

**Local Development Financing Authority  
of the Charter Township of Van Buren  
Wayne County, Michigan**

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**Financial Report  
with Required Supplemental Information  
December 31, 2015**

# **Local Development Financing Authority of the Charter Township of Van Buren**

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## Independent Auditor's Report

To the Board of Directors  
Local Development Financing Authority of the  
Charter Township of Van Buren  
Wayne County, Michigan

We have audited the 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, 2015, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 2, 2016, which contained unmodified opinions on the 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. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to June 2, 2016.

### ***In Relation To Opinion on Accompanying Financial Statements***

The financial statements of the Local Development Financing Authority (the "LDFA") are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and governmental fund budgetary comparison schedule on pages 3-5 and 17, 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.

*Plante & Moran, PLLC*

June 2, 2016

# **Local Development Financing Authority of the Charter Township of Van Buren**

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## **Management's Discussion and Analysis**

The following discussion and analysis of the financial performance of the Charter Township of Van Buren's Local Development Financing Authority (the "LDFA") provides an overview of the LDFA's financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with the Charter Township of Van Buren's (the "Township") financial statements.

### **Financial Highlights**

There was minimal financial activity within the LDFA fund in 2015, other than receipt of tax capture and payment of semiannual debt obligations. In addition, the LDFA refinanced bonds in 2015. Please see "The LDFA as a Whole" section for details. The primary concern of the LDFA is to conserve financial resources for use to pay debt as it becomes due.

### **Using this Annual Report**

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

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the LDFA's operations in more detail than the government-wide financial statements.

# Local Development Financing Authority of the Charter Township of Van Buren

## Management's Discussion and Analysis (Continued)

### The LDFA as a Whole

The following table shows, in a condensed format, the current year's net position compared to the prior year:

#### Summary Condensed Statement of Net Position

	2014	2015	Changes from Prior Year	
			In Dollars	Percent
<b>Assets</b>				
Current assets	\$ 4,289,319	\$ 524,643	\$ (3,764,676)	(88)
Long-term assets	1,847,797	587,168	(1,260,629)	(68)
Total assets	6,137,116	1,111,811	(5,025,305)	(82)
<b>Deferred Outflows</b>	393,726	369,118	(24,608)	(6)
<b>Liabilities</b>				
Current liabilities	790,311	148,261	(642,050)	(81)
Long-term liabilities	30,176,683	26,849,780	(3,326,903)	(11)
Total liabilities	30,966,994	26,998,041	(3,968,953)	(13)
<b>Deferred Inflows</b>	337,788	364,328	26,540	8
<b>Net Position</b>				
Restricted	1,500,000	-	(1,500,000)	-
Unrestricted	(26,273,940)	(25,881,440)	392,500	(1)
Total net position	<u>\$ (24,773,940)</u>	<u>\$ (25,881,440)</u>	<u>\$ (1,107,500)</u>	4

In 2015, a portion of the LDFA's outstanding bonds became "callable." Declining interest rates influenced the decision to exercise the option of refinancing the debt. During the refinancing process, the LDFA board voted to "buy back" a portion of the callable bonds using monies from its fund balance. Thus, the bond amount to be refinanced was reduced by a cash contribution of \$4,516,000. The overall net present value savings of the refinance/cash contribution was \$1,120,105. The decision to use existing cash to retire existing bonds contributed to the corresponding reduction in total assets and total liabilities in 2015.

This is the second reporting period during which the Township has been subject to GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This GASB Statement 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 potential liability has been booked within the governmental fund of the Township's financial statements.

# Local Development Financing Authority of the Charter Township of Van Buren

## Management's Discussion and Analysis (Continued)

The following table shows the changes in net position during the current year in comparison with the prior year:

### Summary Condensed Statement of Activities

	2014	2015	Changes from Prior Year	
			In Dollars	Percent
<b>Revenue</b>				
Property taxes	\$ 500,717	\$ 520,812	\$ 20,095	4
Local Community Stabilization Share	-	15,731	15,731	-
Unrestricted investment income	42,248	29,269	(12,979)	(31)
Total revenue	542,965	565,812	22,847	4
<b>Expenses</b>				
Professional services	50,564	86,656	36,092	71
Administrative	9,300	11,095	1,795	19
Bond issuance cost	-	174,056	174,056	-
Interest on long-term debt	1,451,379	1,401,505	(49,874)	(3)
Total expenses	1,511,243	1,673,312	162,069	11
<b>Excess of Expenditures Over Revenue</b>	<b>\$ (968,278)</b>	<b>\$ (1,107,500)</b>	<b>\$ (139,222)</b>	<b>14</b>

The increase in captured property taxes was primarily due to the movement of a large amount of taxable value from the Industrial Facility Tax (IFT) roll to the ad valorem tax roll between tax year 2014 and tax year 2015.

### The LDFA's Fund

The LDFA maintains one fund, the General Fund. The fund provides detailed information about the LDFA as a whole. The use of this fund helps to manage money for specific purposes as well as to show accountability for certain activities.

### Governmental Fund Budgetary Highlights

The governmental fund accounts for all programming, maintenance, construction, and administrative functions of the LDFA within the LDFA's boundaries. The budget is monitored closely and amended as needed. The LDFA committee recommends how LDFA resources are allocated.

# **Local Development Financing Authority of the Charter Township of Van Buren**

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## **Management's Discussion and Analysis (Continued)**

### **Capital Asset and Debt Administration**

The LDFA's primary focus is payment of debt obligations from tax captures within the LDFA district. Capital projects within the LDFA are minimal. All resources are focused on payment of existing debt.

### **Economic Factors and Next Year's Budget**

The LDFA is preparing for very modest growth in the economy, which affects future property values. The LDFA's primary focus will be to balance a reduction in resources with future debt commitments.

### **Contacting the LDFA's Management**

This financial report is intended to provide the citizens, taxpayers, customers, and investors with a general overview of the LDFA's finances and to show the LDFA's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's office located at 46425 Tyler Road, Belleville, MI 48111.

# Local Development Financing Authority of the Charter Township of Van Buren

## Statement of Net Position/Governmental Fund Balance Sheet December 31, 2015

	Governmental Fund	Adjustments (Note 2)	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents (Note 4)	\$ 508,912	\$ -	\$ 508,912
Receivables	15,731	-	15,731
Restricted assets (Note 1)	587,168	-	587,168
Total assets	1,111,811	-	1,111,811
<b>Deferred Outflows of Resources - Bond refunding loss being amortized (Note 1)</b>			
	-	369,118	369,118
Total assets and deferred outflows of resources	<b>\$ 1,111,811</b>	<b>\$ 369,118</b>	<b>\$ 1,111,811</b>
<b>Liabilities</b>			
Accounts payable	\$ 2,100	\$ -	\$ 2,100
Accrued liabilities and other	-	146,161	146,161
Noncurrent liabilities (Note 5):			
Accrued interest - Capital appreciation bonds	-	7,262,211	7,262,211
Long-term debt	-	19,587,569	19,587,569
Total liabilities	2,100	26,995,941	26,998,041
<b>Deferred Inflows of Resources - Property taxes levied for the following year (Note 1)</b>			
	364,328	-	364,328
<b>Equity - Fund balance</b>			
Restricted - Debt service reserve	587,168	(587,168)	-
Unassigned	158,215	(158,215)	-
Total fund balance	745,383	(745,383)	-
Total liabilities, deferred inflows of resources, and fund balance	<b>\$ 1,111,811</b>		
<b>Net Position - Unrestricted</b>		<b>\$ (25,881,440)</b>	<b>\$ (25,881,440)</b>

# Local Development Financing Authority of the Charter Township of Van Buren

## Statement of Activities/Governmental Fund Revenue, Expenditures, and Changes in Fund Balance Year Ended December 31, 2015

	Governmental Fund	Adjustments (Note 2)	Statement of Activities
<b>Revenue</b>			
Property taxes	\$ 520,812	\$ -	\$ 520,812
Local Community Stabilization Share			
Appropriation	15,731	-	15,731
Interest income	29,269	-	29,269
Total revenue	565,812	-	565,812
<b>Expenditures</b>			
Professional services	86,656	-	86,656
Administrative and other	11,095	-	11,095
Bond issuance costs	174,056	-	174,056
Debt principal	575,000	(575,000)	-
Debt interest	420,702	980,803	1,401,505
Total expenditures	1,267,509	405,803	1,673,312
<b>Other Financing Sources (Uses)</b>			
Face amount of debt	12,190,000	(12,190,000)	-
Debt premium or discount	820,737	(820,737)	-
Payment to bond refunding escrow agent	(17,352,681)	17,352,681	-
Total other financing uses	(4,341,944)	4,341,944	-
<b>Net Change in Fund Balance/Net Position</b>	(5,043,641)	3,936,141	(1,107,500)
<b>Fund Balance/Net Position - Beginning of year</b>	5,789,024	(30,562,964)	(24,773,940)
<b>Fund Balance/Net Position - End of year</b>	<b>\$ 745,383</b>	<b>\$ (26,626,823)</b>	<b>\$ (25,881,440)</b>

# **Local Development Financing Authority of the Charter Township of Van Buren**

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**Notes to Financial Statements  
December 31, 2015**

## **Note I - Summary of Significant Accounting Policies**

### **Reporting Entity**

The Local Development Financing Authority (the "Authority" or the "LDFA") of the Charter Township of Van Buren (the "Township") is organized pursuant to State of Michigan Public Act No. 281 of 1986. The primary purpose is to encourage local development to prevent conditions of unemployment and promote economic growth. This purpose is accomplished by the Authority collecting captured property taxes under a tax increment financing plan in accordance with state law and budgeting expenditures for improvements in the Authority's district boundaries.

The Authority is a component unit of the Charter Township of Van Buren (the "Township") and is included in the basic financial statements of the Township at December 31, 2015.

### **Accounting and Reporting Principles**

The LDFA follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. There are no component units required to be included in these financial statements.

### **Basis of Accounting**

The governmental fund uses 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 Authority 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 sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Authority considers amounts collected within 60 days of year end to be available for recognition.

# Local Development Financing Authority of the Charter Township of Van Buren

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## Notes to Financial Statements December 31, 2015

### Note I - Summary of Significant Accounting Policies (Continued)

#### Report Presentation

Governmental accounting principles require that financial reports include two different perspectives, the government-wide perspective and the fund-based perspective. The individual fund column presents its activity on the modified accrual basis of accounting, as discussed above, which demonstrates accountability for how the current resources have been spent. The government-wide column is presented on the economic resources measurement focus and the full accrual basis of accounting, in order to measure the cost of providing authority services, and the extent to which constituents have paid the full cost of authority services.

On 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. Property taxes are recognized as revenue in the year for which they are levied.

#### 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.

**Restricted Assets** - Restricted assets as of December 31, 2015 consist of cash and cash equivalents totaling \$587,168. These assets are restricted for next year's bond payments. Fund balance has been restricted for \$587,168. There have been no restrictions for net position.

**Long-term Obligations** - In the government-wide column, long-term debt and other long-term obligations are reported as liabilities. 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 governmental fund column, bond issuances are recognized as an "other financing source," as well as bond premiums and discounts.

The capital appreciation bonds with a total principal amount of \$6,589,656 have accrued \$7,262,211 in interest, which is recorded as a liability. The principal and interest do not become due and payable until 2023 through 2032; therefore, these amounts are only reported at the government-wide level.

# **Local Development Financing Authority of the Charter Township of Van Buren**

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**Notes to Financial Statements  
December 31, 2015**

## **Note I - Summary of Significant Accounting Policies (Continued)**

### **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 Authority only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the 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. The Authority has only one type of item that qualifies for reporting in this category. Accordingly, the item, property taxes levied for the following year, is reported in the governmental funds balance sheet. As of December 31, 2015, the Authority received \$364,328 of property taxes levied for tax year 2015, which will be recognized during the year ending December 31, 2016. The amount is recognized as a deferred inflow of resources December 31, 2015.

### **Net Position Flow Assumption**

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

# **Local Development Financing Authority of the Charter Township of Van Buren**

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**Notes to Financial Statements  
December 31, 2015**

## **Note I - Summary of Significant Accounting Policies (Continued)**

### **Fund Balance Flow Assumption**

Sometimes the Authority 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 column, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority'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 Authority 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 LDFA board is the highest level of decision-making authority for the Authority 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 Authority for specific purposes but do not meet the criteria to be classified as committed. The LDFA board may 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.

# **Local Development Financing Authority of the Charter Township of Van Buren**

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**Notes to Financial Statements  
December 31, 2015**

## **Note 2 - Reconciliation of Government-wide and Fund Financial Statements**

The governmental fund balance sheet and governmental fund statement of revenue, expenditures, and changes in fund balance of the Authority's governmental fund differ from the statement of net position and statement of activities. This difference results primarily from the long-term economic focus of the statement of net position and statement of activities versus the current focus of the governmental fund balance sheet and governmental fund statement of revenue, expenditures, and changes in fund balance.

The statement of net position includes the recognition of long-term debt along with the accrued interest expense. The statement of activities includes the reclassification of the debt principal payments from expense to offsetting the liability and accrual of the interest expense.

## **Note 3 - Budget Information**

The annual budget is prepared by the Authority's board and adopted by the Township's board; subsequent amendments are approved by the Authority's board and the Township's board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2015 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The budget has been adopted on a line-item basis and has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budget as adopted by the Authority's board is included in the required supplemental information.

## **Note 4 - Cash and Cash Equivalents**

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 Authority has elected to comply with the Township's investment policy. The investment policy adopted by the Township board in accordance with Public Act 196 of 1997 has authorized investment in all of the state statutory authorities listed above.

# Local Development Financing Authority of the Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 4 - Cash and Cash Equivalents (Continued)

The LDFA's cash and investments are subject to custodial risk, which is 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 LDFA's deposits may not be returned to it. The LDFA does not have a deposit policy for custodial credit risk. At year end, the LDFA had \$1,096,080 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The LDFA 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 LDFA 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.

### Note 5 - Long-term Debt

The Authority issues bonds to provide for the acquisition and construction of major capital facilities.

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Local Development Financing Authority</b>							
2003 Capital Appreciation Bond -							
Amount of issue - \$6,589,656							
maturing through 2032	5.27% - 5.38%	\$510,859 - \$766,818	\$ 6,589,656	\$ -	\$ -	\$ 6,589,656	\$ -
2006 Refunding Bond -							
Amount of issue - \$19,200,000		\$125,000 -					
maturing through 2031	4.25% - 5.00%	\$2,245,000	17,505,000	-	(17,505,000)	-	-
2015 Refunding Bond -							
Amount of issue - \$12,190,000		\$305,000 -					
maturing through 2031	3.75% - 5.00%	\$1,385,000	-	12,190,000	-	12,190,000	-
Issuance premium			-	820,737	(12,824)	807,913	-
Total bonds payable			\$ 24,094,656	\$ 13,010,737	\$ (17,517,824)	\$ 19,587,569	\$ -

# Local Development Financing Authority of the Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 5 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Component Unit Activities		
	Principal	Interest	Total
2016	\$ -	\$ 552,925	\$ 552,925
2017	-	521,081	521,081
2018	-	521,081	521,081
2019	1,575,000	498,206	2,073,206
2020	1,970,000	411,206	2,381,206
2021-2025	7,550,165	4,443,841	11,994,006
2026-2030	5,254,382	9,778,206	15,032,588
2031-2032	2,430,109	4,725,204	7,155,313
Total	<u>\$ 18,779,656</u>	<u>\$ 21,451,750</u>	<u>\$ 40,231,406</u>

**Capital Appreciation Bonds** - The LDFA has issued capital appreciation bonds in 2003 in the amount of \$6,589,656, total principal. As of December 31, 2015, the LDFA had recorded \$7,262,211 in accrued interest.

**Future Revenue Pledged for Debt Payment** - The Township has pledged a portion of future property tax revenue to repay \$19,587,569 in Local Development Financing Authority bonds issued in 2003 and a portion refunded in 2006, then again refunded in 2015 to finance various capital improvements. The bonds are payable solely 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. Total principal and interest remaining of the bonds are \$40,231,406, payable through 2032. For the current year, principal and interest paid and total property tax captures were \$1,418,382 and \$520,812, respectively.

**Advance Refunding** - During the year, the LDFA issued \$12,190,000 in limited tax general obligation bonds with a interest rate ranging from 2.10 percent to 5.00 percent. Total bond proceeds totaled \$13,010,737, including a \$820,737 premium. These bond proceeds along with a payment of \$4,516,000 were used to refund \$17,352,681 of 2006 general obligation bonds, of which \$16,930,000 was related to principal and \$422,681 related to interest. In addition, the Township paid \$174,056 in underwriting fees and issuance costs related to refunding. As a result, the 2006 bonds liability has been removed from the statement of net position and 2015.

# **Local Development Financing Authority of the Charter Township of Van Buren**

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**Notes to Financial Statements  
December 31, 2015**

## **Note 5 - Long-term Debt (Continued)**

The total present value of savings due to refunding represents an economic gain of \$1,120,105.

## **Note 6 - Risk Management**

The Authority 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 Authority has purchased commercial insurance for all claims.

## **Note 7 - Property Tax Settlement**

In 2009, Visteon Corporation, which is located in the Local Development Financing Authority, filed for bankruptcy. During 2010, the Township sold its bankruptcy claim in the bankruptcy proceedings for approximately \$5,700,000 to assist in offsetting the decline in future tax revenue that resulted from the significant drop in taxable value.

## **Note 8 - Nonexchange Financial Guarantee**

In May 2003, the Local Developing Financing Authority issued bonds and then refinanced a portion of the bonds in 2006. In 2015, the Authority refinanced the 2006 bonds. The bonds mature annually through April 2032, with semiannual interest payments. All required payments on the bonds are guaranteed by the Township in the event that the LDFA is unable to make required payments. Because it has been determined that the Township will more likely than not be required to make a payment under this obligation, in accordance with GASB Statement No. 70, the Township has recorded a liability on their financial statements for this guarantee. However, the LDFA has not been released from their obligation on this debt.

## **Required Supplemental Information**

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# Local Development Financing Authority of the Charter Township of Van Buren

## Required Supplemental Information Budgetary Comparison Schedule - Governmental Fund Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 515,000	\$ 520,000	\$ 520,812	\$ 812
Interest and other income	45,000	29,000	45,000	16,000
Total revenue	560,000	549,000	565,812	16,812
<b>Expenditures</b>				
Professional services	55,000	120,500	86,656	33,844
Administrative and other	19,476	11,300	11,095	205
Debt principal and issuance costs	575,000	5,091,000	5,091,000	-
Debt interest	816,965	420,702	420,702	-
Total expenditures	1,466,441	5,643,502	5,609,453	34,049
<b>Net Change in Fund Balance</b>	(906,441)	(5,094,502)	(5,043,641)	50,861
<b>Fund Balance - Beginning of year</b>	5,789,024	5,789,024	5,789,024	-
<b>Fund Balance - End of year</b>	<u>\$ 4,882,583</u>	<u>\$ 694,522</u>	<u>\$ 745,383</u>	<u>\$ 50,861</u>