
Charter Township of Highland

Oakland County, Michigan

Financial Report
with Supplementary Information
December 31, 2025

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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, 2025 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, 2025 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.

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.

To the Township Board of Trustees
Charter Township of Highland

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.

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 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.



April 22, 2026

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, 2025.

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 \$41,754,153 at the close of the most recent fiscal year.

The Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 29,473,576	\$ 28,085,096	\$ 460,481	\$ 372,006	\$ 29,934,057	\$ 28,457,102
Capital assets	27,297,027	27,836,078	6,923,435	7,071,814	34,220,462	34,907,892
Total assets	56,770,603	55,921,174	7,383,916	7,443,820	64,154,519	63,364,994
Liabilities						
Current liabilities	870,787	1,209,368	8,810	9,603	879,597	1,218,971
Noncurrent liabilities	6,558,209	6,913,618	381,000	449,000	6,939,209	7,362,618
Total liabilities	7,428,996	8,122,986	389,810	458,603	7,818,806	8,581,589
Deferred Inflows of Resources	14,581,560	14,457,745	-	-	14,581,560	14,457,745
Net Position						
Net investment in capital assets	20,905,569	21,070,249	6,542,435	6,622,814	27,448,004	27,693,063
Restricted	6,351,636	5,366,435	65,104	77,059	6,416,740	5,443,494
Unrestricted	7,502,842	6,903,759	386,567	285,344	7,889,409	7,189,103
Total net position	\$ 34,760,047	\$ 33,340,443	\$ 6,994,106	\$ 6,985,217	\$ 41,754,153	\$ 40,325,660

The Township's net position increased by approximately 3.5 percent from a year ago, increasing from \$40,325,660 to \$41,754,153. Unrestricted net position, the part of net position that can be used to finance day-to-day operations, totaled \$7,889,409, or about 59 percent of expenses, which is an increase of \$700,306 from a year ago.

Public safety continues to be the Township's greatest expense, totaling approximately 60 percent of total governmental activities expenditures. The Township did see an increase in public safety expenditures during the year due to increased staffing costs.

Charter Township of Highland

Management's Discussion and Analysis (Continued)

The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue						
Program revenue:						
Charges for services	\$ 2,461,359	\$ 2,472,247	\$ 1,189,791	\$ 1,057,593	\$ 3,651,150	\$ 3,529,840
Operating grants	191,888	953,294	-	-	191,888	953,294
General revenue:						
Taxes - Property taxes	7,158,605	6,721,460	-	-	7,158,605	6,721,460
Intergovernmental	2,192,881	2,145,668	-	-	2,192,881	2,145,668
Investment earnings	730,338	764,811	1,427	1,302	731,765	766,113
Other revenue	870,363	865,237	74,497	-	944,860	865,237
Total revenue	13,605,434	13,922,717	1,265,715	1,058,895	14,871,149	14,981,612
Expenses						
General government	2,503,325	2,536,503	-	-	2,503,325	2,536,503
Public safety	7,334,026	6,444,681	-	-	7,334,026	6,444,681
Public works	1,374,128	1,476,207	-	-	1,374,128	1,476,207
Health and welfare	594,719	530,167	-	-	594,719	530,167
Community and economic development	34,517	-	-	-	34,517	-
Recreation and culture	183,736	167,972	-	-	183,736	167,972
Debt service	161,379	177,004	-	-	161,379	177,004
Water	-	-	1,256,826	1,173,095	1,256,826	1,173,095
Total expenses	12,185,830	11,332,534	1,256,826	1,173,095	13,442,656	12,505,629
Change in Net Position	\$ 1,419,604	\$ 2,590,183	\$ 8,889	\$ (114,200)	\$ 1,428,493	\$ 2,475,983

Financial Analysis of Individual Funds

Our analysis of the Township's major funds begins on page 9, 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 2025 include the General 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

Some of the 2025 township budget expenditures included staff adjustments, benefit cost increases, and salary increases to keep up with inflation and labor market trends.

Capital Assets and Debt Administration

At the end of 2025, the Township had \$34,220,462 invested in a broad range of capital assets, including buildings, property, equipment, water mains, water systems, and county-owned roads. Current year additions totaling \$1,268,162 primarily consisted of the boardwalk, building improvements, park improvements, vehicles, and fire equipment purchases.

At the end of 2025, the Township had outstanding long-term debt of \$6,066,000. 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 2026 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 by providing 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.

Highland residents have showed their continued support for our community by approving a capital improvement millage for the fire department in 2018 and renewing the recent millages for fire department operations (2022) and police (2024). The fire operating millage will be up for renewal again in 2026. The police millage extends through 2030. The Township will need to address the increasing costs for these services in the coming years.

The Township has been working on addressing the need for maintenance of township assets, including the park properties. We are working on our capital improvement plan to provide more information to the public about upcoming projects and costs.

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, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Assets				
Cash and investments (Note 3)	\$ 18,067,751	\$ 134,395	\$ 18,202,146	\$ 553,883
Receivables:				
Property taxes receivable	3,914,750	-	3,914,750	176,747
Special assessments receivable	521,392	-	521,392	-
Customer receivables	-	251,085	251,085	-
Leases receivable (Note 10)	6,450,301	-	6,450,301	-
Other receivables	141,364	-	141,364	-
Due from other governments	368,186	-	368,186	-
Internal balances	(75,001)	75,001	-	-
Prepaid expenses and other assets	84,833	-	84,833	-
Capital assets: (Note 4)				
Assets not subject to depreciation	3,495,431	46,779	3,542,210	-
Assets subject to depreciation - Net	23,801,596	6,876,656	30,678,252	1,231,444
Total assets	56,770,603	7,383,916	64,154,519	1,962,074
Liabilities				
Accounts payable	425,818	7,857	433,675	8,805
Refundable deposits, bonds, etc.	388,671	-	388,671	-
Accrued liabilities and other	9,519	953	10,472	9,614
Unearned revenue	46,779	-	46,779	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	116,751	-	116,751	-
Current portion of long-term debt (Note 6)	389,371	72,000	461,371	-
Due in more than one year:				
Provision for claims	50,000	-	50,000	-
Long-term debt (Note 6)	6,002,087	309,000	6,311,087	-
Total liabilities	7,428,996	389,810	7,818,806	18,419
Deferred Inflows of Resources				
Property taxes levied for the following year	7,576,276	-	7,576,276	239,323
Rubbish levied for the following year	1,223,460	-	1,223,460	-
Deferred inflows from leases (Note 10)	5,781,824	-	5,781,824	-
Total deferred inflows of resources	14,581,560	-	14,581,560	239,323
Net Position				
Net investment in capital assets	20,905,569	6,542,435	27,448,004	1,231,444
Restricted:				
Hauling route maintenance	801,568	-	801,568	-
Police	2,561,389	-	2,561,389	-
Fire	2,399,160	-	2,399,160	-
Refuse collection	289,575	-	289,575	-
Building department	227,876	-	227,876	-
Emergency repair reserve	-	65,104	65,104	-
Opioid settlement	72,068	-	72,068	-
Unrestricted	7,502,842	386,567	7,889,409	472,888
Total net position	\$ 34,760,047	\$ 6,994,106	\$ 41,754,153	\$ 1,704,332

Charter Township of Highland

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 2,503,325	\$ 508,224	\$ 39,980	\$ -
Public safety	7,334,026	715,457	132,541	-
Public works	1,374,128	1,236,047	-	-
Health and welfare	594,719	-	19,367	-
Community and economic development	34,517	-	-	-
Recreation and culture	183,736	1,631	-	-
Interest on long-term debt	161,379	-	-	-
Total governmental activities	12,185,830	2,461,359	191,888	-
Business-type activities - Water	1,256,826	1,189,791	-	-
Total primary government	\$ 13,442,656	\$ 3,651,150	\$ 191,888	\$ -
Component unit - Downtown Development Authority	\$ 276,572	\$ -	\$ 11,500	\$ 250,000

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, 2025

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,955,121)	\$ -	\$ (1,955,121)	\$ -
(6,486,028)	-	(6,486,028)	-
(138,081)	-	(138,081)	-
(575,352)	-	(575,352)	-
(34,517)	-	(34,517)	-
(182,105)	-	(182,105)	-
(161,379)	-	(161,379)	-
(9,532,583)	-	(9,532,583)	-
-	(67,035)	(67,035)	-
(9,532,583)	(67,035)	(9,599,618)	-
-	-	-	(15,072)
7,158,605	-	7,158,605	377,207
2,192,881	-	2,192,881	45,838
730,338	1,427	731,765	19,614
256,394	-	256,394	-
24,806	74,497	99,303	-
589,163	-	589,163	18,275
10,952,187	75,924	11,028,111	460,934
1,419,604	8,889	1,428,493	445,862
33,340,443	6,985,217	40,325,660	1,258,470
<u>\$ 34,760,047</u>	<u>\$ 6,994,106</u>	<u>\$ 41,754,153</u>	<u>\$ 1,704,332</u>

Charter Township of Highland

Governmental Funds Balance Sheet

December 31, 2025

	General	Fire Operating	Police	Capital Improvement	Nonmajor Funds	Total Governmental Funds
Assets						
Cash and investments (Note 3)	\$ 4,636,587	\$ 2,863,173	\$ 4,724,390	\$ 2,983,608	\$ 2,859,993	\$ 18,067,751
Receivables:						
Property taxes receivable	351,566	1,073,600	1,928,945	-	560,639	3,914,750
Special assessments receivable	-	-	-	-	521,392	521,392
Leases receivable	-	-	-	6,450,301	-	6,450,301
Other receivables	60,896	-	-	-	80,468	141,364
Due from other governments	368,186	-	-	-	-	368,186
Prepaid expenses and other assets	-	-	-	-	84,833	84,833
Total assets	\$ 5,417,235	\$ 3,936,773	\$ 6,653,335	\$ 9,433,909	\$ 4,107,325	\$ 29,548,577
Liabilities						
Accounts payable	\$ 46,423	\$ 67,319	\$ 312,049	\$ -	\$ 27	\$ 425,818
Due to other funds (Note 5)	-	-	-	75,001	-	75,001
Refundable deposits, bonds, etc.	388,671	-	-	-	-	388,671
Accrued liabilities and other	9,129	390	-	-	-	9,519
Unearned revenue	-	-	46,779	-	-	46,779
Total liabilities	444,223	67,709	358,828	75,001	27	945,788
Deferred Inflows of Resources						
Unavailable revenue	24	-	-	-	72,068	72,092
Property taxes levied for the following year	680,389	2,078,979	3,733,118	-	1,083,790	7,576,276
Rubbish levied for the following year	-	-	-	-	1,223,460	1,223,460
Deferred inflows from leases	-	-	-	5,781,824	-	5,781,824
Total deferred inflows of resources	680,413	2,078,979	3,733,118	5,781,824	2,379,318	14,653,652
Total liabilities and deferred inflows of resources	1,124,636	2,146,688	4,091,946	5,856,825	2,379,345	15,599,440
Fund Balances						
Nonspendable - Prepays	-	-	-	-	84,833	84,833
Restricted:						
Hauling route maintenance	-	-	-	-	801,568	801,568
Police	-	-	2,561,389	-	-	2,561,389
Fire	-	1,790,085	-	-	524,242	2,314,327
Refuse collection	-	-	-	-	289,575	289,575
Building department	227,876	-	-	-	-	227,876
Committed:						
Capital projects	-	-	-	3,577,084	-	3,577,084
Roads	-	-	-	-	27,762	27,762
Assigned - Future planned expenditures	2,000,000	-	-	-	-	2,000,000
Unassigned	2,064,723	-	-	-	-	2,064,723
Total fund balances	4,292,599	1,790,085	2,561,389	3,577,084	1,727,980	13,949,137
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,417,235	\$ 3,936,773	\$ 6,653,335	\$ 9,433,909	\$ 4,107,325	\$ 29,548,577

Charter Township of Highland

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

December 31, 2025

Fund Balances Reported in Governmental Funds	\$ 13,949,137
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	27,297,027
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	72,092
Bonds payable are not due and payable in the current period and are not reported in the funds	(6,391,458)
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	(116,751)
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	<u>(50,000)</u>
Net Position of Governmental Activities	<u><u>\$ 34,760,047</u></u>

Charter Township of Highland

	General	Formerly Major - Refuse	Fire Operating	Police	Capital Improvement
Revenue					
Property taxes	\$ 681,643	\$ -	\$ 1,952,318	\$ 3,506,741	\$ -
Special assessments	-	-	-	-	-
Intergovernmental:					
Federal grants	56,439	-	-	-	-
State sources	2,198,582	-	1,356	2,436	-
Charges for services	139,307	-	-	165,959	-
Licenses and permits	643,128	-	-	-	-
Investment income	139,376	-	87,407	170,749	284,536
Other revenue:					
Local donations	-	-	-	132,541	-
Other miscellaneous income	208,901	-	561,874	11,587	204,601
Total revenue	4,067,376	-	2,602,955	3,990,013	489,137
Expenditures					
Current services:					
General government	2,254,984	-	-	-	-
Public safety	308,663	-	2,340,956	3,789,191	250,000
Public works	58,779	-	-	-	62,654
Social services	587,184	-	-	-	-
Community and economic development	34,517	-	-	-	-
Recreation and culture	40,781	-	-	-	-
Debt service - Interest and fiscal charges	-	-	-	-	-
Total expenditures	3,284,908	-	2,340,956	3,789,191	312,654
Excess of Revenue Over Expenditures	782,468	-	261,999	200,822	176,483
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(21,074)	-	-	-	(74,000)
Sale of capital assets	11,306	-	-	-	-
Total other financing (uses) sources	(9,768)	-	-	-	(74,000)
Net Change in Fund Balances	772,700	-	261,999	200,822	102,483
Fund Balances - Beginning of year, as previously reported	3,519,899	194,519	1,528,086	2,360,567	3,474,601
Change within Financial Reporting Entity (Note 1)	-	(194,519)	-	-	-
Fund Balances - Beginning of year, as adjusted or restated	3,519,899	-	1,528,086	2,360,567	3,474,601
Fund Balances - End of year	\$ 4,292,599	\$ -	\$ 1,790,085	\$ 2,561,389	\$ 3,577,084

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2025

Formerly Major - Fire Capital	Nonmajor Funds	Total Governmental Funds
\$ -	\$ 1,017,903	\$ 7,158,605
-	1,219,861	1,219,861
-	-	56,439
-	40,247	2,242,621
-	-	305,266
-	-	643,128
-	48,270	730,338
-	-	132,541
-	151,698	1,138,661
-	2,477,979	13,627,460
-	-	2,254,984
-	477,449	7,166,259
-	1,253,745	1,375,178
-	7,535	594,719
-	-	34,517
-	-	40,781
-	535,750	535,750
-	2,274,479	12,002,188
-	203,500	1,625,272
-	95,074	95,074
-	-	(95,074)
-	13,500	24,806
-	108,574	24,806
-	312,074	1,650,078
471,681	749,706	12,299,059
(471,681)	666,200	-
-	1,415,906	12,299,059
\$ -	\$ 1,727,980	\$ 13,949,137

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, 2025

Net Change in Fund Balances Reported in Governmental Funds	\$ 1,650,078
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	606,357
Depreciation expense	(1,117,915)
Net book value of assets disposed of	<u>(27,493)</u>
Total	(539,051)
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	(46,832)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	374,371
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	<u>(18,962)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,419,604</u></u>

Charter Township of Highland

Proprietary Fund Statement of Net Position

December 31, 2025

	<u>Water</u>
Assets	
Current assets:	
Cash and investments (Note 3)	\$ 134,395
Customer receivables	251,085
Due from other funds	<u>75,001</u>
Total current assets	460,481
Noncurrent assets - Capital assets - Net (Note 4)	<u>6,923,435</u>
Total assets	7,383,916
Liabilities	
Current liabilities:	
Accounts payable	7,857
Accrued liabilities	953
Current portion of long-term debt (Note 6)	<u>72,000</u>
Total current liabilities	80,810
Noncurrent liabilities - Bonds payable (Note 6)	<u>309,000</u>
Total liabilities	<u>389,810</u>
Net Position	
Net investment in capital assets	6,542,435
Restricted - Emergency repair reserve	65,104
Unrestricted	<u>386,567</u>
Total net position	<u><u>\$ 6,994,106</u></u>

Charter Township of Highland

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

Year Ended December 31, 2025

	<u>Water</u>
Operating Revenue - Sale of water	\$ 1,189,791
Operating Expenses	
Cost of water	927,813
Billing and administrative costs	104,674
Other operating expenses	8,042
Depreciation	<u>209,680</u>
Total operating expenses	<u>1,250,209</u>
Operating Loss	(60,418)
Nonoperating Revenue (Expense)	
Investment income	1,427
Interest expense	(6,617)
Gain on sale of assets	<u>74,497</u>
Total nonoperating revenue	<u>69,307</u>
Change in Net Position	8,889
Net Position - Beginning of year	<u>6,985,217</u>
Net Position - End of year	<u><u>\$ 6,994,106</u></u>

Charter Township of Highland

Proprietary Fund Statement of Cash Flows

Year Ended December 31, 2025

	<u>Water</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 1,161,619
Payments to suppliers	<u>(1,116,153)</u>
Net cash and cash equivalents provided by operating activities	45,466
Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of capital assets	74,497
Purchase of capital assets	(61,805)
Principal and interest paid on capital debt	<u>(74,283)</u>
Net cash and cash equivalents used in capital and related financing activities	(61,591)
Cash Flows Provided by Investing Activities - Interest received on investments	<u>1,427</u>
Net Decrease in Cash and Cash Equivalents	(14,698)
Cash and Cash Equivalents - Beginning of year	<u>149,093</u>
Cash and Cash Equivalents - End of year	<u>\$ 134,395</u>
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities	
Operating loss	\$ (60,418)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:	
Depreciation	209,680
Changes in assets and liabilities:	
Receivables	(28,172)
Due to and from other funds	(75,001)
Accounts payable	<u>(623)</u>
Total adjustments	<u>105,884</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 45,466</u>

Charter Township of Highland

Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2025

	Postemployment Benefits Trust	Custodial Funds
Assets		
Cash and investments (Note 3)	\$ 26,893	\$ 2,558,183
Investments:		
Negotiable CDs	110,000	-
Mutual funds	702,675	-
Receivables - Property taxes receivable	-	2,493,437
Total assets	839,568	5,051,620
Liabilities		
Accounts payable	9,228	1,835
Property taxes payable to other authorities	-	1,879,512
Total liabilities	9,228	1,881,347
Deferred Inflows of Resources - Property taxes levied for the following year	-	2,493,437
Total liabilities and deferred inflows of resources	9,228	4,374,784
Net Position		
Restricted:		
Postemployment benefits other than pension	830,340	-
Individuals, organizations, and other governments	-	676,836
Total net position	<u>\$ 830,340</u>	<u>\$ 676,836</u>

Charter Township of Highland

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2025

	Postemployment Benefits Trust	Custodial Funds
Additions		
Investment income:		
Interest and dividends	\$ 26,687	\$ 16,743
Net increase in fair value of investments	49,073	-
Contributions	-	616,269
Property tax collections for other governments	-	31,106,901
Total additions	75,760	31,739,913
Deductions		
Benefit payments	46,236	-
Administrative expenses	6,918	8,202
Activity center	-	53,361
Disbursement of escrows	-	543,334
Tax payments to other governments	-	31,110,886
Total deductions	53,154	31,715,783
Net Increase in Fiduciary Net Position	22,606	24,130
Net Position - Beginning of year	807,734	652,706
Net Position - End of year	\$ 830,340	\$ 676,836

December 31, 2025

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). In November 2022, Oakland County residents passed a transportation millage. The millage funds WOTA operations. The purpose of WOTA is to provide defined and beneficial transportation services to eligible persons in the service area. WOTA is governed by a seven-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 Oakland County, Michigan by July 1 of each fiscal year. WOTA's operation is at no additional cost to the Township, and 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 Fire Operating Fund is used to account for the assets and operations of the fire department that are financed primarily by property taxes.
- 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.

Note 1 - Significant Accounting Policies (Continued)

- 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.

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.

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.

Note 1 - Significant Accounting Policies (Continued)

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.

Prepays

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, when applicable. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 \$10,000 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:

	Depreciable Life - Years
	<hr/>
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 revenue received prior to year end for services that will be provided in 2026.

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 2025 property tax revenue was levied and collectible on December 1, 2024 and is recognized as revenue in the year ended December 31, 2025 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2024 taxable valuation of the Township totaled \$1.073 billion (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, 1.8457 mills for fire operations, 0.9639 mills for fire capital, and 3.3162 mills for police operations. This resulted in approximately \$682,000 for operating, \$1,952,000 for fire operations, \$1,018,000 for fire capital, and \$3,507,000 for police operations. These amounts are recognized in the respective General, special revenue, and capital projects funds financial statements as tax revenue. Property tax revenue for the DDA was approximately \$377,000 for the year ended December 31, 2025.

Other Postemployment Benefit Costs

The Township offers retiree health care benefits to retirees. For the year ended December 31, 2025, 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). The compensated absence liabilities are reported in the government-wide financial statements. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

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 April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2026.

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2027.

Accounting Changes

Changes to or within the Financial Reporting Entity

Change in Fund Classification

The Refuse and Fire Capital funds were previously reported as major funds but are now reported as nonmajor funds for fiscal year 2025. The effects of this change in major funds are shown in the table at the end of this section.

December 31, 2025

Note 1 - Significant Accounting Policies (Continued)

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, the changes noted above resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	<u>December 31, 2024</u>	Change to or within the Financial Reporting Entity	<u>December 31, 2024</u>
	As Previously Reported		As Restated
Governmental funds:			
Major funds:			
Formerly major - Refuse	\$ 194,519	\$ (194,519)	\$ -
Formerly major - Fire Capital	471,681	(471,681)	-
Nonmajor funds	<u>749,706</u>	<u>666,200</u>	<u>1,415,906</u>
Total governmental funds	<u>\$ 1,415,906</u>	<u>\$ -</u>	<u>\$ 1,415,906</u>

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, 2025	\$ 200,930
Current year permit revenue	385,403
Related expenses:	
Direct costs	\$ (308,663)
Estimated indirect costs	<u>(49,794)</u>
Current year surplus	<u>26,946</u>
Cumulative surplus at December 31, 2025	<u>\$ 227,876</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 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.

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 10 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 \$15,000,000 (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.

At year end, the Township had the following investments:

Investment	Fair Value	Weighted- average Maturity (Days)
Primary Government		
Investment pools - MI CLASS	\$ 4,515,720	40
Investment pools - LGIP	394,192	512
Total	<u>\$ 4,909,912</u>	

Note 3 - Deposits and Investments (Continued)

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	\$ 4,515,720	AAAm	S&P
Investment pools - LGIP	394,192	N/A	Not rated
Total	<u>\$ 4,909,912</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, 2024:

- OPEB investments (\$702,675 of equity securities) are valued using quoted marketed prices (Level 1 inputs).
- The Township's investments in the Oakland County LGIP (\$394,192) and Michigan CLASS (\$4,515,720) are measured at net asset value (NAV).

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.

Note 3 - Deposits and Investments (Continued)

At December 31, 2025, 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	\$ 394,192	\$ -	No restrictions	None
Michigan CLASS investment pool	4,515,720	-	No restrictions	None
Total	<u>\$ 4,909,912</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.

December 31, 2025

Note 4 - Capital Assets

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

Governmental Activities

	Balance January 1, 2025	Additions	Disposals and Adjustments	Balance December 31, 2025
Capital assets not being depreciated:				
Land	\$ 3,469,712	\$ -	\$ -	\$ 3,469,712
Construction in progress	8,568	17,151	-	25,719
Subtotal	3,478,280	17,151	-	3,495,431
Capital assets being depreciated:				
Improvements to county-owned roads	413,222	-	-	413,222
Building and improvements	22,250,644	78,588	(213,331)	22,115,901
Furniture and equipment	5,028,266	510,618	(245,520)	5,293,364
Library building	5,903,268	-	-	5,903,268
Subtotal	33,595,400	589,206	(458,851)	33,725,755
Accumulated depreciation:				
Improvements to county-owned roads	207,204	22,859	-	230,063
Buildings and improvements	3,599,203	530,915	(189,440)	3,940,678
Furniture and equipment	2,764,761	445,315	(241,918)	2,968,158
Library building	2,666,434	118,826	-	2,785,260
Subtotal	9,237,602	1,117,915	(431,358)	9,924,159
Net capital assets being depreciated	24,357,798	(528,709)	(27,493)	23,801,596
Net governmental activities capital assets	<u>\$ 27,836,078</u>	<u>\$ (511,558)</u>	<u>\$ (27,493)</u>	<u>\$ 27,297,027</u>

December 31, 2025

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2025	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2025
Capital assets not being depreciated - Construction in progress	\$ 9,316	\$ (9,316)	\$ 46,779	\$ -	\$ 46,779
Capital assets being depreciated:					
Infrastructure - Water system	6,287,101	9,316	15,026	(2,318)	6,309,125
Infrastructure - Water mains	1,656,449	-	-	-	1,656,449
Buildings	47,995	-	-	-	47,995
Equipment	234,862	-	-	-	234,862
Subtotal	8,226,407	9,316	15,026	(2,318)	8,248,431
Accumulated depreciation:					
Infrastructure - Water system	576,025	-	142,985	-	719,010
Infrastructure - Water mains	452,448	-	43,392	(1,814)	494,026
Buildings	13,636	-	2,423	-	16,059
Equipment	121,800	-	20,880	-	142,680
Subtotal	1,163,909	-	209,680	(1,814)	1,371,775
Net capital assets being depreciated	7,062,498	9,316	(194,654)	(504)	6,876,656
Net business-type activities capital assets	<u>\$ 7,071,814</u>	<u>\$ -</u>	<u>\$ (147,875)</u>	<u>\$ (504)</u>	<u>\$ 6,923,435</u>

Capital asset activity for the Township's component unit for the year ended December 31, 2025 was as follows:

Component Unit - DDA

	Balance January 1, 2025	Additions	Disposals and Adjustments	Balance December 31, 2025
Capital assets being depreciated - Buildings and improvements	\$ 1,153,772	\$ 600,000	\$ -	\$ 1,753,772
Accumulated depreciation - Buildings and improvements	462,749	59,579	-	522,328
Net capital assets	<u>\$ 691,023</u>	<u>\$ 540,421</u>	<u>\$ -</u>	<u>\$ 1,231,444</u>

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

Governmental activities:	
General government	\$ 325,073
Public safety	631,298
Recreation and culture	161,544
Total governmental activities	<u>\$ 1,117,915</u>

Depreciation expense in the business-type activities for the year ended December 31, 2025 was \$209,680.

December 31, 2025

Note 5 - Interfund Receivables, Payables, and Transfers

The Township has the following due to/from other funds:

Receivable Fund	Payable Fund	Amount
Water Fund	Capital Improvement Fund	\$ 75,001

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental fund	\$ 21,074
Capital Improvement Fund	Nonmajor governmental fund	74,000
	Total	<u>\$ 95,074</u>

The transfer from the General Fund and Capital Improvement Fund to the nonmajor governmental 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%	\$ 6,005,000	\$ -	\$ (320,000)	\$ 5,685,000	\$ 335,000
Bond premium	-	760,829	-	(54,371)	706,458	54,371
Total bonds and contracts payable		6,765,829	-	(374,371)	6,391,458	389,371
Compensated absences	-	97,789	18,962	-	116,751	116,751
Total governmental activities long-term debt		<u>\$ 6,863,618</u>	<u>\$ 18,962</u>	<u>\$ (374,371)</u>	<u>\$ 6,508,209</u>	<u>\$ 506,122</u>

Compensated absences is shown net under GASB 101.

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%	\$ 449,000	\$ -	\$ (68,000)	\$ 381,000	\$ 72,000

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 \$398,415. During the current year, net income of the system was \$149,262, compared to annual debt requirements of \$78,617.

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, 2025 was approximately \$161,000 for governmental activities and \$7,000 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
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	390,000	231,250	621,250	78,000	2,370	80,370
2030	410,000	211,750	621,750	80,000	1,200	81,200
2031-2035	2,280,000	544,200	2,824,200	-	-	-
Thereafter	1,545,000	93,600	1,638,600	-	-	-
Total	\$ 5,685,000	\$ 1,882,300	\$ 7,567,300	\$ 381,000	\$ 17,415	\$ 398,415

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:

	2025	2024
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, full-time fire department, full-time DDA, 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 \$154,000 during the current year. There are no provisions in the plan for employee contributions. As of December 31, 2025, there are 21 township full-time participants in the plan. There are 12 full-time fire department members in which the Township contributed approximately \$43,000 during the current year. There is 1 full-time DDA member in which the Township contributed approximately \$2,400 during the current year.

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 2025, the Township contributed approximately \$14,000.

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 lessees have constructed cell towers. Payments are generally fixed monthly.

Note 10 - Leases (Continued)

During the year ended December 31, 2025, the Township recognized the following related to its lessor agreements:

Lease revenue	\$	179,599
Interest income related to its leases		161,302

Required Supplementary Information

Charter Township of Highland

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended December 31, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 637,738	\$ 637,738	\$ 681,643	\$ 43,905
Intergovernmental:				
Federal grants	50,000	50,000	56,439	6,439
State sources	2,131,794	2,131,794	2,198,582	66,788
Charges for services	128,200	128,200	139,307	11,107
Licenses and permits	689,500	689,500	643,128	(46,372)
Investment income	100,000	100,000	139,376	39,376
Other revenue	166,000	176,000	208,901	32,901
Total revenue	3,903,232	3,913,232	4,067,376	154,144
Expenditures				
Current services:				
General government:				
Legislative	34,519	34,519	28,519	6,000
Supervisor	302,479	348,737	311,951	36,786
Accounting	110,779	127,126	119,661	7,465
Treasurer	205,061	205,061	201,531	3,530
Assessing	141,100	141,100	140,239	861
Clerk	220,577	220,577	209,793	10,784
General government personnel	1,366,500	1,392,000	1,243,290	148,710
Public safety - Building inspections and related	351,951	373,572	308,663	64,909
Public works - Cemetery	66,012	66,012	58,779	7,233
Social services:				
Activity center	301,603	302,750	263,173	39,577
Social services	87,915	87,915	51,839	36,076
Planning and ordinance	285,736	279,285	272,172	7,113
Community and economic development	64,830	64,830	34,517	30,313
Recreation and culture - Parks and recreation	57,000	67,500	40,781	26,719
Total expenditures	3,596,062	3,710,984	3,284,908	426,076
Excess of Revenue Over Expenditures	307,170	202,248	782,468	580,220
Other Financing (Uses) Sources				
Transfers out	-	-	(21,074)	(21,074)
Sale of capital assets	-	-	11,306	11,306
Total other financing uses	-	-	(9,768)	(9,768)
Net Change in Fund Balance	307,170	202,248	772,700	570,452
Fund Balance - Beginning of year	3,519,899	3,519,899	3,519,899	-
Fund Balance - End of year	\$ 3,827,069	\$ 3,722,147	\$ 4,292,599	\$ 570,452

Charter Township of Highland

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

Year Ended December 31, 2025

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Property taxes	\$ 1,980,394	\$ 1,952,442	\$ 1,952,318	\$ (124)
Intergovernmental	-	1,356	1,356	-
Investment income	30,000	70,972	87,407	16,435
Other revenue	400,000	459,160	561,874	102,714
Total revenue	2,410,394	2,483,930	2,602,955	119,025
Expenditures - Current services - Public safety	2,413,507	2,410,143	2,340,956	69,187
Net Change in Fund Balance	(3,113)	73,787	261,999	188,212
Fund Balance - Beginning of year	1,528,086	1,528,086	1,528,086	-
Fund Balance - End of year	<u><u>\$ 1,524,973</u></u>	<u><u>\$ 1,601,873</u></u>	<u><u>\$ 1,790,085</u></u>	<u><u>\$ 188,212</u></u>

Charter Township of Highland

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

Year Ended December 31, 2025

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Property taxes	\$ 3,472,481	\$ 3,472,481	\$ 3,506,741	\$ 34,260
Intergovernmental - State sources	-	-	2,436	2,436
Charges for services	174,000	174,000	165,959	(8,041)
Investment income	75,000	75,000	170,749	95,749
Other revenue	134,800	150,337	144,128	(6,209)
Total revenue	3,856,281	3,871,818	3,990,013	118,195
Expenditures - Current services - Public safety	3,856,281	3,871,818	3,789,191	82,627
Net Change in Fund Balance	-	-	200,822	200,822
Fund Balance - Beginning of year	2,360,567	2,360,567	2,360,567	-
Fund Balance - End of year	<u>\$ 2,360,567</u>	<u>\$ 2,360,567</u>	<u>\$ 2,561,389</u>	<u>\$ 200,822</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 expenditures that were in excess of the amounts budgeted.

Supplementary Information

Charter Township of Highland

	Special Revenue Funds		
	Opioid Fund	Refuse Fund	Total Special Revenue Funds
Assets			
Cash and investments	\$ -	\$ 991,643	\$ 991,643
Receivables	72,068	521,392	593,460
Prepaid expenses and other assets	-	-	-
Total assets	<u>\$ 72,068</u>	<u>\$ 1,513,035</u>	<u>\$ 1,585,103</u>
Liabilities - Accounts payable	\$ -	\$ -	\$ -
Deferred Inflows of Resources			
Unavailable revenue	72,068	-	72,068
Property taxes levied for the following year	-	-	-
Rubbish levied for the following year	-	1,223,460	1,223,460
Total deferred inflows of resources	72,068	1,223,460	1,295,528
Fund Balances			
Nonspendable	-	-	-
Restricted:			
Hauling route maintenance	-	-	-
Fire	-	-	-
Refuse collection	-	289,575	289,575
Committed - Roads	-	-	-
Total fund balances	-	289,575	289,575
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 72,068</u>	<u>\$ 1,513,035</u>	<u>\$ 1,585,103</u>

Supplementary Information
Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2025

Capital Project Funds			
Road Fund	Fire Capital Fund	Total Capital Project Funds	Total
\$ 820,957	\$ 1,047,393	\$ 1,868,350	\$ 2,859,993
8,400	560,639	569,039	1,162,499
-	84,833	84,833	84,833
\$ 829,357	\$ 1,692,865	\$ 2,522,222	\$ 4,107,325
\$ 27	\$ -	\$ 27	\$ 27
-	-	-	72,068
-	1,083,790	1,083,790	1,083,790
-	-	-	1,223,460
-	1,083,790	1,083,790	2,379,318
-	84,833	84,833	84,833
801,568	-	801,568	801,568
-	524,242	524,242	524,242
-	-	-	289,575
27,762	-	27,762	27,762
829,330	609,075	1,438,405	1,727,980
\$ 829,357	\$ 1,692,865	\$ 2,522,222	\$ 4,107,325

Charter Township of Highland

	Special Revenue Funds			Capital Project Funds	
	Opioid Fund	Refuse Fund	Total Special Revenue Funds	Road Fund	Fire Capital Fund
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,017,903
Special assessments	-	1,219,861	1,219,861	-	-
Intergovernmental	-	-	-	-	40,247
Investment income	-	13,970	13,970	1,512	32,788
Other revenue	6,481	2,838	9,319	96,224	46,155
Total revenue	6,481	1,236,669	1,243,150	97,736	1,137,093
Expenditures					
Current services:					
Public safety	-	-	-	-	477,449
Public works	-	1,141,613	1,141,613	112,132	-
Social services	7,535	-	7,535	-	-
Debt service	-	-	-	-	535,750
Total expenditures	7,535	1,141,613	1,149,148	112,132	1,013,199
Excess of Revenue (Under) Over Expenditures	(1,054)	95,056	94,002	(14,396)	123,894
Other Financing Sources					
Transfers in	-	-	-	95,074	-
Sale of capital assets	-	-	-	-	13,500
Total other financing sources	-	-	-	95,074	13,500
Net Change in Fund Balances	(1,054)	95,056	94,002	80,678	137,394
Fund Balances - Beginning of year, as previously reported	1,054	-	1,054	748,652	-
Change within Financial Reporting Entity	-	194,519	194,519	-	471,681
Fund Balances - Beginning of year, as adjusted or restated	1,054	194,519	195,573	748,652	471,681
Fund Balances - End of year	\$ -	\$ 289,575	\$ 289,575	\$ 829,330	\$ 609,075

Supplementary Information

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

Year Ended December 31, 2025

<u>Capital Project Funds</u>		
<u>Total Capital Project Funds</u>		<u>Total</u>
\$ 1,017,903		\$ 1,017,903
-		1,219,861
40,247		40,247
34,300		48,270
<u>142,379</u>		<u>151,698</u>
1,234,829		2,477,979
477,449		477,449
112,132		1,253,745
-		7,535
<u>535,750</u>		<u>535,750</u>
<u>1,125,331</u>		<u>2,274,479</u>
109,498		203,500
95,074		95,074
<u>13,500</u>		<u>13,500</u>
<u>108,574</u>		<u>108,574</u>
218,072		312,074
748,652		749,706
<u>471,681</u>		<u>666,200</u>
<u>1,220,333</u>		<u>1,415,906</u>
<u>\$ 1,438,405</u>		<u>\$ 1,727,980</u>

Charter Township of Highland

Supplementary Information
Combining Statement of Fiduciary Net Position
Custodial Funds

December 31, 2025

	Custodial Funds			
	Lake Escrow Funds	Current Tax Fund	Highland Adult Activity Center Fund	Total
Assets				
Cash and investments	\$ 652,036	\$ 1,879,512	\$ 26,635	\$ 2,558,183
Receivables - Property tax receivable	-	2,493,437	-	2,493,437
Total assets	652,036	4,372,949	26,635	5,051,620
Liabilities				
Accounts payable	-	-	1,835	1,835
Property taxes payable to other authorities	-	1,879,512	-	1,879,512
Total liabilities	-	1,879,512	1,835	1,881,347
Deferred Inflows of Resources - Property taxes levied for the following year	-	2,493,437	-	2,493,437
Total liabilities and deferred inflows of resources	-	4,372,949	1,835	4,374,784
Net Position - Restricted - Individuals, organizations, and other governments	<u>\$ 652,036</u>	<u>\$ -</u>	<u>\$ 24,800</u>	<u>\$ 676,836</u>

Charter Township of Highland

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

Year Ended December 31, 2025

	Custodial Funds			
	Lake Escrow Funds	Current Tax Fund	Highland Adult Activity Center Fund	Total
Additions				
Investment income - Interest and dividends	\$ 10,018	\$ 6,725	\$ -	\$ 16,743
Contributions	546,129	-	70,140	616,269
Property tax collections for other governments	-	31,106,901	-	31,106,901
Total additions	556,147	31,113,626	70,140	31,739,913
Deductions				
Administrative expenses	5,462	2,740	-	8,202
Activity center	-	-	53,361	53,361
Disbursement of escrows	543,334	-	-	543,334
Tax payments to other governments	-	31,110,886	-	31,110,886
Total deductions	548,796	31,113,626	53,361	31,715,783
Net Increase in Fiduciary Net Position	7,351	-	16,779	24,130
Net Position - Beginning of year	644,685	-	8,021	652,706
Net Position - End of year	\$ 652,036	\$ -	\$ 24,800	\$ 676,836