

Charter Township of Van Buren

**Financial Report
with Supplemental Information
December 31, 2014**

Charter Township of Van Buren

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Van Buren

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the General Fund, and the aggregate remaining fund information of the Charter Township of Van Buren (the "Township") as of and for the year ended December 31, 2014, which collectively comprise the Charter Township of Van Buren'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 an opinion 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.

To the Board of Trustees
Charter Township of Van Buren

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 business-type activities, the aggregate discretely presented component units, the General Fund, and the aggregate remaining fund information of the Charter Township of Van Buren as of December 31, 2014 and the respective changes in its financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the basic financial statements, the Township adopted GASB Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees, as of January 1, 2014. Adopting this statement resulted in a liability being recorded in the governmental activities on the statement of net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the General Fund budgetary comparison schedule on pages 4-11 and 56, respectively, 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 Van Buren'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.

To the Board of Trustees
Charter Township of Van Buren

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

Report on Partial Comparative Information

We have previously audited the Charter Township of Van Buren's December 31, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 27, 2014. In our opinion, the partial comparative information presented herein for the Enterprise Fund as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Such information does not include all of the information required to constitute a full presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Township's financial statements for the year ended December 31, 2013, from which such partial information was derived.

Plante & Morse, PLLC

June 16, 2015

Charter Township of Van Buren

Management's Discussion and Analysis

Overview of the Financial Statements

The Charter Township of Van Buren's (the "Township") 2014 annual report is presented in conformity with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. This annual report consists of four parts: management's discussion and analysis; the basic financial statements; required supplemental information; and other supplemental information, which presents combined statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government and report the Township's operations in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the Township, as a whole, using accounting methods similar to those used by private sector companies. The statement of net position includes all of the Township's assets and liabilities. Revenue and expenses for the current year are accounted for in the statement of activities, utilizing the full-accrual method of accounting. Full-accrual accounting recognizes revenue and expenses as they are earned or incurred, regardless of when they are received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position, the difference between the Township's assets and liabilities, is one way to measure the Township's financial health.

The government-wide financial statements of the Township are divided into three categories:

- **Governmental Activities** - Most of the Township's basic services are included here, such as the police, fire, public works, community services, and general administration. Property taxes, state-shared revenue, landfill royalties, and charges for services provide most of the funding.
- **Business-type Activities** - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer system is treated as a business-type activity.
- **Component Units** - The Township includes two other entities in its report: the Downtown Development Authority (DDA) and the Local Development Financing Authority (LDFA).

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and by bond covenants. The Township board establishes other funds to control and manage money for particular purposes.

The Township has three types of funds:

- **Governmental Funds** - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash, flow in and out. Balances left at year end are available for spending or may be returned to the fund balance. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.
- **Proprietary Funds** - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like government-wide statements, provide both long- and short-term financial information.
- **Fiduciary Funds** - The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Financial Overview

The Township has a combined total net position of \$81.4 million. This is a decrease from 2013 of approximately \$22 million. This positional decrease is a result of conforming to the requirements of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This is the first reporting period the Township has been subject to this GASB Statement, which requires that potential liabilities of a governmental entity be accounted for, at present value, in its financial reporting process. In the case of the Township, this newly reportable potential liability exists in bonds issued within the Township's LDFA. Reference the LDFA sections of this audit for more detailed information and discussion.

Regarding the Township's total net position, business-type activities comprise \$84.8 million and governmental activities comprise -\$3.3 million. In a condensed format, the table below shows a comparison of the net position as of the current date to the prior year (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current assets	\$ 16,388	\$ 15,664	\$ 40,646	\$ 43,152	\$ 57,034	\$ 58,816
Noncurrent assets	19,465	19,633	64,512	65,544	83,977	85,177
Total assets	35,853	35,297	105,158	108,696	141,011	143,993
Liabilities						
Current liabilities	1,459	1,403	3,568	3,914	5,027	5,317
Long-term liabilities	33,126	11,890	16,791	18,460	49,917	30,350
Total liabilities	34,585	13,293	20,359	22,374	54,944	35,667
Deferred Inflows	4,657	4,569	-	-	4,657	4,569
Net Position						
Net investment in capital assets	16,470	16,238	46,085	45,485	62,555	61,723
Restricted	645	806	26,152	28,933	26,797	29,739
Unrestricted	(20,503)	391	12,562	11,904	(7,941)	12,295
Total net position	<u>\$ (3,388)</u>	<u>\$ 17,435</u>	<u>\$ 84,799</u>	<u>\$ 86,322</u>	<u>\$ 81,411</u>	<u>\$ 103,757</u>

During the year, the unrestricted net position (the portion of net position that can be used to finance day-to-day operations) decreased by \$20.1 million for the governmental activities from 2013. The Township is able to report a positive balance in total net position.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The following table shows the changes in net position for 2014 (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue						
Program revenue:						
Charges for services	\$ 1,672	\$ 1,803	\$ 7,293	\$ 7,152	\$ 8,965	\$ 8,955
Operating grants and contributions	1,317	698	-	-	1,317	698
Capital grants and contributions	30	146	-	-	30	146
General revenue:						
Property taxes	4,638	4,555	39	32	4,677	4,587
State-shared revenue	2,348	2,285	-	-	2,348	2,285
Other miscellaneous revenue	340	329	-	-	340	329
Investment income	77	67	297	271	374	338
Landfill royalties	3,056	3,062	-	-	3,056	3,062
Total revenue	13,478	12,945	7,629	7,455	21,107	20,400
Program Expenses						
General government	2,788	2,651	-	-	2,788	2,651
Public safety	9,598	9,903	-	-	9,598	9,903
Public works	220	232	9,152	10,047	9,372	10,279
Community and economic development	20,775	158	-	-	20,775	158
Recreation and culture	779	1,195	-	-	779	1,195
Interest on long-term debt	140	152	-	-	140	152
Total program expenses	34,300	14,291	9,152	10,047	43,452	24,338
Change in Net Position	\$ (20,822)	\$ (1,346)	\$ (1,523)	\$ (2,592)	\$ (22,345)	\$ (3,938)

Revenue for governmental activities totaled \$13.5 million in 2014. A total of \$4.6 million was in the form of property tax collections. Charges for services such as court fines, building permits, and recreation fees accounted for \$1.7 million in revenue. State-shared revenue provided \$2.3 million in revenue and landfill royalties brought in an additional \$3.1 million.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Business-type Activities

The Township has one business-type activity, the water and sewer operation. Revenue for business-type activities was \$7.6 million. Water is provided to the Township's residents via the Detroit Water and Sewer Department. Sewage treatment is provided by contracts with South Huron Valley Utility Authority, Rouge Valley System, the Downriver Sewage System, and the Ypsilanti Community Utility Authority.

Financial Analysis of the Township Funds and Budgets

The General Fund increased its fund balance by approximately \$552,000 as of December 31, 2014, bringing the fund balance total to \$9,338,000. Due to the implementation of GASB Statement No. 54, the Landfill Fund is included in the General Fund for financial reporting purposes. Among the uses for the assigned funds are future land and municipal facility needs, French Landing Dam, senior bequest activities, computer networking equipment, sidewalk maintenance, compensated absences, and retiree health care.

Actual revenue exceeded the amended budget by \$149,788. All categories exceeded expectations with one exception: other revenue, which fell short of projections by \$133,602. In previous years, the Township had received periodic distributions from MMRMA due to having a large amount on reserve, so income for that category was budgeted at \$140,000. However, during 2014, MMRMA paid out a few larger settlements, no distribution was received, and hence the shortfall.

Actual expenditures were under budget in most categories producing a positive net variance. Expenditures exceeded the amended budget in only a few categories. The largest variance occurred in the insurance category at \$91,396, which is attributable to retiree healthcare costs. In the building category, the \$49,918 variance was due to costs of planning consulting work completed relevant to a new business development and is roughly offset by corresponding revenue received in the fines and permits line item of the developmental services department. The variance of \$9,722 in the township board category resulted from an end-of-year purchase of computer equipment, while fence repairs made at year end produced the \$7,383 variance in the cemetery category.

The difference between the original budget and the amended reflects some increased revenue and mostly decreased costs. All staff worked diligently to contain costs, and the budget was amended to more properly reflect those efforts and to project amounts closer to actual.

All financial operations of the Township are monitored on a routine basis with monthly financial reports being provided to the board of trustees. Appropriate accounting measures are in place to ensure proper checks and balances among and between accounting functions and in accordance with recommendations from both professional accountants and the Governmental Accounting Standards Board. The GASB periodically issues mandated proclamations which are implemented consistent with the schedule delineated in each new statement.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The General Fund budget is amended throughout the year as deemed necessary. Line item adjustments are made primarily to prevent expenditures from exceeding the budget.

Capital Asset and Debt Administration

At the end of 2014, the Township had approximately \$83.9 million invested in a broad range of capital assets, net of related accumulated depreciation, including: land; buildings; vehicles; police and fire equipment; and water and sewer lines.

Debt related to the water and sewer system totaling \$16.7 million is recorded as a liability in the business-type activities in the statement of net position. Debt related to capital improvements of \$2.9 million is recorded as a liability in the governmental-type activities on the same statement.

Economic Factors and Next Year's Budgets and Rates

The Township's 2014 equalized valuation totaled \$1,065,485,800, which represents an approximate 1.4 percent increase from 2013. The 2014 taxable value totaled \$954,621,814, which represents a 0.6 percent increase from 2013. Of the 2014 equalized valuations by use, 54.56 percent is residential, 16.91 percent is industrial, 15.66 percent is commercial, 0.61 percent is agricultural, 2.58 percent is utility personal property, and 9.68 percent is commercial and industrial personal property.

Despite the persistence of a faltering economic climate, the Township has received a rating of A+ from Standard & Poor's. This rating is considered "investment grade" and is favorable in the market place for bonding and interest rate purposes.

The Township continues to rely upon landfill tipping fees to provide needed revenue to maintain routine, municipal services. In 2014, the \$12.4 million General Fund (original) budget was financed with an approximate \$2.6 million transfer of Landfill Funds. As a result of the 1990 Host Community Agreement with Waste Management, Inc., the Township will continue to receive tipping fees and Township residents will continue to receive free garbage collection, disposal, curbside recycling, and yard waste pick-up. Additionally, Waste Management, Inc. provides grant funds to the Township, totaling \$365,000 annually, that are specifically earmarked for public safety, recreation, and environmental services (included in the above transfer).

The 2014 property tax revenue resulted from the 2014 millage rate of 4.9144 mills, comprised of 0.9144 for general operating and 4.0 for public safety. The Township's millage for public safety services expires on December 31, 2016.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Township Services: Departmental Highlights

Confidence in the Township's economic stance is evidenced by growth in both the commercial and industrial districts. The Developmental Services Department experienced increased activity in 2014 as new businesses sought to locate within the Township. Final site plan approval was granted to a "big box" corporation to build a distribution depot with a truck terminal, and another commenced the process of submitting site plans to build a retail center. Several existing businesses strengthened their roots in the Township by engaging in significant renovation and expansion projects. During 2014, the Township's Planning Commission approved final site plans for six existing businesses, while preliminary site plan approvals were granted to two others.

The Township's Public Safety Department continues to operate 24 hours per day, seven days per week, pursuant to the one mill increase approved by voters in 2011. The Department's Police and Fire Divisions collaborate with each other and other Township departments to implement innovative practices that enhance service levels while managing cost. The Fire Division has collaborative agreements with the City of Belleville and Sumpter Township Fire Departments to provide automatic mutual aid. In 2014, Ordinance Enforcement was relocated from the Developmental Services Department to the Public Safety Department's Police Division when it was determined that the Division's command framework inherently provided better structure with the necessary "teeth" to provide more effective enforcement.

In 2014, the Township's Public Works Department completed two major projects to preserve and maintain infrastructure. Phase II of the Paving Project for Township Hall was completed. Significant improvements were made to update the Township's HVAC systems, including replacement of aging and worn units throughout the building. Other long-term commitments that commenced in 2014 include water and sewerage projects of lift station rehabilitations and metering system upgrades.

Topping the list of expenses for infrastructure investments in the Information Technology Department was a major version upgrade to Springbrook, the Township's financial management and utility billing software. Additionally, several outdated computer workstations were updated per the Department's equipment obsolescence schedule.

The Township's Parks and Recreation Department provides a quality blend of programming for the diverse community. The department continues to work diligently to secure alternative funding sources for programs to maintain award-winning parks and recreation programs. In 2014, the second phase of the Walking/Bike Path in Van Buren Park was completed with funding from the Wayne County Parks millage. Utilizing a grant issued by ITC, a prescribed burn in Riggs Park provided the "planted prairie" section, a much-needed cleansing for regrowth, helping to perpetuate the Township's natural resource amenities as an educational format and for future enjoyment.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The Township's senior population enjoys a wide variety of programs and services through its September Days Senior Center. Staffing is augmented by the many senior volunteers who donate their time and efforts. For a nominal fee, the Township provides the benefits of a full-service, multi-purpose agency assisting persons over the age of 50. The center boasted a membership of approximately 2,000 in 2014, which is a sizeable population seeking services.

Contact Us

This report is intended to aid our residents and other interested parties in understanding the Township's financial condition and to show the Township's accountability for money it receives. Should you have further questions, please contact the Supervisor's Office.

Charter Township of Van Buren

Statement of Net Position (Deficit) December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 11,003,499	\$ 12,149,561	\$ 23,153,060	\$ 10,430,992
Receivables:				
Property taxes receivable	3,432,472	-	3,432,472	-
Receivables from sales to customers on account	-	2,069,356	2,069,356	-
Other receivables	734,164	102,495	836,659	22,408
Due from other governmental units	416,433	-	416,433	-
Special assessments	297,525	553	298,078	-
Prepaid expenses	161,019	32,342	193,361	855
Restricted assets (Note 7)	-	26,151,523	26,151,523	4,654,239
Capital assets (Note 4):				
Assets not subject to depreciation	4,528,409	704,944	5,233,353	-
Assets subject to depreciation	14,936,843	63,805,854	78,742,697	333,670
Long-term assessment receivable	-	1,186	1,186	-
Deposits	343,076	140,130	483,206	-
Total assets	35,853,440	105,157,944	141,011,384	15,442,164
Deferred Outflows of Resources - Bond refunding loss being amortized (Note 13)	-	-	-	393,726
Liabilities				
Accounts payable	414,639	707,372	1,122,011	49,713
Refundable deposits, bonds, etc.	316,336	929,670	1,246,006	-
Accrued liabilities and other	398,666	162,235	560,901	271,727
Noncurrent liabilities (Note 6):				
Due within one year:				
Compensated absences	4,107	1,006	5,113	4,148
Current portion of long-term debt	325,000	1,767,597	2,092,597	875,630
Due in more than one year:				
Compensated absences	93,078	22,041	115,119	-
Net other postemployment benefits (Note 11)	10,213,365	111,638	10,325,003	6,657,027
Nonexchange financial guarantee (Note 14)	20,150,000	-	20,150,000	-
Long-term debt - Net of current portion	2,670,000	16,657,735	19,327,735	30,170,358
Total liabilities	34,585,191	20,359,294	54,944,485	38,028,603
Deferred Inflows of Resources (Note 13)				
Property taxes levied for the following year	4,617,887	-	4,617,887	1,153,917
Other resources received before the period resources may be used	38,700	-	38,700	-
Total deferred inflows of resources	4,656,587	-	4,656,587	1,153,917
Net Position				
Net investment in capital assets	16,470,252	46,085,466	62,555,718	333,670
Restricted for:				
Special assessment debt repayment	-	26,151,523	26,151,523	-
Debt service	-	-	-	2,030,546
Museum	9,388	-	9,388	-
Law enforcement	301,970	-	301,970	-
911 service	285,416	-	285,416	-
Community Development Block Grant	29,559	-	29,559	-
PEG fees	17,971	-	17,971	-
Unrestricted	(20,502,894)	12,561,661	(7,941,233)	(25,710,846)
Total net position (deficit)	\$ (3,388,338)	\$ 84,798,650	\$ 81,410,312	\$ (23,346,630)

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

Charter Township of Van Buren

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,787,837	\$ 19,037	\$ -	\$ -
Public safety	9,597,712	1,148,620	161,305	11,249
Public works	220,471	405	780,848	18,729
Community and economic development	20,775,367	120,882	301,763	-
Recreation and culture	778,697	383,109	72,649	-
Interest on long-term debt	140,334	-	-	-
Total governmental activities	34,300,418	1,672,053	1,316,565	29,978
Business-type activities	9,152,000	7,292,738	-	-
Total primary government	<u>\$ 43,452,418</u>	<u>\$ 8,964,791</u>	<u>\$ 1,316,565</u>	<u>\$ 29,978</u>
Component units:				
Downtown Development Authority	\$ 2,730,810	\$ -	\$ -	\$ -
Local Development Finance Authority	1,511,243	-	-	-
Total component units	<u>\$ 4,242,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Landfill royalties				
Total general revenue				
Change in Net Position				
Net Position (Deficit) - Beginning of year				
Net Position (Deficit) - End of year				

Statement of Activities
Year Ended December 31, 2014

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,768,800)	\$ -	\$ (2,768,800)	\$ -
(8,276,538)	-	(8,276,538)	-
579,511	-	579,511	-
(20,352,722)	-	(20,352,722)	-
(322,939)	-	(322,939)	-
(140,334)	-	(140,334)	-
(31,281,822)	-	(31,281,822)	-
-	(1,859,262)	(1,859,262)	-
(31,281,822)	(1,859,262)	(33,141,084)	-
-	-	-	(2,730,810)
-	-	-	(1,511,243)
-	-	-	(4,242,053)
4,638,283	39,367	4,677,650	2,421,754
2,347,626	-	2,347,626	-
77,171	296,830	374,001	94,922
339,770	-	339,770	-
3,055,650	-	3,055,650	-
10,458,500	336,197	10,794,697	2,516,676
(20,823,322)	(1,523,065)	(22,346,387)	(1,725,377)
17,434,984	86,321,715	103,756,699	(21,621,253)
\$ (3,388,338)	\$ 84,798,650	\$ 81,410,312	\$ (23,346,630)

Charter Township of Van Buren

Governmental Funds Balance Sheet December 31, 2014

	General Fund	Nonmajor Funds	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 10,456,658	\$ 546,841	\$ 11,003,499
Receivables:			
Property taxes receivable	3,432,472	-	3,432,472
Special assessments receivable	297,525	-	297,525
Other receivables	659,138	75,026	734,164
Due from other governmental units	395,844	20,589	416,433
Due from other funds (Note 5)	1,945	4,693	6,638
Prepaid expenses	160,255	764	161,019
	<u>\$15,403,837</u>	<u>\$ 647,913</u>	<u>\$16,051,750</u>
Total assets			
Liabilities			
Accounts payable	\$ 401,937	\$ 12,702	\$ 414,639
Due to other funds (Note 5)	4,693	1,945	6,638
Refundable deposits, bonds, etc.	316,336	-	316,336
Accrued liabilities and other	359,714	6,933	366,647
	<u>1,082,680</u>	<u>21,580</u>	<u>1,104,260</u>
Total liabilities			
Deferred Inflows of Resources			
Unavailable revenue (Note 13)	326,695	20,589	347,284
Property taxes levied for the following year (Note 13)	4,617,887	-	4,617,887
Other resources received before the period resources may be used (Note 13)	38,700	-	38,700
	<u>4,983,282</u>	<u>20,589</u>	<u>5,003,871</u>
Total deferred inflows of resources			
Fund Balances			
Nonspendable - Prepays	160,255	764	161,019
Restricted:			
Law enforcement	-	301,970	301,970
911 service	-	285,416	285,416
Museum	-	8,624	8,624
PEG fees	17,971	-	17,971
Community Development Block Grant	-	8,970	8,970
Assigned (Note 15)	3,407,366	-	3,407,366
Unassigned	5,752,283	-	5,752,283
	<u>9,337,875</u>	<u>605,744</u>	<u>9,943,619</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$15,403,837</u>	<u>\$ 647,913</u>	<u>\$16,051,750</u>

Charter Township of Van Buren

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position (Deficit) December 31, 2014

Fund Balance Reported in Governmental Funds	\$ 9,943,619
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	19,465,252
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	347,284
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(2,995,000)
Accrued interest and IBNR are not due and payable in the current period and are not reported in the funds	(32,019)
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	(97,185)
Net other postemployment benefit obligations are not reported as fund liabilities	(10,213,365)
Other long-term liabilities, such as claims and judgments, landfill closure and postclosure costs, and net pension obligations, do not present a claim on current financial resources and are not reported as fund liabilities	343,076
Nonexchange financial guarantee is payable over a long period of years and does not represent a claim on current financial resources; therefore, it is not reported as a fund liability	<u>(20,150,000)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (3,388,338)</u>

Charter Township of Van Buren

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2014

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 4,248,287	\$ -	\$ 4,248,287
Licenses and permits	586,827	-	586,827
Federal grants	-	353,654	353,654
State-shared revenue and grants	2,347,626	8,415	2,356,041
Charges for services	1,312,888	-	1,312,888
Fines and forfeitures	947,566	-	947,566
Investment income	76,276	895	77,171
Other revenue:			
Special assessments	321,511	-	321,511
Contributions and donations	-	76,249	76,249
Landfill royalties	3,044,016	-	3,044,016
Other miscellaneous income	192,769	162,155	354,924
Total revenue	13,077,766	601,368	13,679,134
Expenditures			
Current:			
General government	2,419,577	-	2,419,577
Public safety	7,861,899	248,676	8,110,575
Public works	220,471	-	220,471
Community and economic development	114,182	303,803	417,985
Recreation and culture	713,349	72,140	785,489
Insurance and other	743,896	-	743,896
Debt service:			
Principal	310,000	-	310,000
Interest on long-term debt	140,334	-	140,334
Total expenditures	12,523,708	624,619	13,148,327
Excess of Revenue Over (Under) Expenditures	554,058	(23,251)	530,807
Other Financing (Uses) Sources- Transfers (out) in	(2,061)	2,061	-
Net Change in Fund Balances	551,997	(21,190)	530,807
Fund Balances - Beginning of year	8,785,878	626,934	9,412,812
Fund Balances - End of year	<u>\$ 9,337,875</u>	<u>\$ 605,744</u>	<u>\$ 9,943,619</u>

Charter Township of Van Buren

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, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ 530,807
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	920,410
Depreciation expense	(1,055,299)
Net book value of assets disposed of	(33,189)
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end	(165,247)
The change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(4,108)
Net other postemployment benefit obligations are expenses in the statement of activities, but not in the governmental funds	(1,378,472)
Governmental funds report principal payments of the debt as expenditures; these principal payments are a reduction to the liability in the statement of net position (deficit)	310,000
Expense related to the nonexchange financial guarantee is recognized on the statement of activities and not in the governmental funds	(20,150,000)
Interest is recorded as it accrues in the statement of activities	3,100
Deposits are recorded as expenditures in the statement of activities	<u>198,676</u>
Change in Net Position of Governmental Activities	<u>\$ (20,823,322)</u>

Charter Township of Van Buren

Proprietary Funds Statement of Net Position December 31, 2014 (with comparative information for 2013)

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 12,149,561	\$ 11,963,452
Receivables:		
Special assessments	553	835
Customers	2,069,356	2,062,853
Other receivables	102,495	66,366
Prepaid expenses	32,342	30,685
Total current assets	14,354,307	14,124,191
Noncurrent assets:		
Restricted assets (Note 7)	26,151,523	28,932,845
Capital assets:		
Assets not subject to depreciation (Note 4)	704,944	354,810
Assets subject to depreciation (Note 4)	63,805,854	65,187,588
Long-term assessments receivable	1,186	1,641
Other noncurrent assets	140,130	94,418
Total noncurrent assets	90,803,637	94,571,302
Total assets	105,157,944	108,695,493
Liabilities		
Current liabilities:		
Accounts payable	707,372	1,250,805
Refundable deposits, bonds, etc.	929,670	677,859
Accrued liabilities and other	162,235	239,880
Compensated absences	1,006	3,409
Current portion of long-term debt (Note 6)	1,767,597	1,742,104
Total current liabilities	3,567,880	3,914,057
Noncurrent liabilities:		
Compensated absences	22,041	18,632
Net other postemployment benefits	111,638	125,924
Long-term debt - Net of current portion (Note 6)	16,657,735	18,315,165
Total noncurrent liabilities	16,791,414	18,459,721
Total liabilities	20,359,294	22,373,778
Net Position		
Net investment in capital assets	46,085,466	45,485,129
Restricted (Note 7)	26,151,523	28,932,845
Unrestricted	12,561,661	11,903,741
Total net position	\$ 84,798,650	\$ 86,321,715

Charter Township of Van Buren

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2014 (with comparative information for 2013)

	2014	2013
Operating Revenue		
Sale of water	\$ 2,896,592	\$ 2,862,637
Sewage disposal charges	2,808,919	2,786,698
Water and sewer service charge	1,253,290	1,217,478
Customer penalties	108,441	103,271
Other revenues	225,496	181,485
Total operating revenue	7,292,738	7,151,569
Operating Expenses		
Water purchases	2,260,852	2,326,325
Sewage disposal charges	1,790,364	2,499,828
Maintenance	96,849	86,307
Supplies and materials	65,660	71,846
Salaries and wages	696,951	697,795
Other operating and maintenance	113,869	122,766
Administration fee	545,661	544,490
Insurance	88,850	161,232
Payroll taxes and fringe benefits	515,065	501,948
Vehicle expense	25,319	30,712
Professional services	278,314	329,969
Depreciation and amortization	2,236,402	2,195,050
Total operating expenses	8,714,156	9,568,268
Operating Loss	(1,421,418)	(2,416,699)
Nonoperating Revenue (Expenses)		
Property tax revenue	39,367	31,613
Investment income	296,830	271,364
Interest expense	(437,844)	(479,065)
Total nonoperating expenses	(101,647)	(176,088)
Change in Net Position	(1,523,065)	(2,592,787)
Net Position - Beginning of year	86,321,715	88,914,502
Net Position - End of year	\$ 84,798,650	\$ 86,321,715

Charter Township of Van Buren

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2014 (with comparative information for 2013)

	2014	2013
Cash Flows from Operating Activities		
Receipts from customers	\$ 7,024,610	\$ 7,100,850
Payments to suppliers	(5,685,100)	(5,562,518)
Payments to employees	(1,222,570)	(1,187,818)
Other receipts	225,496	181,485
	342,436	531,999
Net cash provided by operating activities		
Cash Flows from Capital and Related Financing Activities		
Proceeds from special assessment collections	737	1,101
Proceeds from property tax levy	39,367	32,439
Purchase of capital assets	(1,092,270)	(1,420,562)
Principal and interest paid on capital debt	(2,059,896)	(1,976,070)
Amount paid to Wayne County for debt retirement	(109,907)	(190,131)
	(3,221,969)	(3,553,223)
Net cash used in capital and related financing activities		
Cash Flows from Investing Activities - Interest received on investments	296,830	271,364
Net Decrease in Cash and Cash Equivalents	(2,582,703)	(2,749,860)
Cash and Cash Equivalents - Beginning of year	39,684,230	42,434,090
Cash and Cash Equivalents - End of year	\$ 37,101,527	\$ 39,684,230
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and investments	\$ 12,149,561	\$ 11,963,452
Restricted investments	24,951,966	27,720,778
	\$ 37,101,527	\$ 39,684,230
Total cash and cash equivalents		
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (1,421,418)	\$ (2,416,699)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	2,236,402	2,195,050
Changes in assets and liabilities:		
Receivables	(42,632)	130,766
Prepaid and other assets	(1,657)	180
Accounts payable	(417,705)	610,777
Accrued and other liabilities	(10,554)	11,925
	\$ 342,436	\$ 531,999
Net cash provided by operating activities		

Noncash Investing, Capital, and Financing Activities - The Township has assets held at Wayne County for the purpose of financing water and sewer lines. During the year ended December 31, 2014, \$170,632 was expended for principal and interest payments. The County issued completion bonds for the Downriver Sewage Disposal Treatment System. The Township has recorded its share of the debt and related utility improvements in the amount of \$112,532 for the year ended December 31, 2014.

Charter Township of Van Buren

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2014

	OPEB Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 53,289	\$ 1,705,365
Investments:		
Agency securities	40,853	-
Stocks	995,170	-
Bonds	393,604	-
	<u>1,482,916</u>	<u>\$ 1,705,365</u>
Liabilities - Due to other governmental units	<u>-</u>	<u>\$ 1,705,365</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 1,482,916</u>	

Charter Township of Van Buren

Fiduciary Funds

Statement of Changes in Fiduciary Net Position - OPEB Trust Fund

Year Ended December 31, 2014

	OPEB Trust Fund
Additions	
Investment income:	
Interest and dividends	\$ 36,605
Net increase in fair value of investments	42,434
Investment-related expenses	<u>(13,573)</u>
Net investment income	65,466
Contributions - Employer contributions	<u>531,912</u>
Total additions	597,378
Deductions - Benefit payments	<u>305,989</u>
Net Increase in Net Position Held in Trust	291,389
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>1,191,527</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 1,482,916</u></u>

Charter Township of Van Buren

Component Units Statement of Net Position December 31, 2014

	DDA	LDFA	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 6,152,555	\$ 4,278,437	\$ 10,430,992
Receivables	11,526	10,882	22,408
Prepaid expenses	855	-	855
Restricted assets (Note 7)	2,806,442	1,847,797	4,654,239
Capital assets - Assets subject to depreciation (Note 4)	333,670	-	333,670
Total assets	9,305,048	6,137,116	15,442,164
Deferred Outflows of Resources - Bond refunding loss being amortized (Note 13)			
	-	393,726	393,726
Liabilities			
Accounts payable	39,409	10,304	49,713
Accrued liabilities and other	66,720	205,007	271,727
Due within one year:			
Compensated absences	4,148	-	4,148
Current portion of long-term debt	300,630	575,000	875,630
Due in more than one year:			
Accrued interest - Capital appreciation bonds	-	6,657,027	6,657,027
Long-term debt	6,650,702	23,519,656	30,170,358
Total liabilities	7,061,609	30,966,994	38,028,603
Deferred Inflows of Resources - Property taxes levied for the following year			
	816,129	337,788	1,153,917
Net Position			
Net investment in capital assets	333,670	-	333,670
Restricted - Debt service	530,546	1,500,000	2,030,546
Unrestricted	563,094	(26,273,940)	(25,710,846)
Total net position	\$ 1,427,310	\$ (24,773,940)	\$ (23,346,630)

Charter Township of Van Buren

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority:				
Community and economic development	\$ 2,487,790	\$ -	\$ -	\$ -
Debt service	243,020	-	-	-
Total Downtown Development Authority	2,730,810	-	-	-
Local Development Financing Authority:				
Community and economic development	59,864	-	-	-
Debt service	1,451,379	-	-	-
Total Local Development Financing Authority	1,511,243	-	-	-
Total component units	<u>\$ 4,242,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
Investment income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

**Component Units
Statement of Activities
Year Ended December 31, 2014**

Net (Expense) Revenue and Changes in Net Position

<u>DDA</u>	<u>LDFA</u>	<u>Total</u>
\$ (2,487,790)	\$ -	\$ (2,487,790)
<u>(243,020)</u>	<u>-</u>	<u>(243,020)</u>
(2,730,810)	-	(2,730,810)
-	(59,864)	(59,864)
<u>-</u>	<u>(1,451,379)</u>	<u>(1,451,379)</u>
-	(1,511,243)	(1,511,243)
(2,730,810)	(1,511,243)	(4,242,053)
1,921,037	500,717	2,421,754
<u>52,674</u>	<u>42,248</u>	<u>94,922</u>
<u>1,973,711</u>	<u>542,965</u>	<u>2,516,676</u>
(757,099)	(968,278)	(1,725,377)
<u>2,184,409</u>	<u>(23,805,662)</u>	<u>(21,621,253)</u>
<u>\$ 1,427,310</u>	<u>\$ (24,773,940)</u>	<u>\$ (23,346,630)</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note I - Nature of Business and Significant Accounting Policies

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

Reporting Entity

The Charter Township of Van Buren is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. 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 a specific district, encourage historical preservation, and to promote economic growth within the specific district. The DDA's governing body, which consists of 13 individuals, is selected by the board of trustees. In addition, the DDA's budget is subject to approval by the board of trustees. Complete financial reports can be obtained from the Charter Township of Van Buren at 46425 Tyler Road, Van Buren Township, Michigan 48111.

The Local Development Financing Authority (the "LDFA") was created to encourage local development to prevent conditions of unemployment and promote economic growth. This purpose is accomplished by the LDFA by collecting captured property taxes under a tax increment financing plan in accordance with state law and budgeting expenditures for improvements in the LDFA's district boundaries. The LDFA's governing body, which consists of 11 individuals, is selected by the board of trustees. Complete financial reports can be obtained from the Charter Township of Van Buren at 46425 Tyler Road, Van Buren Township, Michigan 48111.

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 Government Accounting Standards Board.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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 that specific revenues were used for. The various funds are aggregated into three broad fund types:

Governmental Funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund and special revenue funds. The Township reports the following fund as a “major” governmental fund:

- The General Fund 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.

Proprietary Funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The Township reports the following fund as a “major” enterprise fund:

- The Water and Sewer Fund provides water to customers, and disposes of sanitary sewage in exchange for a user charge for the provision of those services.

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

- The Other Post-employment Benefits (OPEB) Trust Fund, which accumulates resources for future retiree healthcare payments to qualified employees; and
- The 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. 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 funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note I - Nature of Business and Significant Accounting Policies (Continued)

Further, 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 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.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are 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, district court fines, 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 of resources".

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.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note I - Nature of Business and 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 revenues 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 revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (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 revenues are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

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 are stated at fair value. Pooled investment income from various funds is generally allocated to each fund based on relative participation in the pool, except that Agency Funds' investment earnings are allocated to the General Fund.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note I - Nature of Business and Significant Accounting Policies (Continued)

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.

Restricted Assets - Restricted assets of the Water and Sewer Fund represent amounts on deposit at the county and property tax collections to be used for the capital costs or debt service of the Township's water and sewer lines. The Downtown Development Authority Bonds and Local Development Financing Authority Bonds require amounts to be set aside for debt service principal and interest and bond reserves. In addition, the Downtown Development Authority has restricted assets related to unspent bond proceeds.

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 \$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 recorded at estimated fair market value at the date of donation.

Utility systems, land improvements, buildings and improvements, equipment and furniture, road improvements, vehicles, and the French Landing Dam are depreciated using the straight-line method over the following useful lives:

<u>Capital Asset Class</u>	<u>Lives</u>
Utility system	50 years
Land improvements	15 years
Building and improvements	50 years
Equipment and furniture	5 to 10 years
Road improvements	50 years
Vehicles	5 years
French Landing Dam	50 years

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type 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 General Fund is generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the component unit and government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position 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 arises only under a modified accrual basis of accounting. Accordingly, it is reported only in the governmental funds balance sheet. The governmental funds and government-wide statements report unearned revenues from property taxes and other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the government 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 and proprietary 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 net position to have been depleted before unrestricted net position is applied.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note I - Nature of Business and Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

Sometimes the government 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 government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, 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 government 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 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 government 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. The board 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 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 Van Buren

Notes to Financial Statements December 31, 2014

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied and become a lien 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 2013 tax is levied and collectible on December 1, 2013 and is recognized as revenue in the year ended December 31, 2014, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2013 taxable valuation of the Township totaled \$948,809,516 (a portion of which is abated and a portion of which is captured by the LDFA and DDA), on which taxes levied consisted of .9144 mills for operating purposes and 4.0000 mills for public safety. This resulted in \$787,000 for operating and \$3,452,000 for public safety. These amounts are recognized in the General Fund financial statements as tax revenue.

Pension and Other Postemployment Benefit Costs - The Township offers both pension and retiree 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, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, 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 (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements; generally the funds that report each employee's compensation (the General Fund and Water and Sewer Fund, primarily) are used to liquidate obligation.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues 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 revenues of the Water and Sewer Fund are charges to customers for sales and services. The Water and Sewer 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 proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, 2014		\$ (3,273,736)
Current year building permit revenue		437,296
Related expenses:		
Direct costs	\$ 630,661	
Estimated indirect costs	153,274	783,935
	<u> </u>	<u> </u>
Current year shortfall		(346,639)
Cumulative shortfall at December 31, 2014		<u>\$ 3,620,375</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

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. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all the state statutory authorities as listed above. The component units' investment policies mirror that of the Township.

The OPEB 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 four 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 \$15,028,738 of bank deposits (certificates of deposit, 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.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 3 - Deposits and Investments (Continued)

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 states that limitations on instruments, diversification, and maturity scheduling shall depend upon whether the funds being invested are considered short-term or long-term funds. With the exception of debt service, capital improvement, and special assessment funds, all funds shall be considered short-term and shall be invested in instruments whose maturities do not exceed five years at the time of purchase. Additionally, commercial paper can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Primary Government		
U.S. governmental securities	\$ 25,732,600	41.25 months
Negotiable certificates of deposit	<u>4,450,000</u>	33.82 months
Total	<u>\$ 30,182,600</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			
Bank investment pool	\$ 3,009,858	AAAm	S&P
Negotiable certificates of deposit	4,450,000	n/a	n/a
U.S. governmental securities	<u>25,732,600</u>	AA+	S&P
Total	<u>\$ 33,192,458</u>		

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer. More than 5 percent of the Township's investments are in the following:

Security	Value	Concentration %
Government agency - Federal Farm Credit Banks	\$ 2,125,000	7.03%

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 3 - Deposits and Investments (Continued)

Component Units - The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$6,997,231. Their investments include a bank investment pool of \$2,806,443 which was rated A1/P1/F1. The ratings on their negotiable CDs in the amount of \$2,238,000 were not available. The component units also have \$5,350,000 invested in government agencies which were rated AA+ by S&P. In addition, the component units had \$2,238,000 in negotiable CDs with a maturity of 25.50 months as well as \$5,350,000 in government agencies with a maturity of 28.35 months.

The component unit places no limit on the amount the Township may invest in any one issuer. More than 5 percent of the component unit investments are in a certificate of deposit at Chase Bank for the LDFA and DDA. The DDA and LDFA concentration percentage of the certificate of deposit is 5.27 percent and 6.59 percent, respectively.

Note 4 - Capital Assets

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

	Balance January 1, 2014	Reclassifications	Additions	Disposals	Balance December 31, 2014
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 4,309,157	\$ -	\$ -	\$ -	\$ 4,309,157
Construction in progress	54,642	(314,546)	479,156	-	219,252
Subtotal	4,363,799	(314,546)	479,156	-	4,528,409
Capital assets being depreciated:					
Buildings and improvements	15,064,694	-	68,269	-	15,132,963
Vehicles	3,976,547	-	207,112	(55,728)	4,127,931
Equipment and furniture	3,690,050	-	165,873	(12,096)	3,843,827
Land improvements	2,505,277	314,546	-	-	2,819,823
French Landing Dam	2,936,277	-	-	-	2,936,277
Subtotal	28,172,845	314,546	441,254	(67,824)	28,860,821
Accumulated depreciation:					
Buildings and improvements	3,798,874	-	368,581	-	4,167,455
Vehicles	2,783,366	-	219,721	(22,538)	2,980,549
Equipment and furniture	3,121,407	-	234,774	(12,096)	3,344,085
Land improvements	1,039,356	-	170,826	-	1,210,182
French Landing Dam	2,160,310	-	61,397	-	2,221,707
Subtotal	12,903,313	-	1,055,299	(34,634)	13,923,978
Net capital assets being depreciated	15,269,532	314,546	(614,045)	(33,190)	14,936,843
Net capital assets	\$ 19,633,331	\$ -	\$ (134,889)	\$ (33,190)	\$ 19,465,252

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 4 - Capital Assets (Continued)

	Balance January 1, 2014	Reclassifications	Additions	Disposals	Balance December 31, 2014
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 51,512	\$ -	\$ 5,782	\$ -	\$ 57,294
Construction in progress	303,299	-	344,351	-	647,650
Subtotal	354,811	-	350,133	-	704,944
Capital assets being depreciated:					
Utility system	100,899,607	-	765,547	-	101,665,154
Building	309,000	-	-	-	309,000
Machinery and equipment	576,614	-	-	-	576,614
Vehicles	835,346	-	85,836	-	921,182
Office furnishings	160,518	-	3,281	(1,701)	162,098
Subtotal	102,781,085	-	854,664	(1,701)	103,634,048
Accumulated depreciation:					
Utility system	36,380,178	-	2,124,064	-	38,504,242
Buildings and improvements	110,172	-	6,301	-	116,473
Machinery and equipment	456,313	-	21,974	-	478,287
Vehicles	490,958	-	81,355	-	572,313
Office furnishings	155,876	-	2,704	(1,701)	156,879
Subtotal	37,593,497	-	2,236,398	(1,701)	39,828,194
Net capital assets being depreciated	65,187,588	-	(1,381,734)	-	63,805,854
Net capital assets	\$ 65,542,399	\$ -	\$ (1,031,601)	\$ -	\$ 64,510,798
Component Units					
Capital assets being depreciated:					
Land improvements	\$ 1,290,835	\$ -	\$ -	\$ -	\$ 1,290,835
Office furnishings	-	-	2,239	-	2,239
Subtotal	1,290,835	-	2,239	-	1,293,074
Accumulated depreciation:					
Land improvements	886,219	-	73,122	-	959,341
Office furnishings	-	-	63	-	63
Subtotal	886,219	-	73,185	-	959,404
Net capital assets	\$ 404,616	\$ -	\$ (70,946)	\$ -	\$ 333,670

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 4 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 80,505
Public safety	664,711
Public works	27,804
Recreation and culture	<u>282,279</u>
Total governmental activities	<u>\$ 1,055,299</u>
Business-type activities - Water and Sewer	<u>\$ 2,236,398</u>
Component unit activities - Downtown Development Authority	<u>\$ 73,185</u>

Construction Commitments - The Township has active construction projects at year end. The projects include the bond issue and the project. At year end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Parking Lot Phase 2- Asphalt Specialist	\$ 188,178	\$ 13,994
Intercom System	3,617	3,616
2013 Water Main Project - Wade Trip Engineering	26,493	5,507
Belleville Road Traffic Signalization and Repair Project	1,572,606	1,027,394

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General Fund	Other nonmajor governmental funds	\$ 1,945
Other nonmajor governmental funds	General Fund	4,693

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

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

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

Receivable Fund	Payable Fund	Amount
Community Development Block Grant	General Fund	\$ 2,061

The transfers from the General Fund to the Community Development Block Grant Fund represent the use of unrestricted resources to finance those programs.

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 state revolving funds are obligations of the Water and Sewer Fund. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

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

Long-term debt activity can be summarized as follows:

Description	Amount
Governmental Activities - General obligations - Capital improvement bonds, series 2006 (general obligation limited tax), amount of issue - \$5,165,000, bearing interest from 4.0% to 4.375%, maturing in 2022	\$ 2,995,000
Business-type Activities	\$ 108,220
Downriver Sewage Disposal System Bonds, Estimated Clean Water Program, 2014, amount of issue - \$11,955,000, bearing interest of 2.00% maturing through 2035	82,587
State Revolving Fund - Downriver Sewage Disposal System Bonds, amount of issue - \$2,364,903, bearing interest of 2%, maturing through 2021	476,780
South Huron Valley Wastewater Control System SRF Expansion Bonds, amount of issue - \$26,307,133, bearing interest of 2.25%, maturing through 2020	2,670,967
Downriver Sewage Disposal System, 2011 Downriver Treatment Plan Improvement Bond, amount of issue - \$174,346, bearing interest of 1.625%, maturing through 2033	236,410
State Revolving Loan Fund, 2006, amount of issue - \$12,025,000, bearing interest of 1.625%, maturing through 2026	7,989,339
Water Meter Loan, 2007, amount of issue - \$2,676,097, bearing interest from 4.31% to 5.09%, maturing through 2017	473,202
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$231,955, bearing interest of 1.625%, maturing through 2029	159,609

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 6 - Long-term Debt (Continued)

Description	Amount
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$255,646, bearing interest of 1.625%, maturing through 2030	\$ 182,610
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$96,994, bearing interest of 1.625%, maturing through 2030	61,830
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$94,741, bearing interest of 1.625%, maturing through 2029	61,745
State Revolving Loan Fund, 2005, amount of issue - \$77,254, bearing interest of 1.625%, maturing through 2026	53,670
State Revolving Loan Fund, 2007, amount of issue - \$104,577, bearing interest from 4.0% to 5.4%, maturing through 2028	61,200
State Revolving Loan Fund, 2007, amount of issue - \$114,251, bearing interest from 4.25% to 5.0%, maturing through 2027	86,011
Drinking Water Revolving Loan Fund, 2009, amount of issue - \$6,645,000, bearing interest of 2.5%, maturing through 2029	5,275,000
South Huron Valley Utility Authority: Project 5386-01 2011, amount of issue - \$485,963, bearing interest of 2.5%, maturing through 2031	446,152
Total business-type activities debt	<u>\$ 18,425,332</u>

Component Units Activities - Refunding Bonds

2006 LDFA Tax Increment Refunding Bonds, Series 2006, amount of original issue - \$19,200,000, bearing interest from 4.25% to 5.0%, maturing in 2031	\$ 17,505,000
Deferred amount on refunding	(393,726)

Subtotal 17,111,274

Tax Increment Bonds - Series 2003, amount of issue - \$6,589,656, bearing interest from 5.27% to 5.38%, maturing through 2032	6,589,656
Tax Increment Bonds - Series 2014, amount of issue - \$2,600,000, bearing interest from 2.00% to 4.00%, maturing through 2032	2,440,000
2014 Bond Premium	11,322
Tax Increment Bonds - Series 2012, amount of issue - \$4,900,000, bearing interest from 2.00% to 3.75%, maturing through 2032	4,500,000

Subtotal 13,540,978

Total Component Unit activity debt \$ 30,652,252

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligations	\$ 3,305,000	\$ -	\$ 310,000	\$ 2,995,000	\$ 325,000
OPEB liability	8,834,893	1,378,472	-	10,213,365	-
Compensated absences	93,077	240,912	236,804	97,185	4,107
Nonexchange financial guarantee	-	20,150,000	-	20,150,000	-
Total governmental activities	<u>\$ 12,232,970</u>	<u>\$ 21,769,384</u>	<u>\$ 546,804</u>	<u>\$ 33,455,550</u>	<u>\$ 329,107</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 6 - Long-term Debt (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities					
Contractual obligations with Wayne County and other debt	\$ 19,304,000	\$ 112,208	\$ 1,464,078	\$ 17,952,130	\$ 1,475,629
Other debt	753,269	-	280,067	473,202	291,968
Total bonds payable	20,057,269	112,208	1,744,145	18,425,332	1,767,597
OPEB liability	125,924	111,638	125,924	111,638	-
Compensated absences	22,041	75,439	74,433	23,047	1,006
Total business-type activities	<u>\$ 20,205,234</u>	<u>\$ 299,285</u>	<u>\$ 1,944,502</u>	<u>\$ 18,560,017</u>	<u>\$ 1,766,591</u>
Component Unit Activities					
Refunding bonds	\$ 18,300,000	\$ -	\$ 795,000	\$ 17,505,000	\$ 575,000
Tax increment bonds	11,279,656	2,600,000	350,000	13,529,656	300,000
DDA Bond Premium	-	11,962	630	11,332	630
Total bonds payable	29,579,656	2,611,962	1,145,630	31,045,988	875,630
Compensated absences	4,148	-	-	4,148	4,148
Total component unit activities	<u>\$ 29,583,804</u>	<u>\$ 2,611,962</u>	<u>\$ 1,145,630</u>	<u>\$ 31,050,136</u>	<u>\$ 879,778</u>

The Township has committed its full faith and credit for all debt outstanding for the Local Development Financing Authority (LDFA). The LDFA has capital appreciation bonds issued in 2003 in the total principal amount of \$6,589,656. As of December 31, 2014, the LDFA had recorded \$6,657,027 in accrued interest.

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			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal *	Interest	Total
2015	\$ 325,000	\$ 127,934	\$ 452,934	\$ 1,767,597	\$ 414,017	\$ 2,181,614	\$ 875,000	\$ 1,044,652	\$ 1,919,652
2016	335,000	114,608	449,608	1,675,020	370,232	2,045,252	1,735,000	990,341	2,725,341
2017	350,000	100,538	450,538	1,529,496	312,059	1,841,555	1,870,000	909,940	2,779,940
2018	365,000	86,102	451,102	1,554,566	309,919	1,864,485	2,000,000	800,903	2,800,903
2019	375,000	70,406	445,406	1,497,040	246,365	1,743,405	2,130,000	746,235	2,876,235
2020-2024	1,245,000	110,248	1,355,248	5,838,969	819,864	6,658,833	10,126,090	4,411,062	14,537,152
2025-2029	-	-	-	4,421,236	264,257	4,685,493	7,313,608	9,571,893	16,885,501
2030-2034	-	-	-	141,408	4,473	145,881	4,984,958	7,132,655	12,117,613
Total	<u>\$ 2,995,000</u>	<u>\$ 609,836</u>	<u>\$ 3,604,836</u>	<u>\$ 18,425,332</u>	<u>\$ 2,741,186</u>	<u>\$ 21,166,518</u>	<u>\$ 31,034,656</u>	<u>\$ 25,607,681</u>	<u>\$ 56,642,337</u>

* Amounts are not adjusted for deferred amounts on refunding.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 6 - Long-term Debt (Continued)

Defeased Debt - In prior years, the Downtown Development Authority and Local Development Financing Authority defeased certain bonds by placing the proceeds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the financial statements. At December 31, 2014, \$1,305,000 and \$16,485,000, respectively, of bonds outstanding are considered to be defeased.

The Downtown Development Authority has pledged a portion of future property tax revenue to repay \$4,690,000 and \$2,600,000 in Downtown Development Authority bonds issued in 2012 and 2014, respectively, to finance various capital improvements. The bonds are payable solely from the incremental property taxes captured by the Authority, and are projected to produce 100 percent of debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds are \$9,475,375, payable through 2032. For the current year, principal and interest paid and total property tax captures were \$1,238,923 and \$1,921,037, respectively.

In 2003, the Local Development Financing Authority issued bonds in the amount of \$25,789,656, a portion of which was refunded in 2006 to finance various capital improvements. The bonds are payable from the incremental property taxes captured by the Authority, and were originally projected to produce 100 percent of debt service requirements over the life of the bonds. Current economic conditions are resulting in annual captures being less than annual debt service payments. The Township is secondarily liable for these bonds. Total principal and interest remaining of the bonds are \$47,196,691, payable through 2032. For the current year, principal and interest paid and total property tax captures were \$958,021 and \$500,717, respectively.

Note 7 - Restricted Assets

The balances for the restricted asset accounts are as follows:

	<u>Business-type</u>	<u>Component Units</u>
Assets held by Wayne County	\$ 1,199,557	\$ -
Cash and cash equivalents:	24,951,966	-
Bond reserve	-	2,906,061
Unspent bond proceeds	-	1,748,178
	<u>\$ 26,151,523</u>	<u>\$ 4,654,239</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 7 - Restricted Assets (Continued)

Restricted assets in business-type activities of \$26,151,523 are from net position held at Wayne County and property tax collections and are restricted for debt service payments and capital expenditures. Net position has been restricted for this amount. Restricted assets in the Downtown Development Authority are restricted for the purpose of the 2012 Tax Increment Revenue Bonds and the 2014 Tax Incremental Revenue Refunding Bonds debt service requirements as well as unspent bond proceeds from the 2012 Tax Increment Revenue Bonds. Net position been restricted for \$530,546 for debt service. Restricted assets in the Local Development Financing Authority are restricted for the 2003 revenue bond debt service requirements. Net position has been restricted for \$1,500,000.

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 employee injuries and medical benefits, and participates in the 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.

The Township estimates the liability for general liability 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. These estimates are recorded in the government-wide statements and the Water and Sewer Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	2013	2014
Claims incurred - Including changes in estimates	\$ 218,087	\$ 108,319
Claim payments	<u>(218,087)</u>	<u>(108,319)</u>
Unpaid claims - End of year	<u>\$ -</u>	<u>\$ -</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 9 - Defined Contribution Pension Plan

The Township provides pension benefits to all of its full-time salaried employees, AFSCME employees, and paid on-call firefighters through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate as of the first day of the next month after employment. As established by union or employee contractual agreements, the Township contributes 12 percent of employees' base earnings toward general governmental employees and fire inspectors and 6 percent of employees' base earnings toward firefighters. In addition, the general government employees contribute a minimum of 5 percent and the firefighters contribute 3.5 percent of earnings, with the option of contributing up to 15 percent. In accordance with these requirements, the Township contributed approximately \$358,000 during the current year, and employees contributed approximately \$169,000.

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township's police command, police officers, and dispatch employees participate in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers all employees of the Township. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the System for these employees was established by negotiation with the Township's competitive bargaining units and arbitrage rulings under Michigan Public Act 312 of 1969 and requires a contribution from the employees of 5.00 percent of gross wages for police patrol/dispatch and 11.93 percent of gross wages for the police command. Additionally, the Township contributes 12 percent of base wages for the police patrol/dispatch and command.

Annual Pension Cost - For the year ended December 31, 2014, the Township's annual pension cost of \$399,017 for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2013, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, and (b) projected salary increases of 4.5 percent per year, attributable to inflation plus additional salary increases attributable to seniority/merit. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 25 years.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 10 - Defined Benefit Pension Plan (Continued)

Three-year Trend

	Fiscal Year Ended December 31		
	2012	2013	2014
Annual pension cost (APC)	\$ 436,380	\$ 396,365	\$ 399,017
Percentage of APC contributed	100.0 %	100.0 %	100.0 %

	Fiscal Year Ended December 31		
	2011	2012	2013
Actuarial value of assets	\$ 9,259,726	\$ 10,500,650	\$ 11,266,871
Actuarial accrued liability (AAL) (entry age)	\$ 11,672,813	\$ 12,808,353	\$ 13,915,016
Unfunded AAL (UAAL)	\$ 2,413,087	\$ 2,607,703	\$ 2,648,145
Funded ratio	79.3 %	79.6 %	81.0 %
Covered payroll	\$ 3,457,420	\$ 3,402,508	\$ 3,151,341
UAAL as a percentage of covered payroll	69.8 %	76.6 %	84.0 %

Note 11 - Other Postemployment Benefits

Plan Description - The Township provides retiree healthcare benefits to eligible employees and their spouses. This is a single employer/agent multiple employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements.

Funding Policy - The collective bargaining agreements do not require contributions from employees. 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).

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 11 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended December 31, 2014, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2012. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 2,137,947
Interest on the prior year's net OPEB obligation	358,432
Less adjustment to the annual required contribution	<u>(600,282)</u>
Annual OPEB cost	1,896,097
Amounts contributed - Payments of current premiums	(305,989)
Advance funding	<u>(225,922)</u>
Increase in net OPEB obligation	1,364,186
OPEB obligation - Beginning of year	<u>8,960,817</u>
OPEB obligation - End of year	<u>\$ 10,325,003</u>

The schedule of employer contributions and the net OPEB obligation for the last six years is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage OPEB Costs Contributed	
12/31/09	10/1/07	\$ 1,859,189	\$ 1,922,667	6.2 %	6.1 %	\$ 3,329,304
12/31/10	12/31/10	1,808,895	1,746,544	7.5 %	7.7 %	5,004,268
12/31/11	12/31/10	1,892,909	1,790,301	38.5 %	40.8 %	6,065,090
12/31/12	12/31/10	1,934,128	1,778,061	22.2 %	24.3 %	7,429,774
12/31/13	12/31/12	2,173,483	1,994,313	20.4 %	22.3 %	8,960,817
12/31/14	12/31/12	2,137,947	1,896,097	24.9 %	28.1 %	10,325,003

* The required contribution is expressed to the Township as a percentage of payroll.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 11 - Other Postemployment Benefits (Continued)

The funding progress of the plan 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)
10/1/07	\$ -	\$ 14,452,109	\$ 14,452,109	0.0 %
12/31/10	-	16,298,775	16,298,775	0.0 %
12/31/12	849,425	22,145,035	21,295,610	3.8 %

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, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets, and an annual healthcare cost trend rate of 5 percent initially, reduced by decrements to an ultimate rate of 0 percent after four years. Both rates included a 5.0 percent inflation assumption. The UAAL is being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2012 was 25 years.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 12 - Joint Ventures

The Township is a member of the South Huron Valley Utility Authority (the "Utility Authority"). The Utility Authority is a joint venture of the charter townships of Brownstown, Huron, and Van Buren, the cities of Flat Rock, Gibraltar, and Woodhaven, and the village of South Rockwood. The Utility Authority was founded in order to acquire and operate a sewage disposal and wastewater treatment system. During the year, the Township contributed \$716,845 toward the operation of the system. In addition, debt payments of \$512,311, including both principal and interest, were made to the Utility Authority. The Township's portion of the debt is recorded in the Township's Water and Sewer Fund. The Township's share of the capital assets and net operating excess is also reflected in the Water and Sewer Fund. Complete financial statements for the Utility Authority can be obtained from the administrative offices at 46425 Tyler Road, Belleville, MI 48111. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

The Township, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System. The Township's share of capital assets, restricted assets (for debt service), excess operating assets, and related debt is recorded in the Water and Sewer Fund. During the year, the Township paid \$309,580 for operations of the system and \$243,478 for debt service. The debt service is being paid through the collection of property taxes. Complete financial statements can be obtained from the administrative offices at 415 Clifford, Detroit, MI 48226. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Van Buren Township is also served by the North Huron Valley/Rouge Valley (NHV/RV) Sewage Disposal System, which provides services to 17 municipal entities including cities, townships, and counties. The Township's share of capital assets, operating assets, and related debt is recorded in the Water and Sewer Fund. During 2014, the Township paid \$568,693 for sewage disposal, operation and maintenance, and debt in this system. Payment of these charges is funded through the collection of sewer fees to Township residents.

The Township, along with seven other communities, is a member of the Detroit Region Aerotropolis Development Corporation (DRADC), which encourages economic development around Detroit Metropolitan and Willow Run Airports. The Township contributed \$25,000 to the DRADC during 2014.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 13 - Deferred Inflows/Outflows 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	\$ 4,617,887	\$ 4,617,887
Special assessments - Unavailable	297,525	-
Special assessments - Unearned	38,700	38,700
Grant revenue - Unavailable	49,759	-
Total deferred inflows	<u>\$ 5,003,871</u>	<u>\$ 4,656,587</u>

The component units also reported \$1,153,917 of deferred inflows of resources at the end of the current fiscal year associated with property taxes levied for the next fiscal year.

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

	Component Units
Bond refunding loss being amortized	<u>\$ 393,726</u>

Note 14 - Nonexchange Financial Guarantee

During the current year, the Township adopted GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantee*.

In May 2003, the Township guaranteed the 30-year, \$25,789,656 2003 Local Development Financing Authority (LDFA) bonds, a portion of which was refinanced in 2006. The bonds mature annually through April 2032, with semiannual interest payments. In the event that the LDFA is unable to make a payment, the Township will be required to make that payment.

The Visteon Corporation bankruptcy in 2009 resulted in a significant taxable value decline within the LDFA. Subsequent to December 31, 2013, the facts and circumstances are such that the Township will more likely than not be required to pay a portion of the LDFA debt service payments beginning in 2018. The amount of the liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee. The liability recognized for nonexchange financial guarantees by the Township at December 31, 2014 is as follows:

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 14 - Nonexchange Financial Guarantee (Continued)

Beginning of Year	Increases	Decreases	End of Year
\$ -	\$ 20,150,000	\$ -	\$ 20,150,000

Note 15 - Fund Balance Constraints

The detail of the various components of fund balance is as follows:

	General Fund	Nonmajor Funds	Total
Fund Balances			
Nonspendable - Prepays	\$ 160,255	\$ 764	\$ 161,019
Restricted:			
Law enforcement	-	301,970	301,970
911 service	-	285,416	285,416
Museum	-	8,624	8,624
PEG fees	17,971	-	17,971
Community Development Block Grant	-	8,970	8,970
Total	178,226	605,744	783,970
Assigned:			
Land and municipal facilities (Fire Station #1) - Debt service	2,995,000	-	2,995,000
Senior center bequest activities	7,681	-	7,681
French Landing Dam	157,500	-	157,500
Computer networking equipment	25,000	-	25,000
Sidewalk maintenance	25,000	-	25,000
Compensated absences	97,185	-	97,185
Retiree health care	100,000	-	100,000
Total	3,407,366	-	3,407,366
Unassigned	5,752,283	-	5,752,283
Total fund balance	\$ 9,337,875	\$ 605,744	\$ 9,943,619

Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 16 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ending December 31, 2015.

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Township is currently evaluating the impact this standard will have on the financial statements when adopted, during the Township's 2016 fiscal year.

Required Supplemental Information

Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 785,500	\$ 785,500	\$ 796,222	\$ 10,722
Public safety tax revenues	3,400,000	3,425,000	3,452,065	27,065
Licenses and permits	381,500	544,683	586,827	42,144
State-shared revenue and grants	2,269,700	2,279,700	2,347,626	67,926
Charges for services	1,004,950	1,234,253	1,312,888	78,635
Fines and forfeitures	1,127,808	895,000	947,566	52,566
Investment income	40,000	40,000	44,332	4,332
Other revenue	1,091,661	1,077,518	943,916	(133,602)
Total revenue	10,101,119	10,281,654	10,431,442	149,788
Expenditures - Current				
General government:				
Township Board	282,394	298,394	308,116	(9,722)
Supervisor	277,260	243,267	235,736	7,531
Accounting	65,000	60,000	47,392	12,608
IT department	237,445	229,145	205,549	23,596
Treasurer	299,860	299,860	270,160	29,700
Assessing	197,654	183,854	175,003	8,851
General office	90,500	83,000	68,284	14,716
Clerk	387,678	367,502	368,418	(916)
Elections	121,942	121,942	104,245	17,697
Buildings and grounds	1,024,387	953,187	901,311	51,876
Attorney	270,000	270,000	266,186	3,814
Cemetery	11,500	7,455	14,838	(7,383)
Total general government	3,265,620	3,117,606	2,965,238	152,368
Public safety:				
Police	5,310,311	5,187,934	5,013,117	174,817
Dispatch	801,312	711,400	670,968	40,432
Fire	1,641,156	1,545,400	1,498,569	46,831
Building	762,840	738,410	788,328	(49,918)
Animal control	60,600	58,600	50,917	7,683
Total public safety	8,576,219	8,241,744	8,021,899	219,845
Public works - Contracted services	232,000	231,200	218,167	13,033
Community and economic development	125,750	123,986	114,182	9,804
Recreation and culture:				
Parks and lakes	177,364	197,064	166,276	30,788
Senior citizens	193,304	187,904	185,929	1,975
Cable	100,395	104,600	78,283	26,317
Recreation	308,875	298,665	282,861	15,804
Total recreation and culture	779,938	788,233	713,349	74,884
Insurance	677,500	652,500	743,896	(91,396)
Total expenditures	13,657,027	13,155,269	12,776,731	378,538
Excess of Expenditures Over Revenue	(3,555,908)	(2,873,615)	(2,345,289)	528,326
Other Financing Sources - Transfers in	3,050,068	2,759,866	2,759,866	-
Net Change in Fund Balance	(505,840)	(113,749)	414,577	528,326
Fund Balance - Beginning of year	4,607,106	4,607,106	4,607,106	-
Fund Balance - End of year	\$ 4,101,266	\$ 4,493,357	\$ 5,021,683	\$ 528,326

Charter Township of Van Buren

Note to Required Supplemental Information Year Ended December 31, 2014

Budgetary Information - The annual budgets are prepared by the Township supervisor and adopted by the Township board; subsequent amendments are approved by the Township board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2014 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, with the exception of certain grant revenue being budgeted as an offset to the related expenditures being reimbursed and reimbursement of costs being recorded as revenue instead of an offset to the related expenditures.

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 department level.

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is below. This reconciliation illustrates the effects of GASB Statement No. 54 on the General Fund as funds that were previously considered to be special revenue funds are now included in the General Fund on the fund-based statements.

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Transfers</u>
General Fund:			
Amounts per operating statement	\$ 13,077,766	\$ 12,523,708	\$ (2,061)
Resources received from other funds reported as a reduction in expenditures	545,661	705,661	160,000
Less Landfill Fund	<u>(3,191,985)</u>	<u>(452,638)</u>	<u>2,601,927</u>
Amounts per budget statement	<u>\$ 10,431,442</u>	<u>\$ 12,776,731</u>	<u>\$ 2,759,866</u>

Excess of Expenditures Over Appropriations in Budgeted Funds - The Township did not have significant expenditure budget variances with the exception the following variances:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Township Board	\$ 298,394	\$ 308,116	\$ (9,722)
Clerk	367,502	368,418	(916)
Cemetery	7,455	14,838	(7,383)
Building	738,410	788,328	(49,918)
Insurance	652,500	743,896	(91,396)

Charter Township of Van Buren

Required Supplemental Information Defined Benefit Pension Plan Schedule Year Ended December 31, 2014

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
12/31/11	\$ 9,259,726	\$ 11,672,813	\$ 2,413,087	79.3	\$ 3,457,420	69.8
12/31/12	10,200,650	12,808,353	2,607,703	79.6	3,402,508	76.6
12/31/13	11,266,871	13,915,016	2,648,145	81.0	3,546,328	74.7

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2013, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period (perpetual)	25 years
Asset valuation method	10-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
*Includes inflation at	4.5%
Cost of living adjustments	None

Charter Township of Van Buren

Required Supplemental Information OPEB System Schedule Year Ended December 31, 2014

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)
10/1/07	\$ -	\$ 14,452,109	\$ 14,452,109	-
12/31/10	-	16,298,775	16,298,775	-
12/31/12	849,425	22,145,035	21,295,610	3.8

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/11	12/31/10	\$ 1,892,909	38.5
12/31/12	12/31/10	1,934,128	22.4
12/31/13	12/31/12	2,173,483	20.4
12/31/14	12/31/12	2,137,947	24.9

* The required contribution is expressed to the Township as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2012, the latest actuarial valuation, follows:

Amortization method	Level dollar, closed
Amortization period	25 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected healthcare cost increases	0% - 5.0%
*Includes inflation at	5.0%
Cost of living adjustments	None

Other Supplemental Information

Charter Township of Van Buren

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service	Museum	
Assets						
Cash and investments	\$ 11,751	\$ 38,883	\$ 271,986	\$ 210,390	\$ 13,831	\$ 546,841
Receivables:						
Other receivables	-	-	-	75,026	-	75,026
Due from other governmental units	20,589	-	-	-	-	20,589
Due from other funds	4,693	-	-	-	-	4,693
Prepaid expenses and other assets	-	-	-	-	764	764
Total assets	\$ 37,033	\$ 38,883	\$ 271,986	\$ 285,416	\$ 14,595	\$ 647,913
Liabilities						
Accounts payable	\$ 557	\$ -	\$ 8,899	\$ -	\$ 3,246	\$ 12,702
Due to other funds	1,945	-	-	-	-	1,945
Accrued liabilities and other	4,972	-	-	-	1,961	6,933
Total liabilities	7,474	-	8,899	-	5,207	21,580
Deferred Inflows of Resources - Unavailable revenue	20,589	-	-	-	-	20,589
Fund Balances						
Nonspendable - Prepays	-	-	-	-	764	764
Restricted:						
Law enforcement	-	38,883	263,087	-	-	301,970
911 service	-	-	-	285,416	-	285,416
Grants	8,970	-	-	-	-	8,970
Museum	-	-	-	-	8,624	8,624
Total fund balances	8,970	38,883	263,087	285,416	9,388	605,744
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,033	\$ 38,883	\$ 271,986	\$ 285,416	\$ 14,595	\$ 647,913

Charter Township of Van Buren

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended December 31, 2014

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service	Museum	
Revenue						
Federal grants	\$ 350,820	\$ 2,834	\$ -	\$ -	\$ -	\$ 353,654
State grants	-	-	8,415	-	-	8,415
Investment income	21	64	482	272	56	895
Other revenue:						
Local donations	-	-	-	-	76,249	76,249
Other miscellaneous income	-	-	850	161,305	-	162,155
Total revenue	<u>350,841</u>	<u>2,898</u>	<u>9,747</u>	<u>161,577</u>	<u>76,305</u>	<u>601,368</u>
Expenditures - Current						
Public safety	-	56	88,370	160,250	-	248,676
Community and economic development	303,803	-	-	-	-	303,803
Recreation and culture	-	-	-	-	72,140	72,140
Total expenditures	<u>303,803</u>	<u>56</u>	<u>88,370</u>	<u>160,250</u>	<u>72,140</u>	<u>624,619</u>
Excess of Revenue Over (Under) Expenditures	47,038	2,842	(78,623)	1,327	4,165	(23,251)
Transfers in	<u>2,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,061</u>
Net Change in Fund Balances	49,099	2,842	(78,623)	1,327	4,165	(21,190)
Fund Balances (Deficit) - Beginning of year	<u>(40,129)</u>	<u>36,041</u>	<u>341,710</u>	<u>284,089</u>	<u>5,223</u>	<u>626,934</u>
Fund Balances - End of year	<u><u>\$ 8,970</u></u>	<u><u>\$ 38,883</u></u>	<u><u>\$ 263,087</u></u>	<u><u>\$ 285,416</u></u>	<u><u>\$ 9,388</u></u>	<u><u>\$ 605,744</u></u>