

# **Charter Township of Van Buren**

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

# Charter Township of Van Buren

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# **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, 2015, 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, 2015 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 15 to the basic financial statements, in 2015, the Township adopted the new accounting guidance of GASB No. 68, *Accounting and Financial Reporting for Pensions*, which establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of governmental employers through pension plans. 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 required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of 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, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2015. In our opinion, the partial comparative information presented herein for the Enterprise Fund as of and for the year ended December 31, 2014 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, 2014, from which such partial information was derived.

*Plante & Moran, PLLC*

June 2, 2016

# Charter Township of Van Buren

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## Management's Discussion and Analysis

### Overview of the Financial Statements

The Charter Township of Van Buren's (the "Township") 2015 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. 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 (deficit) 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 public safety, public works, community services, economic development, 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 defray the costs of certain services that 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 and both are Tax Incremental Financing Authorities (TIFAs): the Downtown Development Authority (DDA), pursuant to 1975 PA 197, as amended; and the Local Development Financing Authority (LDFA), pursuant to 1986 PA 281, as amended.

# 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 areas of spending. 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. Current Township accounting practice returns unspent monies to fund balance at year end. 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. The Township's Water and Sewer Fund is considered proprietary.
- **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. The Township's fiduciary funds include OPEB Trust Fund, which are monies held in trust for pension and other employee benefits, and Agency Funds, which track the liabilities due to other governmental units.

### Financial Overview

The Township has a combined total net position of \$80.3 million. This is a decrease from 2014 of approximately \$1.1 million. In 2014, the Township conformed to the requirements of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This is the second 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 potential liability exists in bonds issued within the Township's LDFA.

# Charter Township of Van Buren

## Management's Discussion and Analysis (Continued)

In 2015, a portion of the LDFA's bonds became "callable." Declining interest rates influenced the decision to exercise the option of refinancing the debt. During the refinancing process and consistent with federal law regarding debt service, 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. The \$4.5 million debt payment contributed to the Township's decrease in combined total net position. Correspondingly, the reduced debt, refinanced at a lower interest rate, decreased the liability. Reference the LDFA sections of this audit for more detailed information.

Regarding the Township's total net position, business-type activities comprise \$83 million and governmental activities comprise -\$2.8 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	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$ 19,755	\$ 16,388	\$ 39,184	\$ 40,646	\$ 58,939	\$ 57,034
Capital assets	19,347	19,465	62,663	64,512	82,010	83,977
Total assets	39,102	35,853	101,847	105,158	140,949	141,011
<b>Deferred Outflows</b>	561	-	-	-	561	-
<b>Liabilities</b>						
Current liabilities	3,541	1,458	3,752	3,568	7,293	5,026
Long-term liabilities	34,189	33,126	15,035	16,791	49,224	49,917
Total liabilities	37,730	34,584	18,787	20,359	56,517	54,943
<b>Deferred Inflows</b>	4,722	4,657	-	-	4,722	4,657
<b>Net Position</b>						
Net investment in capital assets	16,678	16,470	45,953	46,085	62,631	62,555
Restricted	647	645	23,685	26,152	24,332	26,797
Unrestricted	(20,114)	(20,503)	13,422	12,562	(6,692)	(7,941)
Total net position	<u>\$ (2,789)</u>	<u>\$ (3,388)</u>	<u>\$ 83,060</u>	<u>\$ 84,799</u>	<u>\$ 80,271</u>	<u>\$ 81,411</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 \$389 thousand for the governmental activities from 2014.

# Charter Township of Van Buren

## Management's Discussion and Analysis (Continued)

The following table shows the changes in net position for 2015 (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 2,499	\$ 1,672	\$ 8,147	\$ 7,293	\$ 10,646	\$ 8,965
Operating grants and contributions	4,597	1,317	-	-	4,597	1,317
Capital grants and contributions	345	30	-	-	345	30
General revenue:						
Property taxes	4,694	4,638	3	39	4,697	4,677
State-shared revenue	2,312	2,348	-	-	2,312	2,348
Other miscellaneous revenue	345	340	-	-	345	340
Investment income	89	77	339	297	428	374
Landfill royalties	3,883	3,056	-	-	3,883	3,056
Total revenue	18,764	13,478	8,489	7,629	27,253	21,107
<b>Program Expenses</b>						
General government	2,941	2,788	-	-	2,941	2,788
Public safety	10,057	9,598	-	-	10,057	9,598
Public works	877	220	10,227	9,152	11,104	9,372
Community and economic development	333	20,775	-	-	333	20,775
Recreation and culture	1,131	779	-	-	1,131	779
Interest on long-term debt	128	140	-	-	128	140
Total program expenses	15,467	34,300	10,227	9,152	25,694	43,452
<b>Change in Net Position</b>	<b>\$ 3,297</b>	<b>\$ (20,822)</b>	<b>\$ (1,738)</b>	<b>\$ (1,523)</b>	<b>\$ 1,559</b>	<b>\$ (22,345)</b>

Revenue for governmental activities totaled \$18.8 million in 2015. Charges for services such as court fines, building licenses and permits, and recreation fees accounted for \$2.5 million in revenue, an increase of \$827,000 over the 2014 figure. A total of \$4.7 million was received in the form of property tax collections, up slightly from 2014. An increase in landfill royalties brought in \$3.9 million while State-shared revenue, at \$2.3 million, decreased from the previous year.

Program expenses for 2015 governmental activities generally increased, with the exceptions of community and economic and interest on long-term debt. The decrease recorded under Community and Economic Development is a function of booking the LDFA-related \$20+ million liability as an expense in 2014 (pursuant to GASB 70 compliance), incurring no additional liability, then recognizing a benefit of more than \$3 million (recorded as a contribution), due to refinancing the debt in 2015.

# **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 \$8.5 million while expenses were \$10.2 million, both figures reflecting increases over the 2014 figures. Water is provided to the Township's residents via the Detroit Water and Sewerage Department (DWSD). Sewage treatment is provided by contracts with: Downriver Utility Wastewater Authority (DUWA); Rouge Valley Sewerage Disposal System (RVSDS); South Huron Valley Utility Authority (SHVUA); and Ypsilanti Community Utilities Authority (YCUA).

The Township became one of the member communities of the Great Lakes Water Authority (GLWA) in October 2014, shortly after its inception. On June 12, 2015, the Great Lakes Water Authority board approved a 40-year lease with DWSD, assuming much of DWSD's operations. This historic regionalization of water control will allow Detroit to fund improvements to aging water infrastructure, such as repairs to old treatment facilities and leaking pipes. Lease payments are restricted revenue that must be used for water purposes and cannot be diverted to Detroit's General Fund. GLWA will be formally assuming operations from DWSD on January 1, 2016.

### **Financial Analysis of the Township Funds and Budgets**

The General Fund increased its fund balance by approximately \$1.5 million as of December 31, 2015, bringing the fund balance total to \$10,830,000. 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 future obligation. Assigned funds are not fund commitments and serve to highlight areas of long-term debt and other obligations, payments for which may exceed one year in duration.

Actual revenue exceeded the amended budget by \$84,059. Categories that fell short of budgetary expectations include: public safety tax revenue; state-shared revenue and grants; and other revenue. Better-than-expected revenue received from charges for services and also from fines and forfeitures contributed most heavily to the budget exceedance.

In nearly all categories, actual expenditures were under budget, contributing to the positive net variance. Expenditures exceeded the amended budget in only a few categories. The greatest variance occurred in the building category at \$23,360, which is largely attributable to consulting costs that were incurred during a period in which the Developmental Services Department was without both a director and a deputy director. This was more than offset by the increase in that same department's licenses and permits line item, which significantly exceeded original budgetary projections.

# **Charter Township of Van Buren**

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

The General Fund budget is amended throughout the year as deemed necessary. Overall, the difference between the General Fund's 2015 original budget and the amended reflects both some increased revenue and some decreased costs. Staff worked diligently to contain costs and the budget was amended to more properly reflect those efforts. Line item adjustments are made primarily to prevent expenditures from exceeding budgeted amounts and serve to project figures that more closely track actual experience.

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 (GASB). The GASB periodically issues mandated proclamations which are implemented consistent with the schedule delineated in each new statement.

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

At the end of 2015, the Township had approximately \$82 million invested in a broad range of capital assets, net of related accumulated depreciation, including: land; buildings; sidewalks; vehicles; police and fire equipment; and water and sewer lines.

Debt related to the water and sewer system totaling \$15.04 million is recorded as a liability in the business-type activities in the statement of net position. Debt related to capital improvements of \$2.8 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 2015 equalized valuation totaled \$1,129,119,700, which represents an approximate 5.97 percent increase from 2014. The 2015 taxable value totaled \$979,565,524, which represents a 2.61 percent increase from 2014. Of the 2015 equalized valuations by use: 56 percent is residential; 15 percent is industrial; 16 percent is commercial; 1 percent is agricultural; 3 percent is utility personal property; and 9 percent is commercial and industrial personal property.

Despite the continuance of a difficult economic climate, the Township has once again earned 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. Many factors contributed to the Township's ability to preserve the A+ credit rating, according to Standard & Poor's "RatingsDirect® Summary" dated July 21, 2015. Rationale provided for the rating included the assessments: "Strong budgetary performance;" "Very strong liquidity;" "Very strong budgetary flexibility;" and "Strong institutional framework score."

# Charter Township of Van Buren

## Management's Discussion and Analysis (Continued)

Landfill tipping fees continue to be a heavily relied-upon source of revenue by which the Township funds routine municipal services. In 2015, the \$13.2 million General Fund (amended) budget was financed with an approximate \$2.3 million transfer of Landfill Funds. As a result of the 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 2015 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 general operating millage rate is delineated by state statute and reflects a Headlee rollback. The Township's millage for public safety services is voter-approved and expires on December 31, 2016, and due to the annual Headlee multiplier being 1.0 (as opposed to a fraction of 1.0), has not been "rolled back." A ballot question to secure a new millage to replace the expiring millage, for the purpose of providing dedicated funding for public safety services, will be presented to the Township's residents for their consideration in 2016.

### Township Services: Departmental Highlights

Township growth continued steadily throughout 2015. Pressure to maintain satisfactory levels of services to both its private and business residents are reflected in its budgetary needs and are detailed in the ensuing annual financial statements. Some of the Township's activities which most greatly impacted departmental budgets over the year are highlighted in this section of discussion.

Developmental Services. Confidence appears to be strong in the Township's economic stance as growth continues in both the commercial and industrial districts. This Department was engaged in a hefty schedule of 24 major projects during 2015. Some multi-year projects were concluded, while a host of new projects commenced. A "big box" corporation completed construction and opened a distribution depot with a truck terminal. Several smaller businesses broke ground, completed their respective projects, and opened. Other projects are in progress. Some existing businesses strengthened their roots in the Township with significant renovation and expansion projects, including a vehicle dealership with a new repair center. A hotel seeks to expand its operations to better service nearby airport activity and has plans under review.

New staff were hired in the latter half of the year, including a Director and a Deputy Director of Planning and Economic Development, a clerk, and a building inspector. The periodic use of temporary staff was necessary to perform various clerical tasks, much of it generated by the Township's burgeoning growth.

# Charter Township of Van Buren

## Management's Discussion and Analysis (Continued)

Township growth is further reflected in the inspections, permits, and licensing activities. Our building official performed 2,377 inspections during 2015, with the new building inspector adding 439. Contracted inspectors added another 700+, bringing the total number of inspections performed during the year to more than 3,500. This total does not include any inspections performed by the Public Safety Department's fire inspector or code enforcement officers. A total of 2,192 permits were issued from the Developmental Services Department during 2015 and demand is not expected to subside.

The Community Block Development Grant (CBDG), administered under this department, financed several successful projects that were completed over the year, including the demolition of six blighted houses and assistance with the purchasing and installation of equipment for the Township's new Emergency Alert Siren (EAS) System.

*Public Safety.* The Department operates 24 hours per day, seven days per week and is the Township's largest budgeted segment in the General Fund. Collaborative efforts as a means to providing optimal services continue to be a major goal. The Police and Fire Divisions collaborate with each other and with other Township departments to increase operational efficiency while managing costs. Through collaborative efforts with the City of Belleville, the department provides dispatch services for their police and fire. The Fire Division maintains collaborative agreements with the fire departments of: the City of Belleville; the City of Romulus; Sumpter Township; the Charter Township of Ypsilanti; and the Detroit Metropolitan Airport to provide automatic mutual aid. Partnerships with the Van Buren Civic Fund and the Downtown Development Authority helped to generate the funding for an Emergency Alert Siren (EAS) System, which includes 13 "early warning" sirens that were placed throughout the Township.

In 2015, the Public Safety Department focused on upgrading and more fully staffing its Dispatch Center to better address the volume of emergencies called in daily. After engaging in an extended interview and hiring process to find qualified individuals that were uniquely suited to handle the rigors of dispatch work, staff was increased from seven to 10 full-time employees. Now fully staffed, overtime costs have dropped significantly. Staff was also increased in the Fire Division with the hiring of a full-time fire marshal and a permanent, part-time fire inspector. Both will help with the increased volume of plan reviews, inspections, and code enforcement activities.

Highlighted equipment costs incurred in the Fire Division during 2015 included the purchase of: nine sets of turnout gear; rescue equipment, including an e-draulic Jaws-of-Life and a combo set of cutters/spreaders; and two vehicles - one administrative and one EMS.

Liability and risk management is a permanent concern in public safety and the department investigated and is preparing to engage in a service agreement with Lexipol, a provider of risk management resources for public safety organizations. Revamping outdated policies and procedures within the police department is needed and also is integral in preparation for applying for State accreditation.

# Charter Township of Van Buren

## Management's Discussion and Analysis (Continued)

Public Services. During 2015, the department's budget was expanded when its two very large divisions were further defined with the hiring of two superintendents - one for building and grounds and another for water and sewer.

Relative to building and grounds, major projects completed to preserve and maintain infrastructure included: refurbishing and upgrading the Township Hall fueling station; replacing some HVAC units; and replacing various aging and damaged assets such as carpets and lighting. Importantly, a schedule was established, to be updated annually, to address all Township building facilities projects that do not qualify as capital and to increase visibility of facilities' conditions and maintenance needs. Preservation of the taxpayers' assets is an ongoing priority. Also, much time and effort were spent in planning and preparing for Township Hall renovations. Reconfiguration of the cramped, combined office spaces for the Developmental Services, Public Services, and the Township's DDA will improve work flow and customer service. A new, wheel-chair-height, "ADA" counter will be installed in the clerk's office to better accommodate our residents' needs. Construction is expected to be completed by August 2016.

Water and sewer's operational technology was improved when the SCADA system was moved from a Windows XP platform to a "cloud," allowing staff to become more mobile in the use of data and information. The SCADA system monitors sanitary sewer lift stations, the equalization basin, alarm conditions, and controls tank water levels. Work on more fully utilizing GPS capabilities to take advantage of the efficiencies offered by the technology continues to be a staff priority.

Information Technology. The department continues to keep Township administration running efficiently by upgrading and implementing better equipment and software solutions. A migration from Springbrook's financial management and utility billing software to BS&A was completed. Costs related to the purchasing and installation of BS&A's integrated municipal solutions software dominated this department's budget and staff time during 2015. Additionally, per the department's obsolescence schedule, outdated computer equipment was updated or replaced.

Cable Department. During 2015, the department discovered a new area of services it was able to provide when it collaborated with Developmental Services and Public Safety departments to provide necessary documentation to help bring a code violator into compliance. A drone was utilized to capture video footage of several unsafe structures and unsecured construction sites which proved instrumental in supporting legal proceedings. The increased use of videography and support staff continues to pressure this department's budgetary needs.

Recreational Services. Governor Snyder's state-wide Iron Belle Trail project was brought to our attention in 2015. The Township's parks and recreation staff is working to plan for and implement the changes that will be needed to install an integrated network of recreational trails traversing our Township. Staff worked to secure alternative funding sources and applied for the first round of grants from the DNR for the purpose of hiring an engineering firm. Easements are needed for 30 properties along the route that tracks along the south side of Huron River Drive. A survey circulated during the year revealed the residents' desire to increase the number of connecting trails throughout the Township.

# Charter Township of Van Buren

## Management's Discussion and Analysis (Continued)

Participation levels, consistent with the Township's growing population, stressed the department's resources during 2015. The best example is the annual "Daddy-Daughter Dance," which had to be expanded to two dates, because Township facilities are not large enough to host a single event.

September Days Senior Center. Per SEMCOG's forecasted population statistics, the Township's senior population (aged 65+) is projected to grow by 153 percent from 2010 through 2040. A membership roster of more than 2,000 with program attendances exceeding 34,000 participants exerted much budgetary pressure over the course of the year. Staffing continues to be 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. Monitoring grant opportunities and replenishing volunteer staff continues to be a department priority.

### Requests for Information - 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. Current assessing, budget, and tax information is posted on the Township's website at [www.vanburen-mi.org](http://www.vanburen-mi.org). Should you have further questions, please contact the supervisor's office.

# Charter Township of Van Buren

## Statement of Net Position (Deficit) December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 14,492,186	\$ 12,976,373	\$ 27,468,559	\$ 7,373,786
Receivables:				
Property taxes receivable	3,179,871	-	3,179,871	-
Receivables from sales to customers on account	-	2,179,477	2,179,477	-
Other receivables	890,430	199,724	1,090,154	36,245
Due from other governmental units	435,371	-	435,371	-
Special assessments	313,494	493	313,987	-
Prepaid expenses	180,646	34,576	215,222	1,063
Restricted assets (Note 7)	-	23,685,248	23,685,248	1,764,831
Capital assets (Note 4):				
Assets not subject to depreciation	4,309,157	748,461	5,057,618	-
Assets subject to depreciation	15,038,302	61,915,078	76,953,380	331,916
Long-term assessment receivable	-	741	741	-
Deposits	262,917	107,390	370,307	-
<b>Total assets</b>	<b>39,102,374</b>	<b>101,847,561</b>	<b>140,949,935</b>	<b>9,507,841</b>
<b>Deferred Outflows of Resources (Note 13)</b>				
Bond refunding loss being amortized	-	-	-	369,118
Deferred outflows related to pension	560,787	-	560,787	-
<b>Total deferred outflows of resources</b>	<b>560,787</b>	<b>-</b>	<b>560,787</b>	<b>369,118</b>
<b>Liabilities</b>				
Accounts payable	601,061	790,668	1,391,729	98,399
Refundable deposits, bonds, etc.	2,289,128	1,038,400	3,327,528	-
Accrued liabilities and other	307,871	97,978	405,849	210,370
Noncurrent liabilities (Note 6):				
Due within one year:				
Compensated absences	7,804	3,216	11,020	4,148
Current portion of long-term debt	335,000	1,674,705	2,009,705	318,454
Due in more than one year:				
Compensated absences	97,185	23,047	120,232	-
Net other postemployment benefits (Note 11)	11,598,397	123,907	11,722,304	7,262,211
Nonexchange financial guarantee (Note 14)	16,745,640	-	16,745,640	-
Net pension liability	3,412,616	-	3,412,616	-
Long-term debt - Net of current portion	2,335,000	15,035,529	17,370,529	25,919,817
<b>Total liabilities</b>	<b>37,729,702</b>	<b>18,787,450</b>	<b>56,517,152</b>	<b>33,813,399</b>
<b>Deferred Inflows of Resources (Note 13) -</b>				
Property taxes levied for the following year	4,722,263	-	4,722,263	1,194,242
<b>Net Position (Deficit)</b>				
Net investment in capital assets	16,677,459	45,953,305	62,630,764	331,916
Restricted for:				
Special assessment debt repayment	-	23,685,248	23,685,248	-
Debt service	-	-	-	530,480
Museum	83,133	-	83,133	-
Law enforcement	248,256	-	248,256	-
911 service	255,423	-	255,423	-
Community Development Block Grant	18,268	-	18,268	-
PEG fees	42,768	-	42,768	-
Unrestricted	(20,114,111)	13,421,558	(6,692,553)	(25,993,078)
<b>Total net position (deficit)</b>	<b>\$ (2,788,804)</b>	<b>\$ 83,060,111</b>	<b>\$ 80,271,307</b>	<b>\$ (25,130,682)</b>

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	\$ 2,941,890	\$ 149,848	\$ -	\$ -
Public safety	10,057,370	1,828,134	134,457	210,008
Public works	876,843	270	863,923	135,232
Community and economic development	332,557	121,315	3,451,154	-
Recreation and culture	1,130,504	399,515	147,395	-
Interest on long-term debt	127,934	-	-	-
Total governmental activities	15,467,098	2,499,082	4,596,929	345,240
Business-type activities	10,227,421	8,146,620	-	-
Total primary government	<u>\$ 25,694,519</u>	<u>\$ 10,645,702</u>	<u>\$ 4,596,929</u>	<u>\$ 345,240</u>
Component units:				
Downtown Development Authority	\$ 1,968,789	\$ -	\$ 10,277	\$ -
Local Development Finance Authority	1,673,312	-	15,731	-
Total component units	<u>\$ 3,642,101</u>	<u>\$ -</u>	<u>\$ 26,008</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Landfill royalties				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position (Deficit) - Beginning of year (Note 15)</b>				
<b>Net Position (Deficit) - End of year</b>				

**Statement of Activities**  
**Year Ended December 31, 2015**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,792,042)	\$ -	\$ (2,792,042)	\$ -
(7,884,771)	-	(7,884,771)	-
122,582	-	122,582	-
3,239,912	-	3,239,912	-
(583,594)	-	(583,594)	-
(127,934)	-	(127,934)	-
(8,025,847)	-	(8,025,847)	-
-	(2,080,801)	(2,080,801)	-
(8,025,847)	(2,080,801)	(10,106,648)	-
-	-	-	(1,958,512)
-	-	-	(1,657,581)
-	-	-	(3,616,093)
4,693,671	3,400	4,697,071	1,748,119
2,312,158	-	2,312,158	-
89,462	338,862	428,324	83,922
344,738	-	344,738	-
3,883,007	-	3,883,007	-
11,323,036	342,262	11,665,298	1,832,041
3,297,189	(1,738,539)	1,558,650	(1,784,052)
(6,085,993)	84,798,650	78,712,657	(23,346,630)
<b>\$ (2,788,804)</b>	<b>\$ 83,060,111</b>	<b>\$ 80,271,307</b>	<b>\$ (25,130,682)</b>

# Charter Township of Van Buren

## Governmental Funds Balance Sheet December 31, 2015

	General Fund	Nonmajor Funds	Total
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 13,909,643	\$ 582,543	\$ 14,492,186
Receivables:			
Property taxes receivable	3,179,871	-	3,179,871
Special assessments receivable	313,494	-	313,494
Other receivables	880,189	10,241	890,430
Due from other governmental units	384,728	50,643	435,371
Prepaid expenses	179,867	779	180,646
	<u>\$ 18,847,792</u>	<u>\$ 644,206</u>	<u>\$19,491,998</u>
Total assets			
<b>Liabilities</b>			
Accounts payable	\$ 567,523	\$ 33,538	\$ 601,061
Refundable deposits, bonds, etc.	2,289,128	-	2,289,128
Accrued liabilities and other	125,494	5,588	131,082
	<u>2,982,145</u>	<u>39,126</u>	<u>3,021,271</u>
Total liabilities			
<b>Deferred Inflows of Resources</b>			
Unavailable revenue (Note 13)	316,567	49,221	365,788
Property taxes levied for the following year (Note 13)	4,722,263	-	4,722,263
	<u>5,038,830</u>	<u>49,221</u>	<u>5,088,051</u>
Total deferred inflows of resources			
<b>Fund Balances</b>			
Nonspendable - Prepaids	179,867	779	180,646
Restricted:			
Law enforcement	-	248,256	248,256
911 service	-	255,423	255,423
Museum	-	82,354	82,354
PEG fees	42,768	-	42,768
Assigned (Note 16)	7,050,351	-	7,050,351
Unassigned	3,553,831	(30,953)	3,522,878
	<u>10,826,817</u>	<u>555,859</u>	<u>11,382,676</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,847,792</u>	<u>\$ 644,206</u>	<u>\$19,491,998</u>

# Charter Township of Van Buren

## **Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position (Deficit) December 31, 2015**

<b>Fund Balance Reported in Governmental Funds</b>	\$ 11,382,676
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	19,347,459
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position (deficit), but are reported as expenses in the governmental funds	560,787
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	365,788
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(2,670,000)
Accrued interest and IBNR are not due and payable in the current period and are not reported in the funds	(176,789)
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	(104,989)
Net other postemployment benefit obligations are not reported as fund liabilities	(11,598,397)
Net pension liability in governmental activities is not reported in the funds	(3,412,616)
Deposit with self-insurance providers in governmental activities is reported as an expenditure in the governmental funds when paid	262,917
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>(16,745,640)</u>
<b>Net Position (Deficit) of Governmental Activities</b>	<b><u>\$ (2,788,804)</u></b>

# Charter Township of Van Buren

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2015

	General Fund	Nonmajor Funds	Total
<b>Revenue</b>			
Property taxes	\$ 4,285,764	\$ -	\$ 4,285,764
Licenses and permits	1,105,308	-	1,105,308
Federal grants	-	24,157	24,157
State-shared revenue and grants	2,312,158	21,278	2,333,436
Charges for services	1,485,418	-	1,485,418
Fines and forfeitures	1,084,308	-	1,084,308
Investment income	88,645	817	89,462
Other revenue:			
Special assessments	316,412	-	316,412
Contributions and donations	61,141	154,140	215,281
Landfill royalties	3,789,545	-	3,789,545
Other miscellaneous income	303,644	130,034	433,678
Total revenue	14,832,343	330,426	15,162,769
<b>Expenditures</b>			
Current:			
General government	2,574,569	-	2,574,569
Public safety	8,040,082	235,674	8,275,756
Public works	722,669	-	722,669
Community and economic development	-	64,106	64,106
Recreation and culture	763,967	80,531	844,498
Insurance and other	789,180	-	789,180
Debt service:			
Principal	325,000	-	325,000
Interest on long-term debt	127,934	-	127,934
Total expenditures	13,343,401	380,311	13,723,712
<b>Net Change in Fund Balances</b>	1,488,942	(49,885)	1,439,057
<b>Fund Balances - Beginning of year</b>	9,337,875	605,744	9,943,619
<b>Fund Balances - End of year</b>	<b>\$ 10,826,817</b>	<b>\$ 555,859</b>	<b>\$ 11,382,676</b>

# 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, 2015**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,439,057</b>
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	1,044,245
Depreciation expense	(1,151,043)
Net book value of assets disposed of	(10,995)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	18,504
The change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(7,804)
Net other postemployment benefit obligations are expenses in the statement of activities, but not in the governmental funds	(1,385,032)
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)	325,000
Change in net pension liability is recorded when incurred in the statement of activities	(154,174)
Change in liability related to the nonexchange financial guarantee is recognized on the statement of activities and not in the governmental funds	3,404,360
Interest is recorded as it accrues in the statement of activities	3,331
Deposits are recorded as expenditures in the statement of activities	<u>(228,260)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 3,297,189</u></b>

# Charter Township of Van Buren

## Proprietary Funds Statement of Net Position December 31, 2015 (with comparative information for 2014)

	2015	2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 12,976,373	\$ 12,149,561
Receivables:		
Special assessments	493	553
Customers	2,179,477	2,069,356
Other receivables	199,724	102,495
Prepaid expenses	34,576	32,342
Total current assets	15,390,643	14,354,307
Noncurrent assets:		
Restricted assets (Note 7)	23,685,248	26,151,523
Capital assets:		
Assets not subject to depreciation (Note 4)	748,461	704,944
Assets subject to depreciation (Note 4)	61,915,078	63,805,854
Long-term assessments receivable	741	1,186
Other noncurrent assets	107,390	140,130
Total noncurrent assets	86,456,918	90,803,637
Total assets	101,847,561	105,157,944
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	790,668	707,372
Refundable deposits, bonds, etc.	1,038,400	929,670
Accrued liabilities and other	97,978	162,235
Compensated absences	3,216	1,006
Current portion of long-term debt (Note 6)	1,674,705	1,767,597
Total current liabilities	3,604,967	3,567,880
Noncurrent liabilities:		
Compensated absences	23,047	22,041
Net other postemployment benefits	123,907	111,638
Long-term debt - Net of current portion (Note 6)	15,035,529	16,657,735
Total noncurrent liabilities	15,182,483	16,791,414
Total liabilities	18,787,450	20,359,294
<b>Net Position</b>		
Net investment in capital assets	45,953,305	46,085,466
Restricted (Note 7)	23,685,248	26,151,523
Unrestricted	13,421,558	12,561,661
Total net position	\$ 83,060,111	\$ 84,798,650

# Charter Township of Van Buren

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2015 (with comparative information for 2014)

	2015	2014
<b>Operating Revenue</b>		
Sale of water	\$ 2,955,488	\$ 2,896,592
Sewage disposal charges	2,961,361	2,808,919
Water and sewer service charge	1,939,417	1,253,290
Customer penalties	92,126	108,441
Other revenue	198,228	225,496
Total operating revenue	8,146,620	7,292,738
<b>Operating Expenses</b>		
Water purchases	2,505,112	2,260,852
Sewage disposal charges	2,309,395	1,790,364
Maintenance	207,828	96,849
Supplies and materials	81,112	65,660
Salaries and wages	727,937	696,951
Other operating and maintenance	118,410	113,869
Administration fee	621,225	545,661
Insurance	211,431	88,850
Payroll taxes and fringe benefits	542,738	515,065
Vehicle expense	20,552	25,319
Professional services	252,741	278,314
Depreciation and amortization	2,254,723	2,236,402
Total operating expenses	9,853,204	8,714,156
<b>Operating Loss</b>	(1,706,584)	(1,421,418)
<b>Nonoperating Revenue (Expense)</b>		
Property tax revenue	3,400	39,367
Investment income	338,862	296,830
Interest expense	(374,217)	(437,844)
Total nonoperating expense	(31,955)	(101,647)
<b>Change in Net Position</b>	(1,738,539)	(1,523,065)
<b>Net Position - Beginning of year</b>	84,798,650	86,321,715
<b>Net Position - End of year</b>	<b>\$ 83,060,111</b>	<b>\$ 84,798,650</b>

# Charter Township of Van Buren

## Proprietary Funds Statement of Cash Flows Year Ended December 31, 2015 (with comparative information for 2014)

	2015	2014
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 7,741,042	\$ 7,024,610
Payments to suppliers	(6,145,148)	(5,685,100)
Payments to employees	(1,279,573)	(1,222,570)
Other receipts	198,228	225,496
	514,549	342,436
<b>Net cash provided by operating activities</b>		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from special assessment collections	505	737
Proceeds from property tax levy	3,400	39,367
Purchase of capital assets	(354,883)	(1,092,270)
Principal and interest paid on capital debt	(1,576,888)	(2,059,896)
Amount paid to Wayne County for debt retirement	(277,169)	(109,907)
	(2,205,035)	(3,221,969)
<b>Net cash used in capital and related financing activities</b>		
<b>Cash Flows from Investing Activities - Interest received on investments</b>	338,862	296,830
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,351,624)	(2,582,703)
<b>Cash and Cash Equivalents - Beginning of year</b>	37,101,527	39,684,230
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 35,749,903</b>	<b>\$ 37,101,527</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>		
Cash and investments	\$ 12,976,373	\$ 12,149,561
Restricted investments	22,773,530	24,951,966
	<b>\$ 35,749,903</b>	<b>\$ 37,101,527</b>
<b>Total cash and cash equivalents</b>		
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (1,706,584)	\$ (1,421,418)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	2,254,723	2,236,402
Changes in assets and liabilities:		
Receivables	(207,350)	(42,632)
Prepaid and other assets	(2,234)	(1,657)
Accounts payable	184,892	(417,705)
Accrued and other liabilities	(8,898)	(10,554)
	<b>\$ 514,549</b>	<b>\$ 342,436</b>
<b>Net cash provided by operating activities</b>		

**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, 2015, \$152,036 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 \$52,581 for the year ended December 31, 2015.

# Charter Township of Van Buren

## Fiduciary Funds Statement of Fiduciary Net Position December 31, 2015

	OPEB Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 53,540	\$ 639,562
Investments:		
Agency securities	40,236	-
Stocks	1,103,710	-
Bonds	465,374	-
	<u>1,662,860</u>	<u>\$ 639,562</u>
<b>Liabilities - Due to other governmental units</b>	<u>-</u>	<u>\$ 639,562</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<u>\$ 1,662,860</u>	

# Charter Township of Van Buren

## Fiduciary Funds Statement of Changes in Fiduciary Net Position - OPEB Trust Fund Year Ended December 31, 2015

	<u>OPEB Trust Fund</u>
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 49,156
Net decrease in fair value of investments	(65,251)
Investment-related expenses	<u>(15,599)</u>
Net investment loss	(31,694)
Contributions - Employer contributions	<u>543,242</u>
Total additions	511,548
<b>Deductions - Benefit payments</b>	<u>331,604</u>
<b>Net Increase in Net Position Held in Trust</b>	179,944
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	<u>1,482,916</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u><u>\$ 1,662,860</u></u>

# Charter Township of Van Buren

## Component Units Statement of Net Position December 31, 2015

	DDA	LDFA	Total
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 6,864,874	\$ 508,912	\$ 7,373,786
Receivables	20,514	15,731	36,245
Prepaid expenses	1,063	-	1,063
Restricted assets (Note 7)	1,177,663	587,168	1,764,831
Capital assets - Assets subject to depreciation (Note 4)	331,916	-	331,916
Total assets	8,396,030	1,111,811	9,507,841
<b>Deferred Outflows of Resources - Bond refunding loss being amortized (Note 13)</b>			
	-	369,118	369,118
<b>Liabilities</b>			
Accounts payable	96,299	2,100	98,399
Accrued liabilities and other	64,209	146,161	210,370
Due within one year:			
Compensated absences	4,148	-	4,148
Current portion of long-term debt	305,630	12,824	318,454
Due in more than one year:			
Accrued interest - Capital appreciation bonds	-	7,262,211	7,262,211
Long-term debt	6,345,072	19,574,745	25,919,817
Total liabilities	6,815,358	26,998,041	33,813,399
<b>Deferred Inflows of Resources - Property taxes levied for the following year</b>			
	829,914	364,328	1,194,242
<b>Net Position</b>			
Net investment in capital assets	331,916	-	331,916
Restricted - Debt service	530,480	-	530,480
Unrestricted	(111,638)	(25,881,440)	(25,993,078)
Total net position	\$ 750,758	\$ (25,881,440)	\$ (25,130,682)

# 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	\$ 1,741,592	\$ -	\$ 10,277	\$ -
Debt service	227,197	-	-	-
Total Downtown Development Authority	1,968,789	-	10,277	-
Local Development Financing Authority:				
Community and economic development	97,751	-	15,731	-
Debt service	1,575,561	-	-	-
Total Local Development Financing Authority	1,673,312	-	15,731	-
Total component units	<u>\$ 3,642,101</u>	<u>\$ -</u>	<u>\$ 26,008</u>	<u>\$ -</u>

General revenue:

Property taxes

Investment income

Total general revenue

**Change in Net Position**

**Net Position** - Beginning of year (Note 15)

**Net Position** - End of year

**Component Units  
Statement of Activities  
Year Ended December 31, 2015**

Net (Expense) Revenue and Changes in Net Position

<u>DDA</u>	<u>LDFA</u>	<u>Total</u>
\$ (1,731,315)	\$ -	\$ (1,731,315)
<u>(227,197)</u>	<u>-</u>	<u>(227,197)</u>
(1,958,512)	-	(1,958,512)
-	(82,020)	(82,020)
<u>-</u>	<u>(1,575,561)</u>	<u>(1,575,561)</u>
-	<u>(1,657,581)</u>	<u>(1,657,581)</u>
(1,958,512)	(1,657,581)	(3,616,093)
1,227,307	520,812	1,748,119
<u>54,653</u>	<u>29,269</u>	<u>83,922</u>
<u>1,281,960</u>	<u>550,081</u>	<u>1,832,041</u>
(676,552)	(1,107,500)	(1,784,052)
<u>1,427,310</u>	<u>(24,773,940)</u>	<u>(23,346,630)</u>
<b><u>\$ 750,758</u></b>	<b><u>\$ (25,881,440)</u></b>	<b><u>\$ (25,130,682)</u></b>

# Charter Township of Van Buren

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## Notes to Financial Statements December 31, 2015

### 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

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## Notes to Financial Statements December 31, 2015

### 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 for which specific revenue was used. 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 Postemployment 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

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## Notes to Financial Statements December 31, 2015

### **Note 1 - 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.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, 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

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## Notes to Financial Statements December 31, 2015

### **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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

For the most part, the effect of interfund activity has been removed from these statements. 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 revenue 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, 2015

### 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

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## Notes to Financial Statements December 31, 2015

### **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 Township has two items that fall into this category: the deferred charge on refunding reported in the component unit and government-wide statement of net position and the deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements. 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. The Township additionally has deferred outflows related to contributions to the defined benefit pension plan subsequent to the plan's year end through the Township's fiscal year end and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

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 revenue 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.

# **Charter Township of Van Buren**

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

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

#### **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.

#### **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.

# Charter Township of Van Buren

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## Notes to Financial Statements December 31, 2015

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

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.

#### **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 2014 tax is levied and collectible on December 1, 2014 and is recognized as revenue in the year ended December 31, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014 taxable valuation of the Township totaled \$954,621,814 (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 \$786,329 for operating and \$3,474,605 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 records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plan, and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

# Charter Township of Van Buren

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## Notes to Financial Statements December 31, 2015

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

The Township also 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.

**Proprietary Funds Operating Classification** - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating 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 revenue and expenses not meeting this definition are reported as nonoperating revenue 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.

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### 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, 2015		\$ (3,620,375)
Current year building permit revenue		1,008,327
Related expenses:		
Direct costs	\$ 588,573	
Estimated indirect costs	152,387	740,960
		<u>267,367</u>
Current year surplus		<u>267,367</u>
Cumulative surplus at December 31, 2015		<u>\$ 3,353,008</u>

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. 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.

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 3 - Deposits and Investments (Continued)

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 \$18,410,997 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**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
<b>Primary Government</b>		
U.S. governmental securities	\$ 20,595,474	43.87 months
Negotiable certificates of deposit	<u>7,240,000</u>	30.97 months
Total	<u>\$ 27,835,474</u>	

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 3 - Deposits and Investments (Continued)

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

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
Bank investment pool	\$ 3,013,970	AAAm	S&P
Negotiable certificates of deposit	7,240,000	n/a	n/a
U.S. governmental securities	<u>20,595,474</u>	AA+	S&P
Total	<u>\$ 30,849,444</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 Home Loan Banks	\$ 2,725,000	9.79
Government agency - Federal Home Loan Banks	1,500,000	5.39

**Component Units** - The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$5,200,618. Their investments include a bank investment pool of \$1,177,663 which was rated A1/P1/F1. The ratings on their negotiable CDs in the amount of \$1,000,000 were not available. The component units also have \$2,438,000 invested in government agencies which were rated AA+ by S&P. In addition, the component units had \$1,000,000 in negotiable CDs with a maturity of 38.96 months as well as \$2,438,000 in government agencies with a maturity of 42.77 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 negotiable certificates of deposit at Chase Bank, Wells Fargo Bank, and Stephenson National Bank for the DDA. The DDA concentration percentage of the certificates of deposit is 7.27 percent each.

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 4 - Capital Assets

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

	Balance January 1, 2015	Reclassifications	Additions	Disposals	Balance December 31, 2015
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 4,309,157	\$ -	\$ -	\$ -	\$ 4,309,157
Construction in progress	219,252	(336,026)	116,774	-	-
Subtotal	4,528,409	(336,026)	116,774	-	4,309,157
Capital assets being depreciated:					
Buildings and improvements	15,132,963	-	28,824	-	15,161,787
Vehicles	4,127,931	-	169,307	(138,737)	4,158,501
Equipment and furniture	3,843,827	7,495	625,958	-	4,477,280
Land improvements	2,819,823	328,531	103,382	-	3,251,736
French Landing Dam	2,936,277	-	-	-	2,936,277
Subtotal	28,860,821	336,026	927,471	(138,737)	29,985,581
Accumulated depreciation:					
Buildings and improvements	4,167,455	-	372,711	-	4,540,166
Vehicles	2,980,549	-	233,984	(127,742)	3,086,791
Equipment and furniture	3,344,085	-	266,872	-	3,610,957
Land improvements	1,210,182	-	216,081	-	1,426,263
French Landing Dam	2,221,707	-	61,395	-	2,283,102
Subtotal	13,923,978	-	1,151,043	(127,742)	14,947,279
Net capital assets being depreciated	14,936,843	336,026	(223,572)	(10,995)	15,038,302
Net capital assets	\$ 19,465,252	\$ -	\$ (106,798)	\$ (10,995)	\$ 19,347,459

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 4 - Capital Assets (Continued)

	Balance January 1, 2015	Reclassifications	Additions	Disposals	Balance December 31, 2015
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 57,294	\$ -	\$ -	\$ -	\$ 57,294
Construction in progress	647,650	(247,793)	291,310	-	691,167
Subtotal	704,944	(247,793)	291,310	-	748,461
Capital assets being depreciated:					
Utility system	101,665,155	247,793	31,942	-	101,944,890
Building	309,000	-	-	-	309,000
Machinery and equipment	576,614	-	44,679	-	621,293
Vehicles	921,181	-	-	(24,244)	896,937
Office furnishings	162,098	-	47,197	-	209,295
Subtotal	103,634,048	247,793	123,818	(24,244)	103,981,415
Accumulated depreciation:					
Utility system	38,504,242	-	2,142,956	-	40,647,198
Buildings and improvements	116,475	-	6,305	-	122,780
Machinery and equipment	478,286	-	24,757	-	503,043
Vehicles	572,312	-	73,049	(16,580)	628,781
Office furnishings	156,879	-	7,656	-	164,535
Subtotal	39,828,194	-	2,254,723	(16,580)	42,066,337
Net capital assets being depreciated	63,805,854	247,793	(2,130,905)	(7,664)	61,915,078
Net capital assets	\$ 64,510,798	\$ -	\$ (1,839,595)	\$ (7,664)	\$ 62,663,539
<b>Component Units</b>					
Capital assets being depreciated:					
Land improvements	\$ 1,290,835	\$ -	\$ -	\$ -	\$ 1,290,835
Office furnishings	2,239	-	-	-	2,239
Intangible asset - Right of ways	-	-	73,753	-	73,753
Subtotal	1,293,074	-	73,753	-	1,366,827
Accumulated depreciation:					
Land improvements	959,341	-	73,122	-	1,032,463
Office furnishings	63	-	746	-	809
Intangible asset - Right of ways	-	-	1,639	-	1,639
Subtotal	959,404	-	75,507	-	1,034,911
Net capital assets	\$ 333,670	\$ -	\$ (1,754)	\$ -	\$ 331,916

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 4 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 138,284
Public safety	688,938
Public works	28,864
Recreation and culture	<u>294,957</u>
Total governmental activities	<u>\$ 1,151,043</u>
Business-type activities - Water and Sewer	<u>\$ 2,254,723</u>
Component unit activities - Downtown Development Authority	<u>\$ 75,507</u>

### Note 5 - Interfund Receivables, Payables, and Transfers

There are no interfund receivables, payables, or transfer balances resulting from time lag between dates that goods and services are provided or reimbursable expenditures.

### 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
<b>Governmental Activities</b> - 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	<u>\$ 2,670,000</u>

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 6 - Long-term Debt (Continued)

Description	Amount
<b>Business-type Activities</b>	
Downriver Sewage Disposal System Bonds, Estimated Clean Water Program, 2014, amount of issue - \$11,955,000, bearing interest of 2.00%, maturing through 2035	\$ 159,408
State Revolving Fund - Downriver Sewage Disposal Bonds, amount of issue \$283,579, bearing interest of 2.00%, maturing through 2018	63,500
State Revolving Fund - Downriver Sewage Disposal System Bonds, amount of issue - \$2,364,903, bearing interest of 2%, maturing through 2021	358,716
South Huron Valley Wastewater Control System SRF Expansion Bonds, amount of issue - \$26,307,133, bearing interest of 2.25%, maturing through 2020	2,250,255
Downriver Sewage Disposal System, 2011 Downriver Treatment Plan Improvement Bond, amount of issue - \$174,346, bearing interest of 1.625%, maturing through 2033	227,645
State Revolving Loan Fund, 2006, amount of issue - \$12,025,000, bearing interest of 1.625%, maturing through 2026	7,434,339
Water Meter Loan, 2007, amount of issue - \$2,676,097, bearing interest from 4.31% to 5.09%, maturing through 2017	181,235
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$231,955, bearing interest of 1.625%, maturing through 2029	151,429
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$255,646, bearing interest of 1.625%, maturing through 2030	172,968
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$96,994, bearing interest of 1.625%, maturing through 2030	58,345
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$94,741, bearing interest of 1.625%, maturing through 2029	58,419
State Revolving Loan Fund, 2005, amount of issue - \$77,254, bearing interest of 1.625%, maturing through 2026	49,625
State Revolving Loan Fund, 2007, amount of issue - \$104,577, bearing interest from 4.0% to 5.4%, maturing through 2028	57,895
State Revolving Loan Fund, 2007, amount of issue - \$114,251, bearing interest from 4.25% to 5.0%, maturing through 2027	81,378
Drinking Water Revolving Loan Fund, 2009, amount of issue - \$6,645,000, bearing interest of 2.5%, maturing through 2029	4,980,000
South Huron Valley Utility Authority: Project 5386-01 2011, amount of issue - \$485,963, bearing interest of 2.5%, maturing through 2031	425,077
Total business-type activities debt	<u>\$ 16,710,234</u>
<b>Component Units Activities - Refunding Bonds</b>	
2015 LDFA Tax Increment Refunding Bonds, Series 2015, amount of original issue - \$12,190,000, bearing interest from 3.00% to 5.0%, maturing in 2031	\$ 12,190,000
2015 Bond Premium	807,913
Deferred amount on refunding	<u>(369,118)</u>
Subtotal	12,628,795

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 6 - Long-term Debt (Continued)

Description	Amount
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	2,335,000
2014 Bond Premium	10,702
Tax Increment Bonds - Series 2012, amount of issue - \$4,900,000, bearing interest from 2.00% to 3.75%, maturing through 2032	4,305,000
Subtotal	<u>13,240,358</u>
Total Component Unit activity debt	<u>\$ 25,869,153</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligations	\$ 2,995,000	\$ -	\$ 325,000	\$ 2,670,000	\$ 335,000
OPEB liability	10,213,365	1,385,032	-	11,598,397	-
Compensated absences	97,185	273,418	265,614	104,989	7,804
Nonexchange financial guarantee	20,150,000	-	3,404,360	16,745,640	-
Net pension liability	3,096,672	315,944	-	3,412,616	-
Total governmental activities	<u>\$ 36,552,222</u>	<u>\$ 1,974,394</u>	<u>\$ 3,994,974</u>	<u>\$ 34,531,642</u>	<u>\$ 342,804</u>
<b>Business-type Activities</b>					
Contractual obligations with Wayne County and other debt	\$ 17,952,130	\$ 52,496	\$ 1,475,627	\$ 16,528,999	\$ 1,493,470
Other debt	473,202	-	291,967	181,235	181,235
Total bonds payable	18,425,332	52,496	1,767,594	16,710,234	1,674,705
OPEB obligation	111,638	123,907	111,638	123,907	-
Compensated absences	23,047	73,983	70,767	26,263	3,216
Total business-type activities	<u>\$ 18,560,017</u>	<u>\$ 250,386</u>	<u>\$ 1,949,999</u>	<u>\$ 16,860,404</u>	<u>\$ 1,677,921</u>
<b>Component Unit Activities</b>					
2006 Refunding Bonds	\$ 17,505,000	\$ -	\$ 17,505,000	\$ -	\$ -
2015 Refunding Bonds	-	12,190,000	-	12,190,000	-
Tax increment bonds	13,529,656	-	300,000	13,229,656	305,000
DDA Bond Premium	11,332	-	630	10,702	630
LDA Bond Premium	-	820,737	12,824	807,913	12,824
Total bonds payable	31,045,988	13,010,737	17,818,454	26,238,271	318,454
Compensated absences	4,148	-	-	4,148	4,148
Total component unit activities	<u>\$ 31,050,136</u>	<u>\$ 13,010,737</u>	<u>\$ 17,818,454</u>	<u>\$ 26,242,419</u>	<u>\$ 322,602</u>

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 6 - Long-term Debt (Continued)

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, 2015, the LDFA had recorded \$7,262,211 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
2016	\$ 335,000	\$ 114,608	\$ 449,608	\$ 1,674,705	\$ 371,191	\$ 2,045,896	\$ 305,000	\$ 774,613	\$ 1,079,613
2017	350,000	100,538	450,538	1,529,176	313,106	1,842,282	310,000	735,619	1,045,619
2018	365,000	86,102	451,102	1,554,246	280,545	1,834,791	315,000	728,320	1,043,320
2019	375,000	70,406	445,406	1,496,719	247,441	1,744,160	1,905,000	695,994	2,600,994
2020	400,000	54,468	454,468	1,515,881	216,293	1,732,174	2,310,000	599,094	2,909,094
2021-2025	845,000	55,780	900,780	5,450,936	706,839	6,157,775	9,395,165	5,222,102	14,617,267
2026-2030	-	-	-	3,405,009	174,954	3,579,963	7,454,382	10,220,731	17,675,113
2031-2035	-	-	-	83,562	2,387	85,949	3,425,109	4,782,966	8,208,075
<b>Total</b>	<b>\$ 2,670,000</b>	<b>\$ 481,902</b>	<b>\$ 3,151,902</b>	<b>\$ 16,710,234</b>	<b>\$ 2,312,756</b>	<b>\$ 19,022,990</b>	<b>\$ 25,419,656</b>	<b>\$ 23,759,439</b>	<b>\$ 49,179,095</b>

\* Amounts are not adjusted for deferred amounts on refunding.

**Defeased Debt** - In prior years, the Downtown Development 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, 2015, \$700,000 of bonds outstanding is considered to be defeased.

### Revenue Pledged in Connection with Component Unit Debt

The Downtown Development Authority has pledged a portion of future property tax revenue to repay \$4,305,000 and \$2,335,000 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. Principal and interest remaining on the bonds total \$8,947,688, payable through 2032. For the current year, principal and interest paid and total property tax captures were \$527,058 and \$1,227,307, respectively.

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 6 - Long-term Debt (Continued)

In 2003, the Local Development Financing Authority issued bonds in the amount of \$25,789,656, a portion of which was refunded in 2006, and again in 2015 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. Principal and interest remaining of the bonds total \$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 an interest rate ranging from 2.10 percent to 5.00 percent. Bond proceeds totaled \$13,010,737, including an \$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 (deficit).

The advance refunding reduced total debt service payments over the next 16 years by \$1,453,850, which represents an economic gain of \$1,120,105.

### 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	\$ 911,718	\$ -
Cash and cash equivalents:	22,773,530	-
Debt service restrictions	-	1,644,363
Unspent bond proceeds	-	120,468
	<u>                    </u>	<u>                    </u>
Total restricted assets	\$ 23,685,248	\$ 1,764,831

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 7 - Restricted Assets (Continued)

Restricted assets in business-type activities of \$23,685,248 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 \$530,480 for debt service. Restricted assets in the Local Development Financing Authority are restricted for the 2003 revenue bond debt service requirements.

### 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:

	2014	2015
Claims incurred - Including changes in estimates	\$ 108,319	\$ 224,854
Claim payments	<u>(108,319)</u>	<u>(224,854)</u>
Unpaid claims - End of year	<u>\$ -</u>	<u>\$ -</u>

# Charter Township of Van Buren

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## Notes to Financial Statements December 31, 2015

### Note 9 - Agent Defined Benefit Pension Plan Description

**Plan Description** - The Township participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS of Michigan), which covers Township police command, police officers, and dispatch employees. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at [www.mersofmichigan.com](http://www.mersofmichigan.com) or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 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 arbitration rulings under Michigan Public Act 312 of 1969 and requires a contribution from the employees of 6.96 percent of gross wages for police patrol/dispatch and 15.45 percent of gross wages for the police command. Additionally, the Township contributes 12 percent of base wages for the police patrol/dispatch and command.

**Benefits Provided** - The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

Retirement benefits for patrol and dispatch employees are calculated as 2.50 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at age 55 with 15 years of service. Employees are eligible for a reduced retirement at age 50 with 25 years of service. The vesting period is six years. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 9 - Agent Defined Benefit Pension Plan Description (Continued)

Retirement benefits for command employees are calculated as 2.50 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at age 55 with 15 years of service. Employees are eligible for a reduced retirement at age 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date limited to increases in the Consumer Price Index.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the city council, generally after negotiations of these terms with the affected unions. Police and fire employees benefit terms may be subject to binding arbitration in certain circumstances.

**Employees Covered by Benefit Terms** - At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>46</u>
Total employees covered by MERS	<u>59</u>

**Contributions** - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2015, the Township's average monthly contribution was \$33,251. The employees' average contribution was \$19,206.

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 9 - Agent Defined Benefit Pension Plan Description (Continued)

#### Net Pension Liability

The net pension liability reported at December 31, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2013	\$ 13,707,378	\$ 10,610,706	\$ 3,096,672
Service cost	469,564	-	469,564
Interest	1,133,771	-	1,133,771
Contributions - Employer	-	399,017	(399,017)
Contributions - Employee	-	230,467	(230,467)
Net investment income	-	683,120	(683,120)
Benefit payments, including refunds	(398,961)	(398,961)	-
Administrative expenses	-	(25,213)	25,213
Net changes	1,204,374	888,430	315,944
Balance at December 31, 2014	\$ 14,911,752	\$ 11,499,136	\$ 3,412,616

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Township recognized pension expense of \$575,803. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 139,158	\$ -
Employer contributions to the plan subsequent to the measurement date	421,629	-
Total	\$ 560,787	\$ -

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 9 - Agent Defined Benefit Pension Plan Description (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2016	\$ 34,790
2017	34,790
2018	34,790
2019	34,788

**Actuarial Assumptions** - The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.5%
Salary increases	4.5% With merit increases totaling up to 13%, for a total of 17.5%.
Investment rate of return	8.0%

Mortality rates were based on the 1994 Group Annuity Mortality Table.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period from January 1, 2009 through December 31, 2013.

**Discount Rate** - The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

#### Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 9 - Agent Defined Benefit Pension Plan Description (Continued)

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-term Expected Real Rate of Return
Global equity	58 %	5.02 %
Global fixed income	20 %	2.18 %
Real assets	12 %	4.23 %
Diversifying strategies	10 %	6.56 %

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Township, calculated using the discount rate of 8.25 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.25 percent) or 1 percentage point higher (9.25 percent) than the current rate:

	1 Percent Decrease (7.25%)	Current Discount Rate (8.25%)	1 Percent Increase (9.25%)
Net pension liability of the Township	\$ 5,708,612	\$ 3,412,616	\$ 1,523,185

**Pension Plan Fiduciary Net Position** - Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position has been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 10 - 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 \$359,000 during the current year, and employees contributed approximately \$165,000.

### 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).

**Funding Progress** - For the year ended December 31, 2015, 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)	\$ 2,248,860
Interest on the prior year's net OPEB obligation	413,000
Less adjustment to the annual required contribution	<u>(721,317)</u>
Annual OPEB cost	1,940,543
Amounts contributed - Payments of current premiums	(331,604)
Advance funding	<u>(211,638)</u>
Increase in net OPEB obligation	1,397,301
OPEB obligation - Beginning of year	<u>10,325,003</u>
OPEB obligation - End of year	<u>\$ 11,722,304</u>

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 11 - Other Postemployment Benefits (Continued)

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	
12/31/10	12/31/10	\$ 1,808,895	\$ 1,746,544	7.5 %	6.1 %	\$ 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
12/31/15	12/31/12	2,248,860	1,940,543	24.2 %	28.0 %	11,722,304

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

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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.

# Charter Township of Van Buren

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## Notes to Financial Statements December 31, 2015

### **Note 11 - Other Postemployment Benefits (Continued)**

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.

### **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 \$979,140 toward the operation of the system. In addition, debt payments of \$512,774, 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 \$182,389 for operations of the system and \$226,027 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 2015, the Township paid \$772,735 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.

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 12 - Joint Ventures (Continued)

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 2015.

### Note 13 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Governmental Activities
Property taxes levied for the next fiscal year	\$ 4,722,263	\$ 4,722,263
Special assessments - Unavailable	313,494	-
Grant revenue - Unavailable	52,294	-
Total deferred inflows	<u>\$ 5,088,051</u>	<u>\$ 4,722,263</u>

The component units also reported \$1,194,242 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:

	Government- wide Statements	Component Units
Deferred outflows related to pension expense	\$ 560,787	\$ -
Bond refunding loss being amortized	-	369,118

### Note 14 - 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.

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 14 - Nonexchange Financial Guarantee (Continued)

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, 2015 is as follows:

<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
\$ 20,150,000	\$ -	\$ (3,404,360)	\$ 16,745,640

### Note 15 - Change in Accounting

During the current year, the Township adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements now include a liability for our unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension note for further details. As a result of implementing this statement, the beginning governmental net position was restated to (\$6,085,993) (a reduction of \$2,797,755). This change does not impact the General Fund or any other governmental fund.

# Charter Township of Van Buren

## Notes to Financial Statements December 31, 2015

### Note 16 - Fund Balance Constraints

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

	General Fund	Nonmajor Funds	Total
<b>Fund Balances</b>			
Nonspendable - Prepays	\$ 179,867	\$ 779	\$ 180,646
Restricted:			
Law enforcement	-	248,256	248,256
911 service	-	255,423	255,423
Museum	-	82,354	82,354
PEG fees	42,768	-	42,768
Total restricted	42,768	586,033	628,801
Assigned:			
Land and municipal facilities (Fire Station #1) - Debt service	2,670,000	-	2,670,000
Senior center bequest activities	7,862	-	7,862
French Landing Dam	217,500	-	217,500
Computer networking equipment	25,000	-	25,000
Sidewalk maintenance	25,000	-	25,000
Compensated absences	104,989	-	104,989
Future obligations	4,000,000	-	4,000,000
Total assigned	7,050,351	-	7,050,351
Unassigned	3,553,831	(30,953)	3,522,878
Total fund balance	\$ 10,826,817	\$ 555,859	\$ 11,382,676

### Note 17 - Upcoming Accounting Pronouncements

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.

# Charter Township of Van Buren

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## Notes to Financial Statements December 31, 2015

### **Note 17 - Upcoming Accounting Pronouncements (Continued)**

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

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016 fiscal year.

## **Required Supplemental Information**

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# Charter Township of Van Buren

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 790,500	\$ 798,910	\$ 798,707	\$ (203)
Public safety tax revenue	3,430,000	3,485,400	3,474,605	(10,795)
Licenses and permits	643,550	1,074,411	1,105,308	30,897
State-shared revenue and grants	2,338,350	2,493,350	2,312,158	(181,192)
Charges for services	1,081,909	1,334,209	1,485,418	151,209
Fines and forfeitures	950,000	980,000	1,084,308	104,308
Investment income	40,000	40,000	51,821	11,821
Other revenue	1,170,624	1,144,004	1,122,018	(21,986)
<b>Total revenue</b>	<b>10,444,933</b>	<b>11,350,284</b>	<b>11,434,343</b>	<b>84,059</b>
<b>Expenditures - Current</b>				
General government:				
Township board	305,904	305,904	274,388	31,516
Supervisor	248,913	196,869	191,268	5,601
Accounting	65,000	47,500	47,392	108
IT department	391,095	401,950	346,667	55,283
Treasurer	301,292	301,292	279,685	21,607
Assessing	198,094	186,599	180,038	6,561
General office	86,000	84,100	83,305	795
Clerk	392,274	434,000	430,964	3,036
Elections	121,942	110,103	69,875	40,228
Buildings and grounds	1,203,565	1,002,332	1,007,999	(5,667)
Attorney	270,000	270,000	262,340	7,660
Cemetery	19,250	19,250	14,732	4,518
<b>Total general government</b>	<b>3,603,329</b>	<b>3,359,899</b>	<b>3,188,653</b>	<b>171,246</b>
Public safety:				
Police	5,470,639	5,368,445	5,024,382	344,063
Dispatch	718,400	779,400	723,982	55,418
Fire	1,854,700	1,753,200	1,534,389	218,811
Building and planning	687,252	712,356	735,716	(23,360)
Animal control	145,000	189,500	181,613	7,887
<b>Total public safety</b>	<b>8,875,991</b>	<b>8,802,901</b>	<b>8,200,082</b>	<b>602,819</b>
Public works - Contracted services	240,000	240,000	219,266	20,734
Recreation and culture:				
Parks and lakes	169,914	125,682	62,705	62,977
Senior citizens	189,606	187,211	190,327	(3,116)
Cable	135,800	112,462	94,430	18,032
Recreation	428,765	430,365	416,505	13,860
<b>Total recreation and culture</b>	<b>924,085</b>	<b>855,720</b>	<b>763,967</b>	<b>91,753</b>
Insurance	652,500	805,000	789,180	15,820
<b>Total expenditures</b>	<b>14,295,905</b>	<b>14,063,520</b>	<b>13,161,148</b>	<b>902,372</b>
<b>Excess of Expenditures Over Revenue</b>	<b>(3,850,972)</b>	<b>(2,713,236)</b>	<b>(1,726,805)</b>	<b>986,431</b>
<b>Other Financing Sources - Transfers in</b>	<b>2,860,000</b>	<b>2,324,549</b>	<b>2,324,549</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(990,972)</b>	<b>(388,687)</b>	<b>597,744</b>	<b>986,431</b>
<b>Fund Balance - Beginning of year</b>	<b>5,021,683</b>	<b>5,021,683</b>	<b>5,021,683</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 4,030,711</b>	<b>\$ 4,632,996</b>	<b>\$ 5,619,427</b>	<b>\$ 986,431</b>

# Charter Township of Van Buren

## Note to Required Supplemental Information Year Ended December 31, 2015

**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, 2015 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 shown 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	\$ 14,832,343	\$ 13,343,401	\$ -
Resources received from other funds reported as a reduction in expenditures	560,084	720,084	160,000
Less Landfill Fund	<u>(3,958,084)</u>	<u>(902,337)</u>	<u>2,164,549</u>
Amounts per budget statement	<u>\$ 11,434,343</u>	<u>\$ 13,161,148</u>	<u>\$ 2,324,549</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Recreation and culture - Senior citizens	\$ 187,211	\$ 190,327	\$ (3,116)
Public safety - Building and planning	712,356	735,716	(23,360)
Building and grounds	1,002,332	1,007,999	(5,667)

# Charter Township of Van Buren

## Required Supplemental Information OPEB System Schedule Year Ended December 31, 2015

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
12/31/10	12/31/10	\$ 1,808,895	7.5
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
12/31/15	12/31/12	2,248,860	24.2

\* 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

# Charter Township of Van Buren

## Required Supplemental Information Schedule of Changes in the Township Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2014
<b>Total Pension Liability</b>	
Service cost	\$ 469,564
Interest	1,133,771
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds	(398,961)
<b>Net Change in Total Pension Liability</b>	1,204,374
<b>Total Pension Liability - Beginning of year</b>	13,707,378
<b>Total Pension Liability - End of year</b>	<b>\$ 14,911,752</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 399,017
Contributions - Member	230,467
Net investment income	683,120
Administrative expenses	(25,213)
Benefit payments, including refunds	(398,961)
Other	-
<b>Net Change in Plan Fiduciary Net Position</b>	888,430
<b>Plan Fiduciary Net Position - Beginning of year</b>	10,610,706
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 11,499,136</b>
<b>Township's Net Pension Liability - Ending</b>	<b>\$ 3,412,616</b>
<b>Plan Fiduciary Net Position as a Percent of Total Pension Liability</b>	77.11 %
<b>Covered Employee Payroll</b>	\$ 3,242,840
<b>Township's Net Pension Liability as a Percent of Covered Employee Payroll</b>	105.2 %

# Charter Township of Van Buren

## Required Supplemental Information Schedule of Township Contributions Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 421,629	\$ 399,017	\$ 396,365	\$ 386,849	\$ 424,156	\$ 424,156	\$ 453,942	\$ 429,649	\$ 381,490	\$ 343,482
Contributions in relation to the actuarially determined contribution	421,629	399,017	396,365	386,849	424,156	424,156	453,942	429,649	381,490	343,482
<b>Contribution Deficiency</b>	<b>\$ -</b>									
<b>Covered Employee Payroll</b>	<b>\$ 3,518,478</b>	<b>\$ 3,242,840</b>	<b>\$ 3,151,341</b>	<b>\$ 3,402,508</b>	<b>\$ 3,457,420</b>	<b>\$ 3,595,208</b>	<b>\$ 3,832,148</b>	<b>\$ 3,732,398</b>	<b>\$ 3,388,358</b>	<b>\$ 2,878,825</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	12.0 %	12.3 %	12.6 %	11.4 %	12.3 %	11.8 %	11.8 %	11.5 %	11.3 %	11.9 %

### Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	10-year smoothed
Inflation	4.5%
Salary increases	4.5% - 17.5%
Investment rate of return	8.0%
Retirement age	Normal - 60 years of age or 55 years of age with 15 years of service
Mortality	1994 Group Annuity Mortality Table
Other information	None

## **Other Supplemental Information**

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# Charter Township of Van Buren

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2015

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service	Museum	
<b>Assets</b>						
Cash and investments	\$ 5,664	\$ 38,878	\$ 209,378	\$ 245,182	\$ 83,441	\$ 582,543
Receivables:						
Other receivables	-	-	-	10,241	-	10,241
Due from other governmental units	50,643	-	-	-	-	50,643
Prepaid expenses and other assets	-	-	-	-	779	779
<b>Total assets</b>	<b>\$ 56,307</b>	<b>\$ 38,878</b>	<b>\$ 209,378</b>	<b>\$ 255,423</b>	<b>\$ 84,220</b>	<b>\$ 644,206</b>
<b>Liabilities</b>						
Accounts payable	\$ 33,067	\$ -	\$ -	\$ -	\$ 471	\$ 33,538
Accrued liabilities and other	4,972	-	-	-	616	5,588
<b>Total liabilities</b>	<b>38,039</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,087</b>	<b>39,126</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>49,221</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,221</b>
<b>Fund Balances</b>						
Nonspendable - Prepays	-	-	-	-	779	779
Restricted:						
Law enforcement	-	38,878	209,378	-	-	248,256
911 service	-	-	-	255,423	-	255,423
Museum	-	-	-	-	82,354	82,354
Unassigned	(30,953)	-	-	-	-	(30,953)
<b>Total fund balances</b>	<b>(30,953)</b>	<b>38,878</b>	<b>209,378</b>	<b>255,423</b>	<b>83,133</b>	<b>555,859</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 56,307</b>	<b>\$ 38,878</b>	<b>\$ 209,378</b>	<b>\$ 255,423</b>	<b>\$ 84,220</b>	<b>\$ 644,206</b>

# 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, 2015

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service	Museum	
<b>Revenue</b>						
Federal grants	\$ 24,157	\$ -	\$ -	\$ -	\$ -	\$ 24,157
State grants	-	-	21,278	-	-	21,278
Investment income	26	58	347	250	136	817
Other revenue:						
Local donations	-	-	-	-	154,140	154,140
Other miscellaneous income	-	-	-	130,034	-	130,034
Total revenue	<u>24,183</u>	<u>58</u>	<u>21,625</u>	<u>130,284</u>	<u>154,276</u>	<u>330,426</u>
<b>Expenditures - Current</b>						
Public safety	-	63	75,334	160,277	-	235,674
Community and economic development	64,106	-	-	-	-	64,106
Recreation and culture	-	-	-	-	80,531	80,531
Total expenditures	<u>64,106</u>	<u>63</u>	<u>75,334</u>	<u>160,277</u>	<u>80,531</u>	<u>380,311</u>
<b>Net Change in Fund Balances</b>	(39,923)	(5)	(53,709)	(29,993)	73,745	(49,885)
<b>Fund Balances - Beginning of year</b>	<u>8,970</u>	<u>38,883</u>	<u>263,087</u>	<u>285,416</u>	<u>9,388</u>	<u>605,744</u>
<b>Fund Balances (Deficit) - End of year</b>	<u>\$ (30,953)</u>	<u>\$ 38,878</u>	<u>\$ 209,378</u>	<u>\$ 255,423</u>	<u>\$ 83,133</u>	<u>\$ 555,859</u>