taxes levied for the following year	609,684	-	1,881,156	3,483,294
Rubbish levied for the following year	-	1,218,240	-	-
Deferred inflows from leases	-	-	-	-
Total deferred inflows of resources	609,684	1,218,240	1,881,156	3,483,294
Total liabilities and deferred inflows of resources	1,775,506	1,218,240	1,989,890	3,765,024
Fund Balances				
Restricted:				
Hauling route maintenance	-	-	-	-
Police	-	-	-	1,864,758
Fire	-	-	1,151,571	-
Refuse collection	-	200,619	-	-
Building department	173,863	-	-	-
Opioid settlement	-	-	-	-
Committed:				
Capital projects	-	-	-	-
Roads	-	-	-	-
Assigned - Capital improvements	1,500,000	-	-	-
Unassigned	2,008,307	-	-	-
Total fund balances	3,682,170	200,619	1,151,571	1,864,758
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,457,676	\$ 1,418,859	\$ 3,141,461	\$ 5,629,782

Governmental Funds
Balance Sheet

December 31, 2023

Capital Improvement	Fire Capital	Nonmajor Funds	Total Governmental Funds
\$ 2,206,699	\$ 977,862	\$ 703,844	\$ 15,812,341
-	470,639	-	3,279,430
-	-	-	484,819
6,039,722	-	-	6,039,722
-	-	50,024	122,974
-	-	-	357,282
29,894	-	-	29,894
\$ 8,276,315	\$ 1,448,501	\$ 753,868	\$ 26,126,462
\$ 27,030	\$ -	\$ 10,000	\$ 477,735
-	-	-	337,187
-	-	-	80,336
-	-	-	698,058
27,030	-	10,000	1,593,316
-	-	41,624	41,624
-	980,562	-	6,954,696
-	-	-	1,218,240
5,713,302	-	-	5,713,302
5,713,302	980,562	41,624	13,927,862
5,740,332	980,562	51,624	15,521,178
-	-	663,654	663,654
-	-	-	1,864,758
-	467,939	-	1,619,510
-	-	-	200,619
-	-	-	173,863
-	-	2,707	2,707
2,535,983	-	-	2,535,983
-	-	35,883	35,883
-	-	-	1,500,000
-	-	-	2,008,307
2,535,983	467,939	702,244	10,605,284
\$ 8,276,315	\$ 1,448,501	\$ 753,868	\$ 26,126,462

Charter Township of Highland

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2023

Fund Balances Reported in Governmental Funds	\$ 10,605,284
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 funds	27,323,408
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	41,624
Bonds payable are not due and payable in the current period and are not reported in the funds	(7,125,200)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities - Employee compensated absences	(44,856)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	(50,000)
Net Position of Governmental Activities	<u>\$ 30,750,260</u>

Charter Township of Highland

	General	Refuse	Fire Operating	Police
Revenue				
Property taxes	\$ 573,858	\$ -	\$ 1,251,422	\$ 3,102,886
Special assessments	-	1,113,090	-	-
Intergovernmental:				
Federal grants	715,780	-	-	-
State sources	2,146,555	-	1,364	3,384
Charges for services	196,774	-	-	165,546
Licenses and permits	628,592	-	-	-
Investment income	164,580	9,799	52,047	110,587
Other revenue:				
Local donations	-	-	-	110,295
Other miscellaneous income	236,152	2,044	406,199	13,843
Total revenue	4,662,291	1,124,933	1,711,032	3,506,541
Expenditures				
Current services:				
General government	2,004,338	-	-	-
Public safety	367,213	-	2,038,632	3,258,843
Public works	55,815	1,115,338	-	-
Social services	426,265	-	-	-
Recreation and culture	59,329	-	-	-
Debt service	-	-	-	-
Total expenditures	2,912,960	1,115,338	2,038,632	3,258,843
Excess of Revenue Over (Under) Expenditures	1,749,331	9,595	(327,600)	247,698
Other Financing Sources (Uses)				
Transfers in (Note 5)	-	-	-	-
Transfers out (Note 5)	(1,500,000)	-	-	-
Sale of capital assets	5,497	-	-	-
Total other financing (uses) sources	(1,494,503)	-	-	-
Net Change in Fund Balances	254,828	9,595	(327,600)	247,698
Fund Balances - Beginning of year	3,427,342	191,024	1,479,171	1,617,060
Fund Balances - End of year	<u>\$ 3,682,170</u>	<u>\$ 200,619</u>	<u>\$ 1,151,571</u>	<u>\$ 1,864,758</u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2023

Capital Improvement	Fire Capital	Nonmajor Funds	Total Governmental Funds
\$ -	\$ 902,823	\$ -	\$ 5,830,989
-	-	-	1,113,090
-	-	-	715,780
-	987	-	2,152,290
-	-	-	362,320
-	-	-	628,592
217,939	28,027	2,701	585,680
-	-	-	110,295
163,383	-	69,894	891,515
381,322	931,837	72,595	12,390,551
-	-	-	2,004,338
-	496,469	-	6,161,157
357,271	-	73,247	1,601,671
-	-	10,000	436,265
-	-	-	59,329
-	536,249	-	536,249
357,271	1,032,718	83,247	10,799,009
24,051	(100,881)	(10,652)	1,591,542
1,500,000	-	50,000	1,550,000
(50,000)	-	-	(1,550,000)
50,000	-	-	55,497
1,500,000	-	50,000	55,497
1,524,051	(100,881)	39,348	1,647,039
1,011,932	568,820	662,896	8,958,245
\$ 2,535,983	\$ 467,939	\$ 702,244	\$ 10,605,284

Charter Township of Highland

Governmental Funds

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended December 31, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 1,647,039
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	967,787
Depreciation expense	(947,447)
Net book value of assets disposed of	(130,096)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(2,562)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	344,731
Some employee costs (compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(3,488)
Change in Net Position of Governmental Activities	<u>\$ 1,875,964</u>

Charter Township of Highland

Proprietary Fund Statement of Net Position

December 31, 2023

	<u>Water</u>
Assets	
Current assets:	
Cash and investments (Note 3)	\$ 201,559
Customer receivables	<u>167,733</u>
Total current assets	369,292
Noncurrent assets - Capital assets - Net (Note 4)	<u>7,254,756</u>
Total assets	7,624,048
Liabilities	
Current liabilities:	
Accounts payable	5,336
Accrued liabilities	1,295
Current portion of long-term debt (Note 6)	<u>69,000</u>
Total current liabilities	75,631
Noncurrent liabilities - Bonds payable (Note 6)	<u>449,000</u>
Total liabilities	<u>524,631</u>
Net Position	
Net investment in capital assets	6,736,756
Restricted:	
Emergency repair reserve	77,059
Capital improvement reserve	677,428
Unrestricted (deficit)	<u>(391,826)</u>
Total net position	<u><u>\$ 7,099,417</u></u>

Charter Township of Highland

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2023

	<u>Water</u>
Operating Revenue - Sale of water	\$ 965,043
Operating Expenses	
Cost of water	751,793
Billing and administrative costs	111,932
Other operating expenses	6,968
Depreciation	<u>204,030</u>
Total operating expenses	<u>1,074,723</u>
Operating Loss	(109,680)
Nonoperating Revenue (Expense)	
Investment income	2,490
Interest expense	<u>(7,917)</u>
Total nonoperating expense	<u>(5,427)</u>
Change in Net Position	(115,107)
Net Position - Beginning of year	<u>7,214,524</u>
Net Position - End of year	<u><u>\$ 7,099,417</u></u>

Charter Township of Highland

Proprietary Fund Statement of Cash Flows

Year Ended December 31, 2023

	<u>Water</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 970,100
Payments to suppliers	<u>(878,524)</u>
Net cash and cash equivalents provided by operating activities	91,576
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(35,565)
Principal and interest paid on capital debt	<u>(78,803)</u>
Net cash and cash equivalents used in capital and related financing activities	(114,368)
Cash Flows Provided by Investing Activities - Interest received on investments	<u>2,490</u>
Net Decrease in Cash and Cash Equivalents	(20,302)
Cash and Cash Equivalents - Beginning of year	<u>221,861</u>
Cash and Cash Equivalents - End of year	<u>\$ 201,559</u>
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities	
Operating loss	\$ (109,680)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:	
Depreciation	204,030
Changes in assets and liabilities:	
Receivables	5,057
Accounts payable	<u>(7,831)</u>
Total adjustments	<u>201,256</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 91,576</u>

Charter Township of Highland

Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2023

	Postemployment Benefits Trust	Custodial Funds
Assets		
Cash and investments (Note 3)	\$ 7,191	\$ 2,601,251
Investments:		
Negotiable CDs	150,000	-
Alternative investments	13,187	-
Mutual funds	622,066	-
Receivables - Property taxes receivable	-	2,015,422
Total assets	792,444	4,616,673
Liabilities		
Accounts payable	6,659	879
Property taxes payable to other authorities	-	1,933,791
Total liabilities	6,659	1,934,670
Deferred Inflows of Resources - Property taxes levied for the following year	-	2,015,422
Total liabilities and deferred inflows of resources	6,659	3,950,092
Net Position		
Restricted:		
Postemployment benefits other than pension	785,785	-
Individuals, organizations, and other governments	-	666,581
Total net position	\$ 785,785	\$ 666,581

Charter Township of Highland

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2023

	Postemployment Benefits Trust	Custodial Funds
Additions		
Investment income - Interest:		
Interest and dividends	\$ 19,392	\$ 27,053
Net increase in fair value of investments	51,361	-
Contributions	-	497,596
Property tax collections for other governments	-	28,451,700
Total additions	70,753	28,976,349
Deductions		
Benefit payments	44,708	-
Administrative expenses	5,711	8,195
Activity center	-	34,897
Disbursement of escrows	-	449,394
Tax payments to other governments	-	28,463,281
Total deductions	50,419	28,955,767
Net Increase in Fiduciary Net Position	20,334	20,582
Net Position - Beginning of year	765,451	645,999
Net Position - End of year	\$ 785,785	\$ 666,581

December 31, 2023

Note 1 - Significant Accounting Policies

Reporting Entity

The Charter Township of Highland (the "Township") is governed by an elected seven-member board. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township.

Discretely Presented Component Units

Downtown Development Authority

The Downtown Development Authority (the "Authority" or DDA) was created to correct and prevent deterioration, encourage historical preservation, and promote economic growth within the downtown district. The Authority's governing body, which may consist of up to 12 individuals, is selected by the Township's board. In addition, the Authority's budget is subject to approval by the Township's board. The Authority does not issue its own separate financial statements.

Brownfield Development Authority

The Brownfield Development Authority (the "BRDA") was created, pursuant to Public Act 3881 of 1996, to provide revitalization of environmentally distressed areas within the Township. The BRDA will be funded primarily by property tax revenue captures. Currently, there is no financial activity with the BRDA, nor have the members of the board been appointed.

Fiduciary Component Unit

Postemployment Benefits Trust

The Postemployment Benefits Trust is governed by the Township's board. Although it is legally separate from the Township, it is reported as a fiduciary component unit because the Township administers the plan, and the plan imposes a financial burden on the Township.

Jointly Governed Organization

In January 2020, the Township entered into a joint venture with the Charter Township of White Lake and the Charter Township of Waterford to create the Western Oakland Transportation Authority (WOTA). The purpose of WOTA is to provide defined and beneficial transportation services to eligible persons in the service area. WOTA is governed by a three-member board with one member appointed by the respective underlying legislative body of each participating municipality for four-year terms. The board of WOTA is required to prepare, approve, and submit an annual budget to the governing body of each municipality by July 1 of each fiscal year.

During the year ended December 31, 2023, the Township's contributions to WOTA were reimbursed in full.

All parties have contributed to the cost of WOTA and share in its ownership on a percentage basis. The majority of WOTA's capital assets were purchased with federal and state funds, so any income from the sale of these assets would revert to those agencies.

The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Note 1 - Significant Accounting Policies (Continued)

Accounting and Reporting Principles

The Charter Township of Highland follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the Township:

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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 and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements.

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

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, and capital project funds. The Township reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Refuse Fund is used to account for the results of operations that provide refuse collection services to citizens that are financed primarily by a user charge for the provision of those services.
- The Fire Operating Fund is used to account for the assets and operations of the fire department that are financed primarily by property taxes.

Note 1 - Significant Accounting Policies (Continued)

- The Police Fund is used to account for the results of operations that provide public safety police services to the Township through the Oakland County sheriff's department that are financed primarily by property taxes.
- The Capital Improvement Fund is used to account for the proceeds from the Township's cell tower lease agreement and other unrestricted transfers from the General Fund committed for future capital improvement projects.
- The Fire Capital Fund is used to account for capital activity and improvements for the fire department that are financed primarily by property taxes.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township reports the following fund as an enterprise fund:

- The Water Fund is used to account for providing water to customers in exchange for quarterly user charges.

The Township does not have any internal service funds.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate the Township's programs. Activities that are reported as fiduciary include the following:

- The Postemployment Benefits Trust accumulates resources for future retiree health care payments to retirees.
- The Current Tax Fund collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities).
- Various escrow funds for township lakes receive contributions for the maintenance of these lakes.

Interfund Activity

During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Note 1 - Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are reported at fair value or estimated fair value. Fair value is determined based on quoted market prices or net asset value.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Infrastructure, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

	<u>Depreciable Life - Years</u>
Infrastructure	50-100
Buildings and improvements	10-50
Furniture and equipment	3-20
Library building	75

Leases

The Township is a lessor for noncancelable leases of land, upon which various lessees have constructed cell towers. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

Note 1 - Significant Accounting Policies (Continued)

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

The Township uses an imputed interest rate, which approximates its incremental borrowing cost, as the discount rate for leases. The discount rate used by the Township approximates the expected lease receipts to present value.

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

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

Unearned Revenue

Unearned revenue consists of grant proceeds, which are not considered earned until they have been spent on eligible expenditures.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as other financing sources, as well as bond premiums and discounts. The General Fund, Fire Capital Fund, and Water Fund are used to liquidate long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township had no deferred outflows of resources.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The Township has property taxes and rubbish fees received before the period levied. These amounts are shown as deferred inflows of resources on both the governmental funds balance sheet and the statement of net position. Those amounts will be recognized as revenue next year, as those amounts were levied for the subsequent year's budgeted operations. The Township also has deferred inflows in the governmental funds for unavailable revenue and deferred inflows in the governmental funds balance sheet and statement of net position related to leases.

Note 1 - Significant Accounting Policies (Continued)

Net Position

Net position of the Township is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and is held in trust for debt service and self-insured professional liability. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The Township will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The Township will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Township itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Township has, by resolution, authorized the supervisor, clerk, and treasurer to assign fund balance. The board of trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Note 1 - Significant Accounting Policies (Continued)

The fund balance policy prescribes the minimum fund balance as 40 percent of expenditures less nonrecurring capital expenditures in the General Fund. If unassigned fund balance approaches a level that greatly exceeds 60 percent of expenditures, the township board will consider using unassigned fund balance for the following purposes: funding OPEB trust, paying down future debt (drains/bonds), transferring funds to the Capital Project Fund for future capital improvements, and other future obligations of the Township. Fund balance levels will be analyzed each fiscal year after the financial statement audit. This is deemed to be the prudent amount to maintain the Township's ability to meet obligations as they come due throughout the year.

Property Tax Revenue

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2023 property tax revenue was levied and collectible on December 1, 2022 and is recognized as revenue in the year ended December 31, 2023 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2022 taxable valuation of the Township totaled \$945.3 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 0.6000 mills for operating purposes, 1.3370 mills for fire operations, 0.9662 mills for fire capital, and 3.3162 mills for police operations. This resulted in approximately \$574,000 for operating, \$1,250,000 for fire operations, \$902,000 for fire capital, and \$3,100,000 for police operations. These amounts are recognized in the respective General, special revenue, and debt service funds financial statements as tax revenue. Property tax revenue for the DDA was approximately \$241,000 for the year ended December 31, 2023.

Other Postemployment Benefit Costs

The Township offers retiree health care benefits to retirees. For the year ended December 31, 2023, the net OPEB asset, along with related deferred outflows, deferred inflows, and impact to OPEB expense, was deemed to be insignificant. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Compensated Absences (Paid Time Off)

It is the Township's policy to permit employees to accumulate earned but unused paid time off benefits (PTO). All PTO is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds. The governmental fund that pays out the PTO is the General Fund.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water Fund is charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Note 1 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2024.

In December 2023, the Government Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the primary government or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2025.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation, to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since July 1, 2000 is as follows:

Cumulative surplus at January 1, 2023		\$	180,093
Current year permit revenue			328,060
Related expenses:			
Direct costs	\$	281,606	
Estimated indirect costs		52,684	334,290
Current year shortfall			(6,230)
Cumulative surplus December 31, 2023		\$	173,863

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Postemployment Benefits Trust Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated 13 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township, including the DDA, had bank deposits of approximately \$12,500,000 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk, nor does the Township have any investments subject to this risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

December 31, 2023

Note 3 - Deposits and Investments (Continued)

At year end, the Township had the following investments:

Investment	Fair Value	Weighted- average Maturity (Days)
Primary Government		
Investment pools - MI CLASS	\$ 4,556,059	70
Investment pools - LGIP	<u>368,319</u>	268
Total	<u>\$ 4,924,378</u>	

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Investment pools - MI CLASS	\$ 4,556,059	AAAm	S&P
Investment pools - LGIP	368,319	N/A	Not rated
Money market	<u>2,093,961</u>	N/A	Not rated
Total	<u>\$ 7,018,339</u>		

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. More than 5 percent of the Township's investments are in Oakland County Local Government Investment Pool (LGIP). The LGIP is not registered with the Securities and Exchange Commission (SEC) and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares since the pool does not meet the requirements under GASB Statement No. 79 to report its value for financial reporting purposes at amortized cost.

Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Township has the following recurring fair value measurements as of December 31, 2023:

- OPEB investments (\$622,066 of equity securities) are valued using quoted market prices (Level 1 inputs).

Note 3 - Deposits and Investments (Continued)

- The Township's investments in the Oakland County LGIP (\$368,319) and Michigan CLASS (\$4,556,059) are measured at net asset value (NAV).
- The Township's investments in real estate investment trusts (REIT), including Northstar Healthcare Income (\$13,187), are measured at net asset value.

The valuation method for investments measured at net asset value per share (or its equivalent) is presented in the table below.

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 368,319	\$ -	No restrictions	None
Michigan CLASS investment pool	4,556,059	-	No restrictions	None
Northstar Healthcare Income (REIT)	13,187	-	No restrictions	None
Total	<u>\$ 4,937,565</u>	<u>\$ -</u>		

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The Oakland County Local Government Investment Pool is not registered with the SEC and does not issue a separate report. The pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares because the pool redeems shares at \$1 per share regardless of current fair value.

Northstar Healthcare Income is a Maryland corporation formed to acquire, originate, and asset manage a diversified portfolio of equity and debt investments in health care real estate, with a focus on the midacuity senior housing sector.

December 31, 2023

Note 4 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

Governmental Activities

	Balance January 1, 2023	Additions	Disposals and Adjustments	Balance December 31, 2023
Capital assets not being depreciated:				
Land	\$ 2,871,012	\$ 29,335	\$ (61,770)	\$ 2,838,577
Construction in progress	164,999	17,782	(26,643)	156,138
Subtotal	3,036,011	47,117	(88,413)	2,994,715
Capital assets being depreciated:				
Improvements to county-owned roads	413,222	-	-	413,222
Building and improvements	22,276,584	334,649	(90,983)	22,520,250
Furniture and equipment	3,905,327	586,021	(91,655)	4,399,693
Library building	5,903,268	-	-	5,903,268
Subtotal	32,498,401	920,670	(182,638)	33,236,433
Accumulated depreciation:				
Improvements to county-owned roads	161,486	22,859	-	184,345
Buildings and improvements	3,176,531	520,717	(54,144)	3,643,104
Furniture and equipment	2,334,449	285,045	(86,811)	2,532,683
Library building	2,428,782	118,826	-	2,547,608
Subtotal	8,101,248	947,447	(140,955)	8,907,740
Net capital assets being depreciated	24,397,153	(26,777)	(41,683)	24,328,693
Net governmental activities capital assets	\$ 27,433,164	\$ 20,340	\$ (130,096)	\$ 27,323,408

December 31, 2023

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2023	Reclassifications	Additions	Balance December 31, 2023
Capital assets not being depreciated - Construction in progress	\$ 101,311	\$ (101,311)	-	\$ -
Capital assets being depreciated:				
Infrastructure - Water system	6,150,225	101,311	35,565	6,287,101
Infrastructure - Water mains	1,656,449	-	-	1,656,449
Buildings	47,995	-	-	47,995
Equipment	218,880	-	-	218,880
Subtotal	8,073,549	101,311	35,565	8,210,425
Accumulated depreciation:				
Infrastructure - Water system	489,241	-	43,392	532,633
Infrastructure - Water mains	173,568	-	137,335	310,903
Buildings	8,790	-	2,423	11,213
Equipment	80,040	-	20,880	100,920
Subtotal	751,639	-	204,030	955,669
Net capital assets being depreciated	7,321,910	101,311	(168,465)	7,254,756
Net business-type activities capital assets	<u>\$ 7,423,221</u>	<u>\$ -</u>	<u>\$ (168,465)</u>	<u>\$ 7,254,756</u>

There was no capital asset activity for the Charter Township of Highland's DDA for the year. Total depreciation expense for the land improvements was \$46,297 for the year ended December 31, 2023.

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 318,954
Public safety	477,656
Recreation and culture	150,837
Total governmental activities	<u>\$ 947,447</u>

Depreciation expense in the business-type activities for the year ended December 31, 2023 was \$204,030.

Note 5 - Interfund Receivables, Payables, and Transfers

The Township has made the following long-term advance to/from primary government and component units and to/from governmental funds:

Fund Borrowed From	Fund Loaned To	Amount
Capital Improvement Fund	Downtown Development Authority	\$ 29,894

The long-term advance from the Capital Improvement Fund to the Downtown Development Authority is to fund land improvements related to the streetscape. The advance is being repaid at an interest rate of 2.5 percent through 2024.

December 31, 2023

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Improvement Fund	\$ 1,500,000
Capital Improvement Fund	Nonmajor governmental funds	50,000
	Total	<u>\$ 1,550,000</u>

The transfer from the General Fund to the Capital Improvement Fund was for various capital projects. The transfer from the Capital Improvement Fund to the Road Capital Project Fund was to transfer unrestricted funds to fund various road-related maintenance projects.

Note 6 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the government.

Long-term debt activity can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -						
Other debt:						
General obligations - Capital improvement bonds, Series 2020 (\$7,145,000)	3.00% - 5.00%	\$ 6,600,000	\$ -	\$ (290,000)	\$ 6,310,000	\$ 305,000
Bond premium		869,931	-	(54,731)	815,200	54,371
Total bonds and contracts payable		7,469,931	-	(344,731)	7,125,200	359,371
Compensated absences		41,368	44,856	(41,368)	44,856	44,856
Total governmental activities long-term debt		<u>\$ 7,511,299</u>	<u>\$ 44,856</u>	<u>\$ (386,099)</u>	<u>\$ 7,170,056</u>	<u>\$ 404,227</u>

Business-type Activities

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -						
Direct placement - General Obligations - Water Systems refunded (\$721,000) - Special assessment bonds - Water Systems (\$810,000)	1.5%	\$ 588,000	\$ -	\$ (70,000)	\$ 518,000	\$ 69,000

Note 6 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The Township issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the Township.

Revenue Bonds

Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets and to pay debt service. Business-type activities utilize revenue bonds to finance the water system. The Township has pledged substantially all of the Water Fund, net of operating expenses, to repay the water bonds listed above. Proceeds from the bonds provided financing for the construction of a portion of the water infrastructure system. The bonds are payable solely from the net revenue from the water system. The remaining principal and interest to be paid on the bonds is \$549,920. During the current year, net income of the system was \$94,350, compared to annual debt requirements of \$77,917.

Other Long-term Liabilities

The compensated absences represent the estimated liability to be paid to employees under the Township's paid time off policy. Under the Township's policy, employees earn paid time off based on time of service with the Township.

Debt Service Requirements to Maturity

Interest expense for the year ended December 31, 2023 was approximately \$192,000 for governmental activities and \$8,000 for business-type activities. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal - Other Debt	Interest	Total	Principal - Direct Placements	Interest	Total
2024	\$ 305,000	\$ 315,500	\$ 620,500	\$ 69,000	\$ 7,770	\$ 76,770
2025	320,000	300,250	620,250	68,000	6,735	74,735
2026	335,000	284,250	619,250	72,000	5,715	77,715
2027	355,000	267,500	622,500	76,000	4,635	80,635
2028	370,000	249,750	619,750	75,000	3,495	78,495
2029-2033	1,670,000	837,650	2,507,650	158,000	3,570	161,570
Thereafter	2,955,000	243,150	3,198,150	-	-	-
Total	\$ 6,310,000	\$ 2,498,050	\$ 8,808,050	\$ 518,000	\$ 31,920	\$ 549,920

Note 7 - Risk Management

The Township is exposed to various risks of loss related 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 workers' compensation and medical benefit claims and participates in the Michigan Municipal Risk Management Authority (MMRMA) risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MMRMA risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to MMRMA, which it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

Note 7 - Risk Management (Continued)

The Township estimates the liability for claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2023	2022
Unpaid claims - Beginning of year	\$ 50,000	\$ 50,000
Claim payments	-	-
Unpaid claims - End of year	<u>\$ 50,000</u>	<u>\$ 50,000</u>

Note 8 - Pension Plan

The Township provides pension benefits to all of its full-time employees and in-house elected officials through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Township employees are eligible to participate upon completion of six months of full-time employment. As established by the Township's board of trustees, the Township contributes 15 percent of the Township's employees' base annual salary for eligible employees (including in-house elected officials) hired before June 20, 2016 and 5 percent of the Township's employees' base annual salary for eligible employees (including in-house elected officials) hired on or after June 20, 2016. The Township's contributions for each employee are immediately fully vested. In accordance with these requirements, the Township contributed approximately \$134,000 during the current year. There are no provisions in the plan for employee contributions. As of December 31, 2023, there are 18 participants in the plan.

In 2021, the Fire Union began providing pension benefits for paid-on-call (POC) employees through a defined contribution plan. POC employees receive a 3 percent contribution for 2021 and a 5 percent contribution for 2022 and going forward. During 2023, the Township contributed approximately \$26,000.

Note 9 - Other Postemployment Benefit Plan

The Township provides retiree health care benefits to eligible employees. The Township administers the Postemployment Benefits Trust (the "Plan"), a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for various township employees. Employees hired before January 1, 2008 are eligible for retiree health benefits once they attain age 60 and have at least 10 years of service. Employees hired on or after January 1, 2008 are not eligible for retiree health benefits.

For retirees between the ages of 60 and 65, the Township agrees to pay a percentage of the cost of single coverage toward available retiree health benefits for eligible retirees based upon years of service. Once retirees reach age 65, there is no health care coverage provided by the Plan; instead, a reimbursement of up to \$450 per month is provided as a Medicare supplement, and retirees will be reimbursed up to \$1,000 for dental expenses and \$300 for vision expenses per year.

The Township has determined that the net OPEB liability (asset) is not material and, therefore, did not apply the provisions of GASB 74 or 75.

Note 10 - Leases

The Township leases certain assets to various third parties. The assets leased include land, upon which the various leasees have constructed cell towers. Payments are generally fixed monthly.

During the year ended December 31, 2023, the Township recognized the following related to its lessor agreements:

Lease revenue	\$	163,383
Interest income related to its leases		150,822

Required Supplementary Information

Charter Township of Highland

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 561,656	\$ 561,656	\$ 573,858	\$ 12,202
Intergovernmental:				
Federal grants	760,000	760,000	715,780	(44,220)
State sources	2,051,127	2,051,127	2,146,555	95,428
Charges for services	117,000	117,000	196,774	79,774
Licenses and permits	704,500	704,500	628,592	(75,908)
Investment income	15,000	15,000	164,580	149,580
Other revenue	131,000	131,000	236,152	105,152
Total revenue	4,340,283	4,340,283	4,662,291	322,008
Expenditures				
Current services:				
General government	2,195,554	2,238,337	2,004,338	233,999
Public safety	423,881	426,380	367,213	59,167
Public works	58,632	58,632	55,815	2,817
Social services	492,877	511,856	426,265	85,591
Recreation and culture	50,500	70,500	59,329	11,171
Total expenditures	3,221,444	3,305,705	2,912,960	392,745
Excess of Revenue Over Expenditures	1,118,839	1,034,578	1,749,331	714,753
Other Financing (Uses) Sources				
Transfers out	-	(1,500,000)	(1,500,000)	-
Sale of capital assets	-	-	5,497	5,497
Total other financing uses	-	(1,500,000)	(1,494,503)	5,497
Net Change in Fund Balance	1,118,839	(465,422)	254,828	720,250
Fund Balance - Beginning of year	3,427,342	3,427,342	3,427,342	-
Fund Balance - End of year	\$ 4,546,181	\$ 2,961,920	\$ 3,682,170	\$ 720,250

Charter Township of Highland

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds Refuse

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Special assessments	\$ 1,116,625	\$ 1,116,625	\$ 1,113,090	\$ (3,535)
Investment income	1,500	1,500	9,799	8,299
Other revenue	1,500	1,500	2,044	544
Total revenue	1,119,625	1,119,625	1,124,933	5,308
Expenditures - Current services - Public works	1,116,637	1,116,637	1,115,338	1,299
Net Change in Fund Balance	2,988	2,988	9,595	6,607
Fund Balance - Beginning of year	191,024	191,024	191,024	-
Fund Balance - End of year	<u>\$ 194,012</u>	<u>\$ 194,012</u>	<u>\$ 200,619</u>	<u>\$ 6,607</u>

Charter Township of Highland

Required Supplementary Information
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
 Fire Operating

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,240,417	\$ 1,251,299	\$ 1,251,422	\$ 123
Intergovernmental - State sources	-	-	1,364	1,364
Investment income	10,000	32,509	52,047	19,538
Other revenue	350,000	360,000	406,199	46,199
Total revenue	1,600,417	1,643,808	1,711,032	67,224
Expenditures - Current services - Public safety	2,037,679	2,076,569	2,038,632	37,937
Net Change in Fund Balance	(437,262)	(432,761)	(327,600)	105,161
Fund Balance - Beginning of year	1,479,171	1,479,171	1,479,171	-
Fund Balance - End of year	\$ 1,041,909	\$ 1,046,410	\$ 1,151,571	\$ 105,161

Charter Township of Highland

Required Supplementary Information
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
 Police

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Property taxes	\$ 3,076,641	\$ 3,076,641	\$ 3,102,886	\$ 26,245
Intergovernmental	-	-	3,384	3,384
Charges for services	174,000	174,000	165,546	(8,454)
Investment income	15,000	15,000	110,587	95,587
Other revenue	121,000	121,000	124,138	3,138
Total revenue	3,386,641	3,386,641	3,506,541	119,900
Expenditures - Current services - Public safety	3,369,398	3,369,770	3,258,843	110,927
Net Change in Fund Balance	17,243	16,871	247,698	230,827
Fund Balance - Beginning of year	1,617,060	1,617,060	1,617,060	-
Fund Balance - End of year	<u>\$ 1,634,303</u>	<u>\$ 1,633,931</u>	<u>\$ 1,864,758</u>	<u>\$ 230,827</u>

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers and debt proceeds have been included in the revenue and expenditures categories, rather than as other financing sources (uses). All annual appropriations lapse at fiscal year end. During the year, the budget was amended in a legally permissible manner.

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

Prior to August 1, all departments and entities within the Township submit to the township supervisor their proposed operating budget for the fiscal year commencing the following January.

During the last meeting in September, the bookkeeper submits to the township board a proposed balanced operating budget for the next fiscal year. The operating budget includes proposed expenditures and the means of financing them. The board adopts this budget at the same meeting. A public hearing is conducted to obtain taxpayers' comments. The current year budget can be amended through the last board meeting of that year.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

During the year, the Township did not incur any expenditures that were in excess of the amounts budgeted.

Other Supplementary Information

Charter Township of Highland

**Other Supplementary Information
Combining Balance Sheet - Nonmajor Governmental Funds**

December 31, 2023

	Special Revenue Fund - Opioid Fund	Capital Project Fund - Road	Total
Assets			
Cash and investments (Note 3)	\$ 12,707	\$ 691,137	\$ 703,844
Receivables	41,624	8,400	50,024
Total assets	\$ 54,331	\$ 699,537	\$ 753,868
Liabilities - Accounts payable	\$ 10,000	\$ -	\$ 10,000
Deferred Inflows of Resources - Unavailable revenue	41,624	-	41,624
Fund Balances			
Restricted:			
Hauling route maintenance	-	663,654	663,654
Opioid settlement	2,707	-	2,707
Committed - Roads	-	35,883	35,883
Total fund balances	2,707	699,537	702,244
Total liabilities, deferred inflows of resources, and fund balances	\$ 54,331	\$ 699,537	\$ 753,868

Charter Township of Highland

Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances - Nonmajor Governmental Funds

Year Ended December 31, 2023

	Special Revenue Fund - Opioid Fund	Capital Project Fund - Road	Total
Revenue			
Investment income	\$ -	\$ 2,701	\$ 2,701
Other revenue	5,105	64,789	69,894
Total revenue	5,105	67,490	72,595
Expenditures			
Current services:			
Public works	-	73,247	73,247
Social services	10,000	-	10,000
Total expenditures	10,000	73,247	83,247
Excess of Expenditures Over Revenue	(4,895)	(5,757)	(10,652)
Other Financing Sources - Transfers in (Note 5)	-	50,000	50,000
Net Change in Fund Balances	(4,895)	44,243	39,348
Fund Balances - Beginning of year	7,602	655,294	662,896
Fund Balances - End of year	<u>\$ 2,707</u>	<u>\$ 699,537</u>	<u>\$ 702,244</u>

Charter Township of Highland

Other Supplementary Information Combining Statement of Fiduciary Net Position Custodial Funds

December 31, 2023

	Custodial Funds			
	Lake Escrow Funds	Current Tax Fund	Highland Adult Activity Center Fund	Total
Assets				
Cash and investments (Note 3)	\$ 662,243	\$ 1,933,791	\$ 5,217	\$ 2,601,251
Receivables - Property tax receivable	-	2,015,422	-	2,015,422
Total assets	662,243	3,949,213	5,217	4,616,673
Liabilities				
Accounts payable	-	-	879	879
Property taxes payable to other authorities	-	1,933,791	-	1,933,791
Total liabilities	-	1,933,791	879	1,934,670
Deferred Inflows of Resources - Property taxes levied for the following year	-	2,015,422	-	2,015,422
Total liabilities and deferred inflows of resources	-	3,949,213	879	3,950,092
Net Position - Restricted - Individuals, organizations, and other governments	<u>\$ 662,243</u>	<u>\$ -</u>	<u>\$ 4,338</u>	<u>\$ 666,581</u>

Charter Township of Highland

Other Supplementary Information Combining Statement of Changes in Fiduciary Net Position Custodial Funds

Year Ended December 31, 2023

	Custodial Funds			
	Lake Escrow Funds	Current Tax Fund	Highland Adult Activity Center Fund	Total
Additions				
Investment income - Interest	\$ 12,499	\$ 14,554	\$ -	\$ 27,053
Contributions	471,072	-	26,524	497,596
Property tax collections for other governments	-	28,451,700	-	28,451,700
Total additions	483,571	28,466,254	26,524	28,976,349
Deductions				
Administrative expenses	5,222	2,973	-	8,195
Activity center	-	-	34,897	34,897
Disbursement of escrows	449,394	-	-	449,394
Tax payments to other governments	-	28,463,281	-	28,463,281
Total deductions	454,616	28,466,254	34,897	28,955,767
Net Increase (Decrease) in Fiduciary Net Position	28,955	-	(8,373)	20,582
Net Position - Beginning of year	633,288	-	12,711	645,999
Net Position - End of year	\$ 662,243	\$ -	\$ 4,338	\$ 666,581