

Charter Township of Highland Oakland County, Michigan

**Financial Report
with Supplemental Information
December 31, 2016**

Charter Township of Highland

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Independent Auditor's Report

To the Township Board of Trustees
Charter Township of Highland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental 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, 2016 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Highland as of December 31, 2016 and the respective changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Township Board of Trustees
Charter Township of Highland

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, and the other postemployment benefits system schedule, as identified in the table of contents, 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, 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Highland's basic financial statements. The other supplemental 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.

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

Plante & Morse, PLLC

April 18, 2017

Charter Township of Highland

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Highland's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As stated in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2016:

- Total net position related to the Township's governmental activities increased by \$1,259,649. Net position is the value of all Township physical assets such as land, buildings, etc. The General Fund fund balance increased by \$617,039.
- The 2016 actuarial calculation confirmed the Township is close to 100 percent funded for OPEB (other postemployment benefits). As a result, we did not include contributions to the OPEB fund in the 2017 budget. The Township is one of very few townships to proactively fund this obligation.
- The Highland Milford Transportation Intergovernmental agreement was dissolved in 2016. The Township completely assumed the transportation program creating a new "Transportation Fund (205)" in our financial reports.

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 us 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.

Charter Township of Highland

Management's Discussion and Analysis (Continued)

The Township as a Whole

The following table shows, in a condensed format, the net position for assets and liabilities (comparable to net worth) as of the current and previous years:

	December 31	
	2015	2016
Assets		
Current assets	\$ 13,749,075	\$ 14,766,185
Noncurrent assets	<u>12,344,262</u>	<u>12,183,892</u>
Total assets	26,093,337	26,950,077
Liabilities		
Current liabilities	850,998	754,850
Long-term liabilities	<u>1,115,636</u>	<u>755,652</u>
Total liabilities	1,966,634	1,510,502
Deferred Inflows of Resources	<u>5,176,410</u>	<u>5,229,633</u>
Net Position		
Net investment in capital assets	10,735,205	11,118,256
Restricted	3,459,632	3,533,951
Unrestricted	<u>4,755,456</u>	<u>5,557,735</u>
Total net position, as restated	<u>\$ 18,950,293</u>	<u>\$ 20,209,942</u>

The Township's combined net position increased approximately 7 percent from a year ago, increasing from \$18,950,293 to \$20,209,942. Unrestricted net position, the part of net position that can be used to finance day-to-day operations, totaled \$5,557,735, or about 77 percent of expenses. The increase in net position from the previous year is due to increases in property values and decreases in debt and OPEB liability.

Public safety continues to be the Township's greatest expense, totaling approximately 52 percent of total expenditures.

Charter Township of Highland

Management's Discussion and Analysis (Continued)

The following table, which explains the financials, shows the changes in net position during the current and previous year:

	Year Ended December 31		Increase (Decrease)
	2015	2016	
Revenue			
Program revenue:			
Charges for services	\$ 1,770,369	\$ 1,826,848	\$ 56,479
Operating grants and contributions	224,464	343,551	119,087
Capital grants and contributions	-	4,479	4,479
General revenue:			
Property taxes	4,070,604	4,188,418	117,814
State-shared revenue	1,493,661	1,531,081	37,420
Unrestricted investment earnings	67,431	74,930	7,499
Cable franchise fees	293,213	302,572	9,359
Miscellaneous revenue	381,150	228,046	(153,104)
(Loss) gain on sale of fixed assets	(2,458)	3,209	5,667
Total revenue	8,298,434	8,503,134	204,700
Program Expenses			
General government	1,740,264	1,746,913	6,649
Public safety	3,492,900	3,789,177	296,277
Public works	1,386,264	1,317,743	(68,521)
Health and welfare	190,553	152,117	(38,436)
Recreation and culture	191,687	195,370	3,683
Interest on long-term debt	61,337	42,165	(19,172)
Total program expenses	7,063,005	7,243,485	180,480
Change in Net Position	\$ 1,235,429	\$ 1,259,649	\$ 24,220

Governmental Activities

- The Township saw a combined net position increase of approximately 3 percent from a year ago.
- Decreases in expenditures were a result of completion of Clyde Road's paving project and no additional projects for 2016. Slight increases included merit raises for employees.

Charter Township of Highland

Management's Discussion and Analysis (Continued)

The Township's Funds

Our analysis of the Township's major funds begins on pages 11 and 12, following the government-wide financial statements. The Township 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 2016 include the General Fund, the Refuse Fund, the Fire Operating Fund, the Police Fund, and the Capital Improvement Fund.

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

General Fund Budgetary Highlights

The Township budget was amended during the year to accommodate additional expenditures including road projects, the property purchase on Lone Tree Road, and staff and salary adjustments, including the one-time buyout for sick time.

Capital Asset and Debt Administration

At the end of 2016, the Township had \$12,183,892 invested in a broad range of capital assets, including buildings, property, equipment, water mains, and county-owned roads. Current year additions totaling \$357,465 primarily consisted of two new trucks, contributions for paving of county-owned roads, office furniture, activity center renovations, security cameras at Duck Lake Pines, a streetlight at Duck Lake Road and Cloverdale, and software upgrades.

At the end of 2016, the Township had outstanding long-term debt of approximately \$1.05 million. Included in that amount is approximately \$1.05 million in an outstanding general obligation bond whose proceeds were used for the construction of the Township library building. The remaining amount of approximately \$16,000 consists of a phone lease. The M-59 watermain and fire trucks obligations were paid off in 2016.

Economic Factors and Next Year's Budgets and Rates

When developing the 2017 budget, the Township considered what to anticipate in the coming year, over and above its normal operations, such as a slight increase in property tax revenue, and ongoing healthcare costs for employees and retirees.

With the uncertainty of the Affordable Care Act, the Township has maintained its commitment to staff and continues to provide employee health care. The decrease in cost was in part due to changing our healthcare plan from a PPO to an HMO.

2016 brought a new Fire Chief to Highland Township. Going forward we will look at upgrades in equipment and facilities.

The Township is looking forward to improved positive growth and sustainability for its existing residential, business, and commercial bases. This will be achieved through best practices in budgeting, planning, risk management, and customer service.

Charter Township of Highland

Management's Discussion and Analysis (Continued)

It is the Township's continued goal to place an emphasis on listening to and serving our constituents well. In doing so, we will strive to provide an exceptional quality of life with the tax dollars provided.

Contacting the Township's Management

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, 2016

	Primary Government	Component Unit - Downtown Development Authority
	Governmental Activities	Development Authority
Assets		
Cash and cash equivalents (Note 3)	\$ 11,173,510	\$ 89,431
Receivables:		
Property taxes receivable	1,784,659	43,185
Other receivables	13,500	-
Due from other governmental units	375,200	-
Special assessments receivable	340,219	-
Advance to component unit (Note 6)	315,482	-
Net OPEB asset (Note 10)	224,667	-
Funds held on deposit	538,948	-
Capital assets (Note 5):		
Assets not subject to depreciation	2,690,096	-
Assets subject to depreciation	9,493,796	1,061,399
Total assets	26,950,077	1,194,015
Liabilities		
Accounts payable	328,882	1,082
Due to other governmental units	2,827	-
Accrued liabilities and other	35,842	-
Noncurrent liabilities		
Due within one year:		
Compensated absences (Note 7)	19,870	-
Provision for property tax refunds	7,445	152
Current portion of long-term advance	-	37,796
Current portion of long-term debt (Note 7)	359,984	-
Due in more than one year:		
Self-insurance liability	50,000	-
Long-term advance from primary government	-	277,686
Long-term debt (Note 7)	705,652	-
Total liabilities	1,510,502	316,716
Deferred Inflows of Resources (Note 4)	5,229,633	67,181
Net Position		
Net investment in capital assets	11,118,256	745,917
Restricted for:		
Hauling route maintenance	274,791	-
Police	782,952	-
Fire	2,181,549	-
Debt service	107,573	-
Refuse collection	152,380	-
Transportation	34,706	-
Unrestricted	5,557,735	64,201
Total net position	\$ 20,209,942	\$ 810,118

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	\$ 1,746,914	\$ 202,051	\$ -	\$ -
Public safety	3,789,176	616,844	115,296	-
Public works	1,317,743	991,939	215,440	4,479
Health and welfare	152,117	15,114	12,815	-
Recreation and culture	195,370	900	-	-
Interest on long-term debt	42,165	-	-	-
Total primary government	<u>\$ 7,243,485</u>	<u>\$ 1,826,848</u>	<u>\$ 343,551</u>	<u>\$ 4,479</u>
Component unit - Downtown Development Authority	<u>\$ 129,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

**Statement of Activities
Year Ended December 31, 2016**

Net (Expense) Revenue and Changes in Net Position	
<u>Primary Government</u>	
Governmental Activities	Component Unit - Downtown Development Authority
\$ (1,544,863)	\$ -
(3,057,036)	-
(105,885)	-
(124,188)	-
(194,470)	-
(42,165)	-
<u>(5,068,607)</u>	<u>-</u>
-	(129,198)
4,188,418	110,091
1,531,081	-
74,930	386
302,572	-
228,046	4,096
3,209	-
<u>6,328,256</u>	<u>114,573</u>
1,259,649	(14,625)
<u>18,950,293</u>	<u>824,743</u>
<u>\$ 20,209,942</u>	<u>\$ 810,118</u>

Charter Township of Highland

	General	Refuse	Fire Operating	Police
Assets				
Cash and investments (Note 3)	\$ 2,262,588	\$ 796,311	\$ 2,209,165	\$ 2,400,920
Receivables:				
Property taxes receivable	177,716	-	418,735	1,029,683
Special assessments receivable	-	340,219	-	-
Other receivables	-	-	-	13,500
Due from other governmental units	285,370	-	-	-
Advance to component unit	-	-	-	-
Due from other funds	51,432	-	-	-
Funds held on deposit	538,948	-	-	-
	<u>\$ 3,316,054</u>	<u>\$ 1,136,530</u>	<u>\$ 2,627,900</u>	<u>\$ 3,444,103</u>
Total assets				
Liabilities				
Accounts payable	\$ 50,211	\$ -	\$ 64,673	\$ 210,306
Due to other governmental units	2,827	-	-	-
Due to other funds	-	-	-	-
Accrued liabilities and other	-	-	30,271	-
Provision for property tax refunds	730	-	1,749	4,296
	<u>53,768</u>	<u>-</u>	<u>96,693</u>	<u>214,602</u>
Total liabilities				
Deferred Inflows of Resources (Note 4)				
Unavailable revenue	19,505	-	-	-
Property taxes levied for the following year	422,632	-	995,933	2,446,549
Rubbish fee levied for the following year	-	984,150	-	-
	<u>442,137</u>	<u>984,150</u>	<u>995,933</u>	<u>2,446,549</u>
Total deferred inflows of resources				
Fund Balances				
Nonspendable - Long-term receivable	-	-	-	-
Restricted:				
Hauling route maintenance	-	-	-	-
Police	-	-	-	782,952
Fire	-	-	1,535,274	-
Debt service	-	-	-	-
Refuse collection	-	152,380	-	-
Transportation	-	-	-	-
Committed:				
Capital improvements	-	-	-	-
Roads	-	-	-	-
Assigned:				
Technology upgrades	24,000	-	-	-
General potential claims (MMRMA)	538,948	-	-	-
Retiree health care	100,000	-	-	-
Capital improvements	1,000,000	-	-	-
Unassigned	1,157,201	-	-	-
	<u>2,820,149</u>	<u>152,380</u>	<u>1,535,274</u>	<u>782,952</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 3,316,054</u>	<u>\$ 1,136,530</u>	<u>\$ 2,627,900</u>	<u>\$ 3,444,103</u>

The Notes to Financial Statements are an Integral Part of this Statement.

**Governmental Funds
Balance Sheet
December 31, 2016**

Capital Improvement	Nonmajor Funds	Total
\$ 1,931,573	\$ 1,572,953	\$ 11,173,510
-	158,525	1,784,659
-	-	340,219
-	-	13,500
-	89,830	375,200
315,482	-	315,482
-	-	51,432
-	-	538,948
<u>\$ 2,247,055</u>	<u>\$ 1,821,308</u>	<u>\$ 14,592,950</u>
\$ -	\$ 3,692	\$ 328,882
-	-	2,827
-	51,432	51,432
-	-	30,271
-	670	7,445
-	55,794	420,857
-	34,345	53,850
-	380,369	4,245,483
-	-	984,150
-	414,714	5,283,483
277,686	-	277,686
-	274,791	274,791
-	-	782,952
-	646,275	2,181,549
-	107,573	107,573
-	-	152,380
-	361	361
1,969,369	-	1,969,369
-	321,800	321,800
-	-	24,000
-	-	538,948
-	-	100,000
-	-	1,000,000
-	-	1,157,201
2,247,055	1,350,800	8,888,610
<u>\$ 2,247,055</u>	<u>\$ 1,821,308</u>	<u>\$ 14,592,950</u>

Charter Township of Highland

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2016

Fund Balance Reported in Governmental Funds	\$ 8,888,610
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	12,183,892
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	53,850
Bonds payable and installment purchase obligations are not due and payable in the current period and are not reported in the funds	(1,065,636)
Accrued interest is not due and payable in the current period and is not reported in the funds	(5,571)
The net other postemployment benefit assets are not available resources to pay current year expenditures	224,667
Employee compensated absences 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	(19,870)
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>\$ 20,209,942</u>

Charter Township of Highland

	General	Refuse	Fire Operating	Police
Revenue				
Property taxes	\$ 416,676	\$ -	\$ 980,881	\$ 2,408,583
Licenses and permits	278,448	-	-	-
Federal grants	12,815	-	-	-
State-shared revenue and grants	1,531,344	-	83,396	-
Charges for services	203,282	-	-	167,396
Investment income	26,017	3,063	10,595	10,836
Other revenue:				
Special assessments	-	978,450	-	-
Local donations	-	-	-	98,952
Cable franchise fees	302,572	-	-	-
Other miscellaneous income	257,059	7,680	1,628	9,875
Total revenue	3,028,213	989,193	1,076,500	2,695,642
Expenditures - Current				
General government:				
Legislative	24,043	-	-	-
Supervisor's office	154,121	-	-	-
Accounting department	44,898	-	-	-
Treasurer's office	163,789	-	-	-
Assessing	147,713	-	-	-
Clerk's office	222,936	-	-	-
General government	860,586	-	-	-
Cemetery	30,652	-	-	-
Planning	162,377	-	-	-
Zoning Board of Appeals	9,981	-	-	-
Public safety	207,637	-	1,037,134	2,507,093
Public works	-	1,004,461	-	-
Health and welfare	152,117	-	-	-
Community parks	46,340	-	-	-
Debt service	6,369	-	-	-
Total expenditures	2,233,559	1,004,461	1,037,134	2,507,093
Excess of Revenue Over (Under) Expenditures	794,654	(15,268)	39,366	188,549
Other Financing Sources (Uses)				
Proceeds from sale of capital assets (Note 5)	6,200	-	-	-
Transfers in (Note 6)	-	-	-	-
Transfers out (Note 6)	(183,815)	-	(114,000)	-
Total other financing (uses) sources	(177,615)	-	(114,000)	-
Net Change in Fund Balances	617,039	(15,268)	(74,634)	188,549
Fund Balances - Beginning of year	2,203,110	167,648	1,609,908	594,403
Fund Balances - End of year	<u>\$ 2,820,149</u>	<u>\$ 152,380</u>	<u>\$ 1,535,274</u>	<u>\$ 782,952</u>

The Notes to Financial Statements are an
Integral Part of this Statement.

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2016

Capital Improvement	Nonmajor Funds	Total
\$ -	\$ 382,278	\$ 4,188,418
-	-	278,448
-	40,220	53,035
-	15,345	1,630,085
-	-	370,678
17,768	6,651	74,930
-	61,974	1,040,424
-	-	98,952
-	-	302,572
126,524	85,212	487,978
144,292	591,680	8,525,520
-	-	24,043
-	-	154,121
-	-	44,898
-	-	163,789
-	-	147,713
-	-	222,936
-	-	860,586
-	-	30,652
-	-	162,377
-	-	9,981
-	-	3,751,864
7,935	281,300	1,293,696
-	-	152,117
-	-	46,340
-	583,662	590,031
7,935	864,962	7,655,144
136,357	(273,282)	870,376
-	-	6,200
-	369,665	369,665
(71,850)	-	(369,665)
(71,850)	369,665	6,200
64,507	96,383	876,576
2,182,548	1,254,417	8,012,034
\$ 2,247,055	\$ 1,350,800	\$ 8,888,610

Charter Township of Highland

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 876,576
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	357,465
Depreciation expense	(514,844)
Loss on disposal of capital assets	(2,991)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(25,595)
Accrued interest payable is recorded when due in governmental funds	4,445
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	543,421
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(5,377)
Change in other postemployment benefits	<u>26,549</u>
Change in Net Position of Governmental Activities	<u>\$ 1,259,649</u>

Charter Township of Highland

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2016

	Agency Fund			
	Special Escrow Funds	Current Tax Fund	Highland Adult Activity Center Fund	Postemployment Benefits Trust
Assets				
Cash and cash equivalents	\$ 886,719	\$ 810,666	\$ 11,946	\$ 51,027
Investments:				
Negotiable CDs	-	-	-	140,937
Alternative investments	-	-	-	94,352
Mutual funds	-	-	-	677,724
Total assets	886,719	810,666	11,946	964,040
Liabilities				
Due to other governmental units	1,244	-	-	-
Accrued liabilities and other	-	-	11,946	-
Performance bonds and other	885,475	-	-	-
Tax collection distributions	-	810,666	-	-
Total liabilities	886,719	810,666	11,946	-
Net Position Held in Trust for OPEB	\$ -	\$ -	\$ -	\$ 964,040

Charter Township of Highland

Fiduciary Funds Statement of Changes in Fiduciary Net Position Postemployment Benefits Trust Year Ended December 31, 2016

	<u>Postemployment Benefits Trust</u>
Additions	
Investment income:	
Interest and dividends	\$ 26,447
Net increase in fair value of investments	<u>22,188</u>
Net investment income	48,635
Contributions - Employer contributions	<u>44,365</u>
Total additions	93,000
Deductions	
Benefit payments	44,365
Administrative expenses	<u>8,202</u>
Total deductions	<u>52,567</u>
Net Increase in Net Position Held in Trust	40,433
Net Position Held in Trust for Other Employee Benefits - Beginning of year	<u>923,607</u>
Net Position Held in Trust for Other Employee Benefits - End of year	<u><u>\$ 964,040</u></u>

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Charter Township of Highland (the "Township"):

Reporting Entity

The Charter Township of Highland 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. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

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

The Brownfield Development Authority (the "BRDA") was created, pursuant to Public Act 381 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.

Accounting and Reporting Principles

The Township 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.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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 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.

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 two broad fund types:

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

- The General Fund, which is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

- The Refuse Fund, which 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, which is used to account for the assets and operations of the fire department that are financed primarily by property taxes
- The Police Fund, which 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, which 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.

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government programs. Activities that are reported as fiduciary include:

- The Postemployment Benefits Trust Fund, which accumulates resources for future retiree healthcare payments to retirees
- Agency funds, which account for assets held by the Township in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Interfund Activity

During the course of operations, the government 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.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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.

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 healthcare-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 will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments - 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 are stated at fair value.

Prepaid Items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water mains and improvements to county-owned roads), are reported in the governmental 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 \$1,000 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 valued at the cost of acquisition.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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

Capital Asset Class	Years
Buildings and building improvements	50
Water mains	50
Library building	75
Furniture and equipment	3-20
Office equipment	7-10

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 bonds 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 an “other financing source,” as well as bond premiums and discounts. The Library Building Fund, Water Fund, and Fire Capital Fund are generally used to liquidate governmental 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 so 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 so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Township also 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 as well as 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.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption - Sometimes the Township will 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 Assumption - Sometimes the Township will 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 Township'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 government's highest level of decision-making authority. The Township board is the highest level of decision-making authority for the Township 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 board has, by resolution, authorized the supervisor, clerk, and treasurer to assign fund balance. Unlike commitments, assignments generally only exist 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.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

The fund balance policy prescribes the minimum fund balance as 40 percent of budgeted 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 Projects 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 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 2016 tax is levied and collectible on December 1, 2015 and is recognized as revenue in the year ended December 31, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the Township totaled \$687.9 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, 0.5500 mills for library debt service, 1.4295 mills for fire operations, and 3.5117 mills for police operations. Net of various adjustments, this resulted in revenue of \$412,000 for operating, \$382,000 for library debt services, \$981,000 for fire operations, and \$2.4 million for police operations. These amounts are recognized in the respective General Fund, Special Revenue Fund, and Debt Service Fund financial statements as tax revenue.

Other Postemployment Benefit Costs - The Township offers healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 1 - Summary of 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.

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 January 1, 2000 is as follows:

Shortfall at January 1, 2016		\$	(284,769)
Current year permit revenue			277,634
Related expenses:			
Direct costs	\$	(207,637)	
Estimated indirect costs		<u>(35,794)</u>	<u>(243,431)</u>
Current year revenue			<u>34,203</u>
Cumulative shortfall at December 31, 2016		\$	<u><u>(250,566)</u></u>

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, which matures 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 that are legal for direct investment by local units of government in Michigan.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 3 - Deposits and Investments (Continued)

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 14 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 had approximately \$6,200,000 of bank deposits (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 FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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.

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.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 3 - Deposits and Investments (Continued)

At year end, the Township had the following investments:

Investment	Fair Value	Weighted Average Maturity
Primary Government		
Investment pools - MI CLASS	\$ 935,873	64 days
Investment pools - LGIP	<u>1,372,724</u>	0.66 days
Total	<u>\$ 2,308,597</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	\$ 935,873	AAAm	S&P
Investment pools - LGIP	1,372,724	N/A	Not Rated
Money market funds	<u>1,866,104</u>	N/A	Not Rated
Total	<u>\$ 4,174,701</u>		

Fiduciary Funds - Postemployment Benefits Trust

Mutual funds	<u>\$ 677,724</u>	N/A	Not Rated
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Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer.

The Charter Township of Highland's investments more than 15 percent are in the Oakland County Local Government Investment Pool (the "LGIP"). The LGIP is not registered with the 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.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 3 - Deposits and Investments (Continued)

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; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby 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 or liability.

The Township has the following recurring fair value measurements as of December 31, 2016:

- OPEB investments (\$677,724 of equity securities) using quoted market prices (Level 1 inputs)
- The Township's investments in the Oakland County LGIP (\$1,372,724) and Michigan CLASS (\$935,873) are measured at net asset value (NAV).
- The Township's investments in real estate investment trusts (REIT), Industrial Property Trust (\$48,852) and Northstar Healthcare Income (\$45,500) are measured at net asset value (NAV).

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

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

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment companies whereby 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.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 3 - Deposits and Investments (Continued)

At the year ended December 31, 2016, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Oakland County government investment pool	\$ 1,372,724	\$ -	No restrictions	None
Michigan CLASS investment pool	935,873	-	No restrictions	None
Industrial Property Trust (REIT)	48,852	-	No restrictions	None
Northstar Healthcare Income (REIT)	45,500	-	No restrictions	None
Total investments measured at NAV	<u>\$ 2,402,949</u>	<u>\$ -</u>		

The Oakland County LGIP invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily needs of participants.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations for the U.S. government, high grade commercial paper (rate "A 1" 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 Industrial Property Trust (REIT) operates high-quality distribution warehouses that are leased to corporate customers. The trust seeks to acquire properties that produce rental revenue for the trust by means of the rents the corporate customers pay to use the properties for their businesses.

The Northstar Healthcare Income (REIT) is a Maryland corporation formed to acquire, originate, and asset manage a diversified portfolio of equity and debt investments in healthcare real estate, with a focus on the mid-acuity senior housing sector.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 4 - Deferred Inflows of Resources

At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	Governmental Funds	Governmental Activities
Property taxes levied for the next fiscal year	\$ 4,245,483	\$ 4,245,483
Rubbish fee levied for the next fiscal year	984,150	984,150
Grant revenue - Unavailable	53,850	-
Total deferred inflows	<u>\$ 5,283,483</u>	<u>\$ 5,229,633</u>

Deferred inflows of resources in the Downtown Development Authority of \$67,181 represent property taxes levied for the next fiscal year.

Note 5 - Capital Assets

Capital asset activity of the Township's governmental activities was as follows:

	Balance January 1, 2016	Reclassifications	Additions	Disposals	Balance December 31, 2016
Governmental Activities					
Capital assets not being depreciated - Land	\$ 2,690,096	\$ -	\$ -	\$ -	\$ 2,690,096
Capital assets being depreciated:					
Buildings and improvements	4,681,266	-	50,164	-	4,731,430
Library building	5,903,268	-	-	-	5,903,268
Furniture and equipment	3,453,035	-	168,486	(122,754)	3,498,767
Water mains	1,599,100	-	-	-	1,599,100
Improvements to county-owned roads	243,204	-	138,815	-	382,019
Subtotal	15,879,873	-	357,465	(122,754)	16,114,584
Accumulated depreciation:					
Buildings and improvements	2,322,108	-	157,858	-	2,479,966
Library building	1,597,000	-	118,826	-	1,715,826
Furniture and equipment	1,880,755	-	190,289	(119,763)	1,951,281
Water mains	416,700	-	31,982	-	448,682
Improvements to county-owned roads	9,144	-	15,889	-	25,033
Total	6,225,707	-	514,844	(119,763)	6,620,788
Net capital assets being depreciated	9,654,166	-	(157,379)	(2,991)	9,493,796
Total	<u>\$ 12,344,262</u>	<u>\$ -</u>	<u>\$ (157,379)</u>	<u>\$ (2,991)</u>	<u>\$ 12,183,892</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, 2016.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 5 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 138,150
Public safety	193,294
Public works	31,982
Recreation and culture	151,418
	<u>514,844</u>
Total governmental activities	<u>\$ 514,844</u>

Note 6 - Interfund Receivables, Payables, and Transfers

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds -		
General Fund	Nonmajor governmental funds - Transportation Fund	<u>\$ 51,432</u>

Receivable Fund	Payable Fund	Amount
Long-term Advance to/from Primary Government and Component Units		
Capital Improvement Fund	Downtown Development Authority	<u>\$ 315,482</u>

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

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Nonmajor governmental funds	\$ 183,815
Fire Operating Fund	Nonmajor governmental funds	114,000
Capital Improvement Fund	Nonmajor governmental funds	<u>71,850</u>
	Total	<u>\$ 369,665</u>

Interfund balance results from the time lag between the dates goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

The transfers from the General Fund to the Capital Improvement Fund are for a land purchase and for future projects. The transfers from the General Fund and the Capital Improvement Fund to the nonmajor governmental funds are to cover dust control expenses and construction. The transfers from the Fire Operating Fund to the nonmajor governmental funds are for the purchase of fire-related capital assets.

Note 7 - 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. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the Township) are received.

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
General obligation bonds -						
Library building:						
Original issue \$3,135,000						
Maturing through 2019	2.5% - 3.25%	\$ 1,405,000	\$ -	\$ 355,000	\$ 1,050,000	\$ 355,000
Special assessment bond -						
M-59 water main:						
Original issue \$1,060,000						
Maturing through 2016	4.63% - 4.70%	75,000	-	75,000	-	-
Other long-term obligations -						
Installment purchase obligations:						
Fire vehicle:						
Original issue \$895,198						
Maturing through 2016	4.59%	108,874	-	108,874	-	-
Phone system:						
Original issue \$25,155						
Maturing through 2019	10.0%	20,184	-	4,548	15,636	4,984
Total debt payable		1,609,058	-	543,422	1,065,636	359,984
Compensated absences		14,493	19,870	14,493	19,870	19,870
Total governmental activities		\$ 1,623,551	\$ 19,870	\$ 557,915	\$ 1,085,506	\$ 379,854

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 7 - Long-term Debt (Continued)

The special assessment bond represents the financing of public improvements that benefit specific districts; these districts are specially assessed, at least in part, for the cost of the improvements. As of December 31, 2016, the Township has paid off the remaining \$57,000 of special assessment receivable, paid off the remaining special assessment bond, and closed out the fund.

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.

Interest expense for the year ended December 31, 2016 was approximately \$42,000. Annual debt service requirements to maturity for the above bonds and note obligations (excluding compensated absences), including both principal and interest, as of December 31, 2016 are as follows:

<u>Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 359,984	\$ 28,993	\$ 388,977
2018	355,549	17,361	372,910
2019	350,103	5,841	355,944
Net	<u>\$ 1,065,636</u>	<u>\$ 52,195</u>	<u>\$ 1,117,831</u>

Note 8 - 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 (the "Authority") 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 Michigan Municipal Risk Management Authority (the "Authority") 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 the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 8 - 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:

	General Liability	
	2016	2015
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 9 - Defined Contribution Pension Plan

The Township provides pension benefits to all of its full-time employees and 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 board of trustees, the Township contributes 15 percent of the Township employees' base annual salary for eligible employees hired before June 20, 2016, and 5 percent of the Township employees' base annual salary for in-house 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 \$112,000 during the current year. There are no provisions in the plan for employee contributions. As of December 31, 2016, there are 17 participants in the plan.

Note 10 - Other Postemployment Benefits

Plan Description - The Township provides retiree healthcare benefits to eligible employees. Currently, 15 retirees are eligible for postemployment health benefits. In addition, three active employees may be entitled to benefits upon retirement.

This is a single-employer defined benefit plan administered by the Township. The benefits are provided at the discretion of the Township. The plan does not issue a stand-alone financial statement. Administrative costs are paid by the plan.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 10 - Other Postemployment Benefits (Continued)

Funding Policy - There are no provisions in the plan for employee contributions. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). However, as shown below, the Township has made contributions to advance-fund these benefits, as determined by the Township board through annual budget resolutions. In the current year, the Township paid postemployment healthcare premiums of \$44,365 into a prefunded retiree healthcare fund, which is reported in these financial statements as a pension and other employee benefit trust fund type.

Annual OPEB Cost and Net OPEB Obligation - The Township's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer. The Township has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 29 years on a closed basis. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligation:

Annual required contribution (recommended)	\$ 18,522
Interest on the prior year's net OPEB obligation	(5,943)
Plus adjustment to the annual required contribution	<u>5,237</u>
Annual OPEB cost	17,816
Amounts contributed - Current premiums	<u>(44,365)</u>
Increase in net OPEB asset	(26,549)
OPEB (asset) - Beginning of year	<u>(198,118)</u>
OPEB (asset) - End of year	<u>\$ (224,667)</u>

Employer contributions and annual OPEB cost data since the establishment of the plan in 2008 were as follows:

Fiscal Year Ended	Alternative Measurement Method Date	Annual Required Contribution	Annual OPEB Costs	Employer Contributions		Net OPEB (Asset) Obligation
				Percentage of ARC Contributed	Percentage of OPEB Costs Contributed	
12/31/16	12/31/15	\$ 18,522	\$ 17,815	239.5 %	249.0 %	\$ (224,667)
12/31/15	12/31/15	22,795	22,258	306.7	314.1	(198,118.0)
12/31/14	1/1/14	46,596	46,879	862.1	856.9	(150,453)
12/31/13	1/1/11	160,339	161,221	59.2	58.9	204,392
12/31/12	1/1/11	160,339	161,147	93.4	92.9	138,156
12/31/11	1/1/11	160,339	160,301	48.5	48.5	126,697

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 10 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Alternative Measurement Method Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/15	\$ 923,607	\$ 1,107,728	\$ 184,121	83.4 %	\$ 333,881	55.1 %
1/1/14	571,271	1,165,430	594,159	49.0	415,651	142.9
1/1/11	297,256	1,998,003	1,700,747	14.9	883,822	192.4
1/1/08	-	1,004,881	1,004,881	-	885,737	113.5

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 calculation, the entry age actuarial cost method was used. The assumptions included a 3.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on plan assets. The UAAL is being amortized as a level percentage of projected payroll on a closed basis for 29 years.

The following simplifying assumptions were made:

Retirement Age for Active Employees - Based on historical average retirement age for the covered group and the ages of current employees, active plan members were assumed to retire at age 65, or at the first subsequent year in which the member would qualify for benefits.

Marital Status - Marital status of members is irrelevant as the plan does not cover spouses or other dependents.

Mortality - Life expectancies were based on mortality tables from the Centers for Disease Control and Prevention (www.cdc.gov).

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 10 - Other Postemployment Benefits (Continued)

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Inflation Rate - The expected long-term inflation assumption of 2.5 percent was based on projected changes in the Consumer Price Index (www.bls.gov/cpi).

Turnover - Nongroup-specific age-based turnover data from GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - The cost of providing insurance is expected to increase between 5.60 percent and 6.60 percent per year, based on projections from the Centers for Medicare and Medicaid Services (www.cms.gov).

Health Insurance Premiums - Fiscal year 2015 healthcare insurance premiums for retirees and current employees were used as the basis for calculation of the present value of total benefits to be paid.

Note 11 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the Township will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The Township is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

Charter Township of Highland

Notes to Financial Statements December 31, 2016

Note 11 - Upcoming Accounting Pronouncements (Continued)

The Governmental Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This standard defines an asset retirement obligation (ARO) as “a legally enforceable liability associated with the retirement of a tangible capital asset.” Examples include the removal of a sewage treatment plant or the removal of wind turbines. The GASB recognizes that specific guidance did not exist for these types of AROs as there did for the closure and postclosure care costs for landfills. This statement provides guidance for measuring and recording other AROs and is effective for the Township's financial statements for the year ending December 31, 2019.

Note 12 - Change in Accounting

During the year, the Township adopted GASB Statement No. 72, *Fair Value Measurement and Application*. As a result, the notes to the financial statements now include enhanced disclosures about fair value measurement, the level of fair value hierarchy, and valuation techniques.

Required Supplemental Information

Charter Township of Highland

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 398,500	\$ 398,500	\$ 416,676	\$ 18,176
Licenses and permits	126,000	146,000	278,448	132,448
Federal grants	-	-	12,815	12,815
State-shared revenue and grants	1,450,000	1,450,000	1,531,344	81,344
Charges for services	102,700	102,700	203,282	100,582
Investment income	7,000	7,000	26,017	19,017
Other revenue:				
Cable franchise fees	225,000	225,000	302,572	77,572
Other miscellaneous income	84,000	65,000	257,059	192,059
Total revenue	<u>2,393,200</u>	<u>2,394,200</u>	<u>3,028,213</u>	<u>634,013</u>
Expenditures - Current				
General government:				
Legislative	27,316	27,316	24,043	3,273
Supervisor's office	153,505	162,421	154,121	8,300
Accounting department	43,594	45,466	44,898	568
Treasurer's office	167,695	171,292	163,789	7,503
Assessing	147,025	151,253	147,713	3,540
Clerk's office	241,009	244,795	222,936	21,859
General government	1,028,049	1,010,417	866,955	143,462
Cemetery	35,442	35,442	30,652	4,790
Planning	190,089	194,944	162,377	32,567
Zoning Board of Appeals	11,300	11,300	9,981	1,319
Total general government	<u>2,045,024</u>	<u>2,054,646</u>	<u>1,827,465</u>	<u>227,181</u>
Public safety	181,787	206,375	207,637	(1,262)
Health and welfare	170,120	221,737	152,117	69,620
Recreation and culture	63,000	63,000	46,340	16,660
Total expenditures	<u>2,459,931</u>	<u>2,545,758</u>	<u>2,233,559</u>	<u>312,199</u>
Excess of Revenue (Under) Over Expenditures	(66,731)	(151,558)	794,654	946,212
Other Financing (Uses) Sources				
Transfers out	(183,815)	(183,815)	(183,815)	-
Proceeds from sale of capital assets	-	-	6,200	6,200
Total other financing uses	<u>(183,815)</u>	<u>(183,815)</u>	<u>(177,615)</u>	<u>6,200</u>
Net Change in Fund Balance	(250,546)	(335,373)	617,039	952,412
Fund Balance - Beginning of year	<u>2,203,110</u>	<u>2,203,110</u>	<u>2,203,110</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 1,952,564</u></u>	<u><u>\$ 1,867,737</u></u>	<u><u>\$ 2,820,149</u></u>	<u><u>\$ 952,412</u></u>

Charter Township of Highland

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Refuse Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 3,500	\$ 3,500	\$ 3,063	\$ (437)
Other revenue:				
Special assessments	970,500	970,500	978,450	7,950
Other miscellaneous income	-	-	7,680	7,680
Total revenue	974,000	974,000	989,193	15,193
Expenditures - Current - Public works - Refuse collection	1,009,240	1,007,095	1,004,461	2,634
Net Change in Fund Balance	(35,240)	(33,095)	(15,268)	17,827
Fund Balance - Beginning of year	167,648	167,648	167,648	-
Fund Balance - End of year	<u>\$ 132,408</u>	<u>\$ 134,553</u>	<u>\$ 152,380</u>	<u>\$ 17,827</u>

Charter Township of Highland

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Operating Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 956,578	\$ 956,578	\$ 980,881	\$ 24,303
Grants	125,000	125,000	83,396	(41,604)
Investment income	-	-	10,595	10,595
Other revenue	2,000	4,000	1,628	(2,372)
Total revenue	1,083,578	1,085,578	1,076,500	(9,078)
Expenditures - Current - Public safety - Fire department	1,145,500	1,149,500	1,037,134	112,366
Excess of Revenue (Under) Over Expenditures	(61,922)	(63,922)	39,366	103,288
Transfers Out	(114,000)	(114,000)	(114,000)	-
Net Change in Fund Balance	(175,922)	(177,922)	(74,634)	103,288
Fund Balance - Beginning of year	1,609,908	1,609,908	1,609,908	-
Fund Balance - End of year	<u>\$ 1,433,986</u>	<u>\$ 1,431,986</u>	<u>\$ 1,535,274</u>	<u>\$ 103,288</u>

Charter Township of Highland

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,340,000	\$ 2,340,000	\$ 2,408,583	\$ 68,583
Charges for services	174,000	174,000	167,396	(6,604)
Investment income	7,500	7,500	10,836	3,336
Other revenue:				
Local donations	105,000	105,000	98,952	(6,048)
Other miscellaneous income	-	-	9,875	9,875
Total revenue	2,626,500	2,626,500	2,695,642	69,142
Expenditures - Current - Public safety -				
Police services	2,600,720	2,600,720	2,507,093	93,627
Net Change in Fund Balance	25,780	25,780	188,549	162,769
Fund Balance - Beginning of year	594,403	594,403	594,403	-
Fund Balance - End of year	<u>\$ 620,183</u>	<u>\$ 620,183</u>	<u>\$ 782,952</u>	<u>\$ 162,769</u>

Charter Township of Highland

Note to Required Supplemental Information Year Ended December 31, 2016

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.

The budget overage in the General Fund for public safety relates to increased building department activity that was not budgeted for, which was offset by an increase in revenue.

Charter Township of Highland

Required Supplemental Information Other Postemployment Benefits System Schedule Year Ended December 31, 2016

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/15	\$ 923,607	\$ 1,107,728	\$ 184,121	83.4 %	\$ 333,881	55.1 %
1/1/14	571,271	1,165,430	594,159	49.0	415,651	142.9
1/1/11	297,256	1,998,003	1,700,747	14.9	883,822	192.4
1/1/08	-	1,004,881	1,004,881	-	885,737	113.5

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/16	12/31/15	\$ 18,522	239.5 %
12/31/15	12/31/15	22,795	306.7
12/31/14	1/1/14	46,596	862.1
12/31/13	1/1/11	160,339	59.2
12/31/12	1/1/11	160,339	93.4
12/31/11	1/1/11	160,339	48.5

Other Supplemental Information

Charter Township of Highland

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2016

	Special Revenue	Debt Service	Capital Projects Funds			Total Nonmajor Governmental Funds
	Funds	Funds				
	Transportation	Library Building	Road	Fire Capital	Water	
Assets						
Cash and investments	\$ -	\$ 330,087	\$ 596,591	\$ 646,275	\$ -	\$ 1,572,953
Receivables:						
Property taxes receivable	-	158,525	-	-	-	158,525
Due from other governmental units	89,830	-	-	-	-	89,830
Total assets	89,830	488,612	596,591	646,275	-	1,821,308
Liabilities						
Accounts payable	\$ 3,692	\$ -	\$ -	\$ -	\$ -	\$ 3,692
Due to other funds	51,432	-	-	-	-	51,432
Accrued liabilities and other - Provision for property tax refunds	-	670	-	-	-	670
Total liabilities	55,124	670	-	-	-	55,794
Deferred Inflows of Resources						
Unavailable revenue	34,345	-	-	-	-	34,345
Property taxes levied for the following year	-	380,369	-	-	-	380,369
Total deferred inflows of resources	34,345	380,369	-	-	-	414,714
Fund Balances						
Restricted:						
Hauling route maintenance	-	-	274,791	-	-	274,791
Fire	-	-	-	646,275	-	646,275
Debt service	-	107,573	-	-	-	107,573
Transportation	361	-	-	-	-	361
Committed - Roads	-	-	321,800	-	-	321,800
Total fund balances	361	107,573	596,591	646,275	-	1,350,800
Total liabilities, deferred inflows of resources, and fund balances	\$ 89,830	\$ 488,612	\$ 596,591	\$ 646,275	\$ -	\$ 1,821,308

Charter Township of Highland

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended December 31, 2016

	Special	Debt Service	Capital Projects Funds			Total Nonmajor Governmental Funds	
	Revenue Funds	Funds	Transportation	Library Building	Road		Fire Capital
Revenue							
Property taxes	\$ -	\$ 382,278	\$ -	\$ -	\$ -	\$ -	\$ 382,278
Federal grants	40,220	-	-	-	-	-	40,220
State grants	15,345	-	-	-	-	-	15,345
Investment income	-	1,052	394	-	5,179	26	6,651
Other revenue:							
Special assessments	-	-	-	-	-	61,974	61,974
Other miscellaneous income	34,477	-	50,735	-	-	-	85,212
Total revenue	90,042	383,330	51,129	5,179	62,000	591,680	
Expenditures							
Current - Public works	89,681	-	180,458	-	11,161	-	281,300
Debt service	-	394,250	-	112,637	76,775	-	583,662
Total expenditures	89,681	394,250	180,458	112,637	87,936	864,962	
Excess of Revenue Over (Under) Expenditures	361	(10,920)	(129,329)	(107,458)	(25,936)	(273,282)	
Other Financing Sources -							
Transfers in	-	-	255,665	114,000	-	-	369,665
Net Change in Fund Balances	361	(10,920)	126,336	6,542	(25,936)	96,383	
Fund Balances - Beginning of year	-	118,493	470,255	639,733	25,936	1,254,417	
Fund Balances - End of year	\$ 361	\$ 107,573	\$ 596,591	\$ 646,275	\$ -	\$ 1,350,800	