
Charter Township of Van Buren

**Financial Report
with Supplemental Information
December 31, 2018**

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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, each major 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, 2018 and the related notes to the financial statements, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Van Buren as of December 31, 2018 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 17 to the financial statements, in 2018, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which established accounting and financial reporting standards for defined benefit OPEB plans provided to the employees of governmental employers. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Charter Township of Van Buren

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 an opinion 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.

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 Summarized Comparative Information

We have previously audited the Charter Township of Van Buren's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2018. In our opinion, the partial comparative information presented herein for the Enterprise Fund as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Plante & Moran, PLLC

May 29, 2019

Overview of the Financial Statements

The Charter Township of Van Buren's (the "Township") 2018 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 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 2018 PA 57, and the Local Development Financing Authority (LDFA), pursuant to 2018 PA 57.

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-term and short-term financial information. The Township's Water and Sewer Fund is considered proprietary.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

- **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 the 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.

Government-wide Overall Financial Analysis

The Township has a combined total net position of \$76.9 million. This is an increase of approximately \$6.7 million in comparison to 2017. In 2016, the Township conformed to the requirements of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This is the fourth 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.

Regarding the Township's total net position, business-type activities comprise \$76.7 million and governmental activities comprise approximately \$130,000. In a condensed format, the table below shows a comparison of the net position as of the current date to the prior year:

Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets:						
Cash and investments	\$27,636,676	\$17,479,291	\$15,787,038	\$14,746,639	\$43,423,714	\$32,225,930
Receivables	7,032,541	6,744,960	2,331,723	2,894,351	9,364,264	9,639,311
Other assets	460,291	293,801	16,424,071	19,058,202	16,884,362	19,352,003
Capital assets	21,794,618	19,192,436	59,295,862	59,844,044	81,090,480	79,036,480
Total assets	56,924,126	43,710,488	93,838,694	96,543,236	50,762,820	40,253,724
Deferred Outflows of Resources	1,050,640	1,463,802	154,229	-	1,204,869	1,463,802
Liabilities						
Current liabilities	1,331,078	2,311,751	1,780,576	1,970,316	3,111,654	4,282,067
Noncurrent liabilities:						
Due within one year:						
Compensated absences	20,854	9,928	1,636	2,525	22,490	12,453
Current portion of long-term debt	395,000	405,000	1,504,612	1,567,099	1,899,612	1,972,099
Due in more than one year	46,174,176	45,395,136	13,428,107	12,519,554	59,602,283	57,914,690
Total liabilities	47,921,108	48,121,815	16,714,931	16,059,494	64,636,039	64,181,309
Deferred Inflows of Resources	9,923,956	7,402,143	536,278	-	10,460,234	7,402,143
Net Position						
Net investment in capital assets	20,149,618	17,142,436	46,009,676	46,106,041	66,159,294	63,248,477
Restricted	439,560	511,154	16,282,636	18,974,808	16,722,196	19,485,962
Unrestricted	(20,459,476)	(28,003,258)	14,449,402	15,402,893	(6,010,074)	(12,600,365)
Total net position*	\$ 129,702	\$(10,349,668)	\$76,741,714	\$80,483,742	\$76,871,416	\$70,134,074

* Note that the total net position includes the impact of implementing GASB No. 75. Due to this impact, the net position for governmental and business-type activities decreased by \$3,171,274 and \$1,850,023, respectively.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

During the year, the unrestricted net position (the portion of net position that can be used to finance day-to-day operations) increased by \$7.5 million for the governmental activities from 2017.

Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue						
Program revenue:						
Charges for services	\$ 3,536,889	\$ 3,071,195	\$ 8,883,841	\$ 9,323,261	\$ 12,420,730	\$ 12,394,456
Operating grants	576,553	916,455	-	-	576,553	916,455
Capital grants	2,737,907	535,585	-	-	2,737,907	535,585
General revenue:						
Property taxes	7,078,776	4,816,673	317	3,768	7,079,093	4,820,441
State-shared revenue	2,620,522	2,546,794	-	-	2,620,522	2,546,794
Investment earnings	429,586	146,466	558,051	376,213	987,637	522,679
Other revenue:						
Other miscellaneous revenue	353,332	358,486	-	-	353,332	358,486
Sale of capital assets	-	-	(344,232)	-	(344,232)	-
Landfill royalties	5,086,419	4,948,760	-	-	5,086,419	4,948,760
Total revenue	22,419,984	17,340,414	9,097,977	9,703,242	31,517,961	27,043,656
Expenses						
General government	3,483,843	3,732,228	-	-	3,483,843	3,732,228
Public safety	10,511,341	11,883,075	-	-	10,511,341	11,883,075
Public works	880,869	314,667	-	-	880,869	314,667
Community and economic development	984,861	1,307,008	-	-	984,861	1,307,008
Recreation and culture	1,192,378	1,621,422	-	-	1,192,378	1,621,422
Interest on long-term debt	38,725	138,501	-	-	38,725	138,501
Business-type activities	-	-	10,989,982	10,546,143	10,989,982	10,546,143
Total expenses	17,092,017	18,996,901	10,989,982	10,546,143	28,081,999	29,543,044
Special and extraordinary items	8,322,677	-	-	-	8,322,677	-
Change in Net Position	\$ 13,650,644	\$ (1,656,487)	\$ (1,892,005)	\$ (842,901)	\$ 11,758,639	\$ (2,499,388)

Governmental Activities

Revenue for governmental activities totaled \$30.74 million in 2018. Charges for services, such as court fines, building licenses and permits, and recreation fees, accounted for \$3.54 million in revenue, an increase of approximately \$466,000 over the 2017 figure. A total of \$7.1 million was received in the form of property tax collections, up \$2.3 million from 2017 as a result of the new public safety millage. An increase in landfill royalties brought in \$5.09 million, and state-shared revenue increased to \$2.62 million.

Program expenses for 2018 governmental activities generally increased, with the exceptions of public safety, recreation and culture, and community and economic development.

Business-type Activities

The Township has one business-type activity, the water and sewer operation. Revenue for business-type activities was \$9.1 million, while expenses were \$10.9 million, with revenue decreasing and expenses increasing over the 2017 figures. Water is provided to the Township's residents via the Great Lakes Water Authority (GLWA). 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).

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The Township became one of the member communities of the Great Lakes Water Authority 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 formally assumed operations from DWSD on January 1, 2016.

Financial Analysis of the Township Funds and Budgets

The General Fund decreased its fund balance by approximately \$1.1 million as of December 31, 2018, bringing the fund balance total to approximately \$13,301,000. 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 \$744,384. Property taxes and fines and forfeitures fell short of budgetary expectations. Better-than-expected revenue received from licenses and permits 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 General Fund budget is amended throughout the year, as deemed necessary. Overall, the difference between the General Fund's 2018 original budget and the amended budget reflects both some increased revenue and 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 Assets and Debt Administration

At the end of 2018, the Township had approximately \$8.1 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 \$13.3 million is recorded as a liability in the business-type activities in the statement of net position. Debt related to capital improvements of \$16.45 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 2018 equalized valuation totaled \$1,249,418,800, which represents an approximate 4.69 percent increase from 2017. The 2018 taxable value is \$1,040,785,905, which represents a 4.48 percent increase from 2017. Of the 2018 equalized valuations by use, 59 percent is residential, 16 percent is industrial, 16 percent is commercial, 1 percent is agricultural, 4 percent is utility personal property, and 4 percent is commercial and industrial personal property.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The Township has maintained 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."

Landfill tipping fees continue to be a heavily relied-upon source of revenue by which the Township funds routine municipal services. In 2018, the \$17.24 million General Fund (amended) budget was financed with an approximate \$1.8 million transfer of Landfill Funds. As a result of the new Host Community Agreement with Waste Management, Inc. (approved by the township board in December 2017), the Township will continue to receive tipping fees for approximately an additional 30 years. Township residents will continue to receive free garbage collection for five years. Township residents will receive free disposal, curbside recycling, and yard waste pickup for the life of the landfill expansion. Additionally, Waste Management, Inc. will provide grant and capital improvement funds to the Township, totaling \$640,000 annually.

The 2018 property tax revenue resulted from the 2017 millage rate of 7.4144 mills, composed of 0.9144 for general operating and 6.5 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, 2023.

Requests for Further Information

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. Should you have further questions, please contact the supervisor's office.

Charter Township of Van Buren

Statement of Net Position

December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 4)	\$ 27,636,676	\$ 15,787,038	\$ 43,423,714	\$ 6,399,643
Receivables:				
Property taxes receivable	4,957,474	-	4,957,474	-
Special assessments receivable	57,589	129	57,718	-
Receivables from sales to customers on account	-	2,251,354	2,251,354	-
Other receivables	1,343,673	80,240	1,423,913	14,177
Due from other governments	673,805	-	673,805	-
Prepaid expenses	222,700	44,364	267,064	4,620
Restricted assets (Note 8)	-	16,282,636	16,282,636	3,295,525
Capital assets: (Note 5)				
Assets not subject to depreciation	6,310,437	547,580	6,858,017	426,262
Assets subject to depreciation - Net	15,484,181	58,748,282	74,232,463	430,773
Long-term assessment receivable	-	26	26	-
Deposits	237,591	97,045	334,636	-
Total assets	56,924,126	93,838,694	150,762,820	10,571,000
Deferred Outflows of Resources (Note 14)				
Deferred charges on bond refunding	21,346	-	21,346	295,294
Deferred pension costs	954,881	-	954,881	-
Deferred OPEB costs	74,413	154,229	228,642	19,344
Total deferred outflows of resources	1,050,640	154,229	1,204,869	314,638
Liabilities				
Accounts payable	544,054	887,131	1,431,185	376,138
Refundable deposits, bonds, etc.	534,550	794,700	1,329,250	-
Accrued liabilities and other	252,474	98,745	351,219	199,280
Noncurrent liabilities (Note 7):				
Due within one year:				
Compensated absences	20,854	1,636	22,490	6,522
Current portion of long-term debt	395,000	1,504,612	1,899,612	2,030,796
Due in more than one year:				
Compensated absences	128,713	22,830	151,543	-
Accrued interest - Capital appreciation bonds	-	-	-	9,077,764
Net pension liability (Note 10)	3,955,772	-	3,955,772	-
Net OPEB liability	18,600,611	1,623,703	20,224,314	217,072
Long-term debt - Net of current portion	1,250,000	11,781,574	13,031,574	25,069,568
Nonexchange financial guarantee (Note 15)	22,239,080	-	22,239,080	-
Total liabilities	47,921,108	16,714,931	64,636,039	36,977,140
Deferred Inflows of Resources (Note 14)				
Property taxes levied for the following year	7,193,991	-	7,193,991	1,757,998
Deferred pension cost reductions	817,971	-	817,971	-
Deferred OPEB cost reductions	1,911,994	536,278	2,448,272	74,595
Total deferred inflows of resources	9,923,956	536,278	10,460,234	1,832,593
Net Position (Deficit)				
Net investment in capital assets	20,149,618	46,009,676	66,159,294	857,035
Restricted:				
Museum	48,301	-	48,301	-
Law enforcement	187,629	-	187,629	-
Debt service	-	-	-	671,477
911 service	170,299	-	170,299	-
Community Development Block Grant	33,331	-	33,331	-
Tax levy - Debt/Capital	-	16,282,636	16,282,636	-
Unrestricted	(20,459,476)	14,449,402	(6,010,074)	(29,452,607)
Total net position (deficit)	\$ 129,702	\$ 76,741,714	\$ 76,871,416	\$ (27,924,095)

Charter Township of Van Buren

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,483,843	\$ 49,398	\$ 167,408	\$ 1,979,280
Public safety	10,511,341	2,325,915	181,520	8,435
Public works	880,869	714,368	-	750,192
Community and economic development	984,861	85,468	154,710	-
Recreation and culture	1,192,378	361,740	72,915	-
Interest on long-term debt	38,725	-	-	-
Total governmental activities	17,092,017	3,536,889	576,553	2,737,907
Business-type activities	10,989,982	8,883,841	-	-
Total primary government	\$ 28,081,999	\$ 12,420,730	\$ 576,553	\$ 2,737,907
Component units:				
Downtown Development Authority	\$ 2,956,075	\$ -	\$ 3,747	\$ -
Local Development Finance Authority	1,227,329	-	70,160	-
Total component units	\$ 4,183,404	\$ -	\$ 73,907	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Gain on sale of capital assets				
Landfill royalties				
Total general revenue				
Special items (Note 18)				
Change in Net Position				
Net Position (Deficit) - Beginning of year, as restated (Note 17)				
Net Position (Deficit) - End of year				

Statement of Activities

Year Ended December 31, 2018

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,287,757)	\$ -	\$ (1,287,757)	\$ -
(7,995,471)	-	(7,995,471)	-
583,691	-	583,691	-
(744,683)	-	(744,683)	-
(757,723)	-	(757,723)	-
(38,725)	-	(38,725)	-
(10,240,668)	-	(10,240,668)	-
-	(2,106,141)	(2,106,141)	-
(10,240,668)	(2,106,141)	(12,346,809)	-
-	-	-	(2,952,328)
-	-	-	(1,157,169)
-	-	-	(4,109,497)
7,078,776	317	7,079,093	2,349,280
2,620,522	-	2,620,522	-
429,586	558,051	987,637	116,333
353,332	-	353,332	-
-	(344,232)	(344,232)	-
5,086,419	-	5,086,419	-
15,568,635	214,136	15,782,771	2,465,613
8,322,677	-	8,322,677	-
13,650,644	(1,892,005)	11,758,639	(1,643,884)
(13,520,942)	78,633,719	65,112,777	(26,280,211)
\$ 129,702	\$ 76,741,714	\$ 76,871,416	\$ (27,924,095)

Charter Township of Van Buren

Governmental Funds Balance Sheet

December 31, 2018

	General Fund	Long-term Debt Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 4)	\$ 14,662,333	\$ 12,439,017	\$ 535,326	\$ 27,636,676
Receivables:				
Property taxes receivable	4,957,474	-	-	4,957,474
Special assessments receivable	57,589	-	-	57,589
Other receivables	1,279,833	36,792	27,048	1,343,673
Due from other governments	601,769	-	72,036	673,805
Due from other funds (Note 6)	21,315	-	-	21,315
Prepaid expenses	221,882	-	818	222,700
Total assets	\$ 21,802,195	\$ 12,475,809	\$ 635,228	\$ 34,913,232
Liabilities				
Accounts payable	\$ 511,769	\$ -	\$ 32,285	\$ 544,054
Due to other funds (Note 6)	-	-	21,315	21,315
Refundable deposits, bonds, etc.	534,550	-	-	534,550
Accrued liabilities and other	199,118	-	6,014	205,132
Total liabilities	1,245,437	-	59,614	1,305,051
Deferred Inflows of Resources				
Unavailable revenue (Note 14)	58,805	-	72,036	130,841
Property taxes levied for the following year (Note 14)	7,193,991	-	-	7,193,991
Total deferred inflows of resources	7,252,796	-	72,036	7,324,832
Fund Balances				
Nonspendable - Prepaids	221,882	-	818	222,700
Restricted:				
Law enforcement	-	-	187,629	187,629
911 service	-	-	170,299	170,299
Museum	-	-	47,483	47,483
Assigned (Note 16)	2,522,823	12,475,809	136,054	15,134,686
Unassigned	10,559,257	-	(38,705)	10,520,552
Total fund balances	13,303,962	12,475,809	503,578	26,283,349
Total liabilities, deferred inflows of resources, and fund balances	\$ 21,802,195	\$ 12,475,809	\$ 635,228	\$ 34,913,232

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

December 31, 2018

Fund Balances Reported in Governmental Funds	\$ 26,283,349
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	21,794,618
Grants and other receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	130,841
Certain pension contributions and changes in pension plan net position are reported as deferred outflows and inflows of resources in the statement of net position, but are reported as expenses in the governmental funds	136,910
Deferred charges on bond refunding are not reported in the funds	21,346
Certain changes in OPEB plan net position are reported as deferred outflows and inflows of resources in the statement of net position, but are reported as expenses in the governmental funds	(1,837,581)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(1,645,000)
Accrued interest and IBNR are not due and payable in the current period and are not reported in the funds	(47,342)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(149,567)
Pension benefits	(3,955,772)
Retiree healthcare benefits	(18,600,611)
Deposit with self-insurance providers in governmental activities is reported as an expenditure in the governmental funds when paid	237,591
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	(22,239,080)
Net Position of Governmental Activities	\$ 129,702

Charter Township of Van Buren

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2018

	General Fund	Long-term Debt Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 6,605,818	\$ -	\$ -	\$ 6,605,818
Special assessments	258,559	-	-	258,559
Intergovernmental:				
Federal grants	-	-	135,767	135,767
State-shared revenue and grants:				
State-shared revenue	2,620,522	-	-	2,620,522
Other state grants #1	174,590	-	1,253	175,843
Local grants and contributions	-	-	135,000	135,000
Charges for services	1,698,319	-	-	1,698,319
Fines and forfeitures	1,260,545	-	-	1,260,545
Licenses and permits	1,248,629	-	-	1,248,629
Investment income:				
Investment earnings	267,107	155,400	7,079	429,586
Other revenue:				
Contributions and donations	503,300	-	79,718	583,018
Other miscellaneous income	201,633	-	181,520	383,153
Landfill royalties	5,087,859	-	-	5,087,859
Total revenue	19,926,881	155,400	540,337	20,622,618
Expenditures				
Current services:				
General government	3,538,370	2,268	30	3,540,668
Public safety:				
Police/ Sheriff	5,873,540	-	-	5,873,540
Fire	2,737,377	-	-	2,737,377
Dispatch	625,643	-	-	625,643
User defined public safety #4	203,786	-	190,327	394,113
Building inspections and related	895,268	-	-	895,268
Public works	880,869	-	-	880,869
Community and economic development:				
Planning	-	-	164,525	164,525
Recreation and culture	969,271	-	91,132	1,060,403
Insurance	889,683	-	-	889,683
Debt service:				
Principal	405,000	-	-	405,000
Interest on long-term debt	33,033	-	-	33,033
Total expenditures	17,051,840	2,268	446,014	17,500,122
Other Financing Sources (Uses)				
Transfers in	-	4,000,000	-	4,000,000
Transfers out	(4,000,000)	-	-	(4,000,000)
Total other financing (uses) sources	(4,000,000)	4,000,000	-	-
Special Items	-	8,322,677	-	8,322,677
Net Change in Fund Balances	(1,124,959)	12,475,809	94,323	11,445,173
Fund Balances - Beginning of year	14,428,921	-	409,255	14,838,176
Fund Balances - End of year	\$ 13,303,962	\$ 12,475,809	\$ 503,578	\$ 26,283,349

See notes to financial statements.

Charter Township of Van Buren

Governmental Funds

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended December 31, 2018

Net Change in Fund Balances Reported in Governmental Funds	\$ 11,445,173
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:	
Sale of fixed assets	(145,470)
Capital outlay	2,102,932
Capital contributions	1,979,280
Depreciation expense	(1,334,559)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(181,914)
Amortization of bond premium is recognized in the statement of activities and not in the governmental funds	(5,692)
The change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(20,854)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	405,000
Interest expense is recognized in the government-wide statements as it accrues	12,458
Change in net pension liability and related deferrals are recorded when incurred in the statement of activities	(148,913)
Change in net OPEB liability and related deferrals are recorded when incurred in the statement of activities	(10,969)
Change in liability related to the nonexchange financial guarantee is recognized in the statement of activities and not in the governmental funds	(618,742)
Deposits are recorded as expenditures in the statement of activities	172,914
Change in Net Position of Governmental Activities	<u>\$ 13,650,644</u>

Charter Township of Van Buren

Proprietary Funds Statement of Net Position

December 31, 2018
(with comparative information for December 31, 2017)

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 15,787,038	\$ 14,746,639
Receivables:		
Special assessments	129	160
Receivables from sales to customers on account	2,251,354	2,534,931
Other receivables	80,240	359,260
Prepaid expenses	44,364	49,336
Total current assets	18,163,125	17,690,326
Noncurrent assets:		
Restricted assets	16,282,636	18,974,808
Capital assets: (Note 5)		
Assets not subject to depreciation	547,580	1,194,247
Assets subject to depreciation - Net	58,748,282	58,649,797
Long-term assessment receivable	26	146
Deposits	97,045	33,912
Total noncurrent assets	75,675,569	78,852,910
Total assets	93,838,694	96,543,236
Deferred Outflows of Resources - Deferred OPEB costs	154,229	-
Liabilities		
Current liabilities:		
Accounts payable	887,131	1,074,066
Refundable deposits, bonds, etc.	794,700	783,137
Accrued liabilities and other	98,745	113,113
Compensated absences	1,636	2,525
Current portion of long-term debt (Note 7)	1,504,612	1,567,099
Total current liabilities	3,286,824	3,539,940
Noncurrent liabilities:		
Compensated absences	22,830	23,577
Net OPEB liability	1,623,703	325,073
Long-term debt - Net of current portion (Note 7)	11,781,574	12,170,904
Total noncurrent liabilities	13,428,107	12,519,554
Total liabilities	16,714,931	16,059,494
Deferred Inflows of Resources - Deferred OPEB cost reductions	536,278	-
Net Position		
Net investment in capital assets	46,009,676	46,106,041
Restricted - Tax levy - Debt/Capital (Note 8)	16,282,636	18,974,808
Unrestricted	14,449,402	15,402,893
Total net position	\$ 76,741,714	\$ 80,483,742

Charter Township of Van Buren

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

Year Ended December 31, 2018
(with comparative information for the year ended December 31, 2017)

	2018	2017
Operating Revenue		
Sale of water	\$ 3,322,400	\$ 3,267,552
Sewage disposal charges	3,318,772	3,219,889
Water and sewer service charge	1,856,025	2,444,307
Customer penalties	170,861	207,075
Other revenue	215,783	184,438
Total operating revenue	8,883,841	9,323,261
Operating Expenses		
Water purchases	3,159,902	2,891,881
Sewage disposal charges	2,217,637	2,015,344
Maintenance	129,437	146,566
Supplies and materials	65,236	70,841
Other operating and maintenance costs	174,722	149,207
Administration fees	621,225	620,634
Insurance	96,944	187,167
Payroll taxes and fringe benefits	665,718	827,592
Salaries and wages	835,836	775,230
Professional services	456,671	280,245
Depreciation and amortization	2,290,034	2,271,701
Total operating expenses	10,713,362	10,236,408
Operating Loss	(1,829,521)	(913,147)
Nonoperating Revenue (Expense)		
Property tax revenue	317	3,768
Investment income	558,051	376,213
Interest expense	(276,620)	(309,735)
Loss from joint venture	(344,232)	-
Total nonoperating (expense) revenue	(62,484)	70,246
Change in Net Position	(1,892,005)	(842,901)
Net Position - Beginning of year, as restated (Note 17)	78,633,719	81,326,643
Net Position - End of year	\$ 76,741,714	\$ 80,483,742

Charter Township of Van Buren

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2018
(with comparative information for the year ended December 31, 2017)

	2018	2017
Cash Flows from Operating Activities		
Receipts from customers	\$ 9,231,130	\$ 8,962,092
Payments to suppliers	(7,300,765)	(6,324,117)
Payments to employees and fringes	(1,541,444)	(1,576,609)
Other receipts	215,308	179,271
	604,229	1,240,637
Net cash and cash equivalents provided by operating activities		
Cash Flows from Capital and Related Financing Activities		
Issuance of bonds	1,114,903	-
Special assessment collections	151	480
Loss from change in joint venture	(344,232)	-
Proceeds from property tax levy	317	3,768
Purchase of capital assets	(626,949)	(698,764)
Principal and interest paid on capital debt	(1,689,368)	(1,815,374)
Amount paid to Wayne County, Michigan for debt retirement	(645,792)	(253,977)
	(2,190,970)	(2,763,867)
Net cash and cash equivalents used in capital and related financing activities		
Cash Flows Provided by Investing Activities - Interest received on investments	558,051	376,213
Net Decrease in Cash and Cash Equivalents	(1,028,690)	(1,147,017)
Cash and Cash Equivalents - Beginning of year	32,425,063	33,572,080
Cash and Cash Equivalents - End of year	\$ 31,396,373	\$ 32,425,063
Statement of Net Position Classification of Cash and Cash Equivalents		
Cash and investments	\$ 15,787,038	\$ 14,746,639
Restricted investments	15,609,335	17,678,424
	\$ 31,396,373	\$ 32,425,063
Total cash and cash equivalents		
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (1,829,521)	\$ (913,147)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	2,290,034	2,271,701
Changes in assets and liabilities:		
Receivables	562,597	(181,898)
Due to and from other funds	-	250
Prepaid and other assets	4,972	(9,154)
Net pension or OPEB liability	(169,344)	14,487
Accounts payable	(256,220)	59,448
Accrued and other liabilities	1,711	(1,050)
	2,433,750	2,153,784
Total adjustments		
Net cash and cash equivalents provided by operating activities	\$ 604,229	\$ 1,240,637

Noncash Investing, Capital, and Financing Activities - The Township has assets held at Wayne County, Michigan (the "County") for the purpose of financing water and sewer lines. During the year ended December 31, 2018, \$126,317 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 \$51,981 for the year ended December 31, 2018. Additionally, the Township has recorded its share of the debt and related utility improvements for the Downriver Utility Wastewater Authority transfer in the amount of \$1,062,923 for the year ended December 31, 2018. See Note 7 for details.

Charter Township of Van Buren

**Fiduciary Funds
Statement of Fiduciary Net Position**

December 31, 2018

	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 113,640	\$ 3,248,196
Investments:		
Agency securities	179,468	-
Stocks	2,239,424	-
Bonds	739,135	-
	<u>3,271,667</u>	<u>\$ 3,248,196</u>
Total assets		
		<u>\$ 3,248,196</u>
Liabilities - Due to other governmental units	<u>-</u>	<u>\$ 3,248,196</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 3,271,667</u>	

Charter Township of Van Buren

**Fiduciary Funds
Statement of Changes in Fiduciary Net Position**

Year Ended December 31, 2018

	<u>OPEB Trust Fund</u>
Additions	
Investment income:	
Interest and dividends	\$ 88,073
Net decrease in fair value of investments	(226,286)
Investment-related expenses	<u>(32,059)</u>
Total investment income	(170,272)
Contributions - Employer	<u>889,335</u>
Total additions	719,063
Deductions - Benefit payments	<u>364,262</u>
Net Increase in Net Position Held in Trust	354,801
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>2,916,866</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 3,271,667</u></u>

Charter Township of Van Buren

Component Units Statement of Net Position

December 31, 2018

	Downtown Development Authority	Local Development Finance Authority	Total
Assets			
Cash and investments (Note 4)	\$ 6,399,643	\$ -	\$ 6,399,643
Receivables	14,177	-	14,177
Prepaid expenses	4,620	-	4,620
Restricted assets (Note 8)	2,014,699	1,280,826	3,295,525
Capital assets - Net (Note 5)	857,035	-	857,035
Total assets	9,290,174	1,280,826	10,571,000
Deferred Outflows of Resources (Note 14)			
Deferred charges on bond refunding	-	295,294	295,294
Deferred OPEB costs	19,344	-	19,344
Total deferred outflows of resources	19,344	295,294	314,638
Liabilities			
Accounts payable	375,163	975	376,138
Accrued liabilities and other	69,041	130,239	199,280
Noncurrent liabilities: (Note 7)			
Due within one year:			
Compensated absences	6,522	-	6,522
Current portion of long-term debt	404,500	1,626,296	2,030,796
Due in more than one year:			
Accrued interest - Capital appreciation bonds	-	9,077,764	9,077,764
Net OPEB liability	217,072	-	217,072
Long-term debt - Net of current portion	7,262,183	17,807,385	25,069,568
Total liabilities	8,334,481	28,642,659	36,977,140
Deferred Inflows of Resources (Note 14)			
Property taxes levied for the following year	1,262,411	495,587	1,757,998
Deferred OPEB cost reductions	74,595	-	74,595
Total deferred inflows of resources	1,337,006	495,587	1,832,593
Net Position			
Net investment in capital assets	857,035	-	857,035
Restricted - Debt service	671,477	-	671,477
Unrestricted	(1,890,481)	(27,562,126)	(29,452,607)
Total net position (deficit)	<u>\$ (361,969)</u>	<u>\$ (27,562,126)</u>	<u>\$ (27,924,095)</u>

Charter Township of Van Buren

**Component Units
Statement of Activities**

Year Ended December 31, 2018

	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Local Development Finance Authority	Total
Functions/Programs							
Downtown Development Authority	\$ 2,956,075	\$ -	\$ 3,747	\$ -	\$ (2,952,328)	\$ -	\$ (2,952,328)
Local Development Finance Authority	1,227,329	-	70,160	-	-	(1,157,169)	(1,157,169)
Total	\$ 4,183,404	\$ -	\$ 73,907	\$ -	(2,952,328)	(1,157,169)	(4,109,497)
General revenue:							
Property taxes					1,660,274	689,006	2,349,280
Investment income					111,601	4,732	116,333
Total general revenue					1,771,875	693,738	2,465,613
Change in Net Position					(1,180,453)	(463,431)	(1,643,884)
Net Position (Deficit) - Beginning of year, as restated (Note 17)					818,484	(27,098,695)	(26,280,211)
Net Position (Deficit) - End of year					\$ (361,969)	\$ (27,562,126)	\$ (27,924,095)

Note 1 - Nature of Business

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.

Note 2 - Significant Accounting Policies

Reporting Entity

The Township 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. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township.

Discretely Presented Component Units

Downtown Development Authority

The Downtown Development Authority (the "Authority" or the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of 13 individuals, is selected by the Township's board of trustees. In addition, the Authority's budget is subject to approval by the Township's board of trustees. Complete financial reports can be obtained from the Charter Township of Van Buren at 46425 Tyler Road, Van Buren Township, MI 48111.

Local Development Financing Authority

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 nine 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 Charter Township of Van Buren follows accounting principles generally accepted in the United States of America, as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund 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 government services other than those specifically assigned to another fund.

Note 2 - Significant Accounting Policies (Continued)

- The Long-term Debt Fund is used to fund future debt payments and long-term obligations for the Township.

Proprietary Funds

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 quarterly user charges.

Fiduciary Funds

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 following:

- The Other Postemployment Benefits (OPEB) Trust Fund, which accumulates resources for future retiree healthcare payments to qualified employees
- 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 Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree 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.

December 31, 2018

Note 2 - Significant Accounting Policies (Continued)

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

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.

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

Investments are reported at fair value or estimated 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.

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.

Note 2 - Significant Accounting Policies (Continued)

Restricted Assets

Restricted assets of the Water and Sewer Fund represent amounts on deposit at Wayne County, Michigan (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.

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 \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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>Depreciable Life - Years</u>
Road improvements	50
Utility system	50
French Landing Dam	50
Buildings and improvements	50
Equipment and furniture	5 to 10
Vehicles	5
Land improvements	15

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 will not be recognized as an outflow of resources (expense/expenditure) until then.

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 will not be recognized as an inflow of resources (revenue) until that time.

Note 2 - Significant Accounting Policies (Continued)

The Township reports the following deferred outflows of resources and deferred inflows of resources:

	Inflows	Outflows
Unavailable revenue (those not collected within the period of availability) - reported only at the modified accrual level	✓	
Deferred charge on bond refunding		✓
Deferred pension costs (or cost reductions)	✓	✓
Deferred OPEB costs (or cost reductions)	✓	✓
Property taxes levied for the following year	✓	

Net Position Flow Assumption

The Township will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide 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 Assumptions

The Township will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The 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 board of trustees is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The Township has, by resolution, authorized the supervisor, clerk, and treasurer to assign fund balance. The board of trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally 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.

Note 2 - Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2017 property tax revenue was levied and collectible on December 1, 2017 and is recognized as revenue in the year ended December 31, 2018, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2017 taxable valuation of the Township totaled \$986,123,655 (a portion of which is abated and a portion of which is captured by the LDFA and DDA), on which taxes levied consisted of 0.9144 mills for operating purposes and 6.5000 mills for public safety. This resulted in approximately \$813,000 for operating and \$5,787,000 for public safety. These amounts are recognized in the respective General Fund financial statements as tax revenue.

Pension

The Township offers pension benefits to its employees. 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 the purpose 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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Liability

The Township offers retiree healthcare benefits to retirees. The Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the Charter Township of Van Buren OPEB Plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported in the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. Sick pay is accrued for the estimated amount that the Township will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported 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. Generally, the funds that report each employee's compensation (the General Fund and Water and Sewer Fund, primarily) are used to liquidate the obligations.

Note 2 - Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund and internal service funds is 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 enterprise funds and internal service 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.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2019.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2020.

December 31, 2018

Note 3 - 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, 2018		\$ (3,635,769)
Current year permit revenue		1,162,411
Related expenses:		
Direct costs	\$ 716,216	
Estimated indirect costs	182,865	899,081
Current year shortfall		<u>263,330</u>
Cumulative shortfall December 31, 2018		<u><u>\$ (3,372,439)</u></u>

Fund Deficits

The Township had a fund balance deficit in the Community Development Block Grant fund of \$38,075 at December 31, 2018.

Note 4 - 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 those of the Township.

The OPEB trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated deposits and investment policies are in accordance with statutory authority 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.

December 31, 2018

Note 4 - Deposits and Investments (Continued)

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 \$1,628,090 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 Township had the following investments:

Investment	Fair Value	Weighted-average Maturity
Primary Government		
U.S. governmental securities	\$ 21,040,000	32.98 months
Negotiable certificates of deposit	<u>12,050,000</u>	29.42 months
Total	<u>\$ 33,090,000</u>	

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Bank investment pool	\$ 29,573,658	AAA	S&P
Negotiable certificates of deposit	12,050,000	N/A	N/A
Governmental securities	<u>21,040,000</u>	AA+	S&P
Total	<u>\$ 62,663,658</u>		

Note 4 - Deposits and Investments (Continued)

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 Bank	\$ 12,860,000	38.9%
Government agency - Federal National Mortgage Association	3,130,000	9.5%
Government agency - Federal Home Loan Mortgage Corporation	4,500,000	13.6%
Negotiable certificate of deposit - Chase Bank	5,150,000	15.6%

Component Units

The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$3,178,609. Their investments include a money market account of \$2,014,700, which was rated A1/P1/F1. The ratings on their negotiable CDs in the amount of \$1,400,000 were not available. The component units also have \$2,038,000 invested in government agencies, which were rated AA+ by S&P. In addition, the component units had \$1,400,000 in negotiable CDs with a maturity of 21.35 months, as well as \$2,038,000 in government agencies with a maturity of 33.22 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 Private Bank and government securities for the DDA. The DDA's concentration percentage of the certificates of deposit is 18.91, 7.27, and 14.54 percent, respectively. The DDA's concentration percentage of FHLB, FNMA, and FHLMC securities is 40.72, 11.29, and 7.27 percent, respectively.

Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

December 31, 2018

Note 4 - Deposits and Investments (Continued)

The Township has the following recurring fair value measurements as of December 31, 2018:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2018
Investments by Fair Value Level				
Primary government:				
U.S. government securities	\$ -	\$ 21,040,000	\$ -	\$ 21,040,000
Negotiable certificates of deposit	-	12,050,000	-	12,050,000
Total primary government	-	33,090,000	-	33,090,000
Component units:				
U.S. government securities	-	2,038,000	-	2,038,000
Negotiable certificates of deposit	-	1,400,000	-	1,400,000
Total component units	-	3,438,000	-	3,438,000
OPEB trust fund:				
Agency securities	-	179,468	-	179,468
Stocks	2,239,424	-	-	2,239,424
Bonds	-	739,135	-	739,135
Total OPEB trust fund	2,239,424	918,603	-	3,158,027
Total investments by fair value level	\$ 2,239,424	\$ 37,446,603	\$ -	\$ 39,686,027

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of U.S. government securities and negotiable certificates of deposit at December 31, 2018 was determined primarily based on Level 2 inputs. The Township estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

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

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

December 31, 2018

Note 4 - Deposits and Investments (Continued)

At December 31, 2018, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
MBIA CLASS investment pool	\$ 3,127,459	\$ -	N/A	None
Comerica Investment Pool	26,446,199	-	N/A	None
Total investments measured at NAV	<u>\$ 29,573,658</u>	<u>\$ -</u>		

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A 1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The Comerica Investment Pool (LGIP) is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

December 31, 2018

Note 5 - Capital Assets

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

Governmental Activities

	Balance January 1, 2018	Reclassifications	Additions	Disposals	Balance December 31, 2018
Capital assets not being depreciated:					
Land	\$ 4,309,157	\$ -	\$ 22,000	\$ -	\$ 4,331,157
Construction in progress	221,655	(324,353)	2,081,978	-	1,979,280
Subtotal	4,530,812	(324,353)	2,103,978	-	6,310,437
Capital assets being depreciated:					
French Landing Dam	2,936,277	-	-	-	2,936,277
Buildings and improvements	15,527,048	-	291,254	-	15,818,302
Equipment and furniture	5,361,851	-	480,885	(86,478)	5,756,258
Vehicles	4,605,123	-	1,206,095	(1,065,571)	4,745,647
Land improvements	3,350,007	324,353	-	-	3,674,360
Subtotal	31,780,306	324,353	1,978,234	(1,152,049)	32,930,844
Accumulated depreciation:					
French Landing Dam	2,405,892	-	61,395	-	2,467,287
Buildings and improvements	5,308,721	-	392,266	-	5,700,987
Equipment and furniture	4,250,584	-	333,354	(86,478)	4,497,460
Vehicles	3,289,730	-	336,326	(920,100)	2,705,956
Land improvements	1,863,755	-	211,218	-	2,074,973
Subtotal	17,118,682	-	1,334,559	(1,006,578)	17,446,663
Net capital assets being depreciated	14,661,624	324,353	643,675	(145,471)	15,484,181
Net governmental activities capital assets	\$ 19,192,436	\$ -	\$ 2,747,653	\$ (145,471)	\$ 21,794,618

December 31, 2018

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2018	Reclassifications	Additions	Disposals	Balance December 31, 2018
Capital assets not being depreciated:					
Land	\$ 57,294	\$ -	\$ -	\$ -	\$ 57,294
Construction in progress	1,136,953	(725,559)	78,892	-	490,286
Subtotal	1,194,247	(725,559)	78,892	-	547,580
Capital assets being depreciated:					
Utility system	103,057,685	725,559	1,599,083	-	105,382,327
Buildings and improvements	309,000	-	18,300	-	327,300
Machinery and equipment	740,148	-	9,750	-	749,898
Vehicles	863,037	-	-	-	863,037
Office furnishings	228,475	-	35,827	(10,561)	253,741
Subtotal	105,198,345	725,559	1,662,960	(10,561)	107,576,303
Accumulated depreciation:					
Utility system	44,927,676	-	2,161,074	-	47,088,750
Buildings and improvements	135,391	-	7,016	-	142,407
Machinery and equipment	568,734	-	49,479	-	618,213
Vehicles	723,407	-	52,199	-	775,606
Office furnishings	193,340	-	20,266	(10,561)	203,045
Subtotal	46,548,548	-	2,290,034	(10,561)	48,828,021
Net capital assets being depreciated	58,649,797	725,559	(627,074)	-	58,748,282
Net business-type activity capital assets	<u>\$ 59,844,044</u>	<u>\$ -</u>	<u>\$ (548,182)</u>	<u>\$ -</u>	<u>\$ 59,295,862</u>

December 31, 2018

Note 5 - Capital Assets (Continued)

Capital asset activity for the Township's component units for the year ended December 31, 2018 was as follows:

Component Units

	Balance January 1, 2018	Reclassifications	Additions	Disposals	Balance December 31, 2018
Capital assets not being depreciated - Land	\$ 426,262	\$ -	\$ -	\$ -	\$ 426,262
Capital assets being depreciated:					
Office furnishings	6,794	-	-	-	6,794
Land improvements	1,290,835	-	195,770	-	1,486,605
Intangible road rights - Right of way	229,136	-	-	(62,444)	166,692
Subtotal	1,526,765	-	195,770	(62,444)	1,660,091
Accumulated depreciation:					
Office furnishings	3,757	-	1,518	-	5,275
Land improvements	1,141,527	-	48,590	-	1,190,117
Intangible road rights	29,919	-	19,966	(15,959)	33,926
Subtotal	1,175,203	-	70,074	(15,959)	1,229,318
Net capital assets being depreciated	351,562	-	125,696	(46,485)	430,773
Net capital assets	<u>\$ 777,824</u>	<u>\$ -</u>	<u>\$ 125,696</u>	<u>\$ (46,485)</u>	<u>\$ 857,035</u>

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

Governmental activities:	
General government	\$ 281,613
Public safety	741,605
Public works	242,555
Economic development	68,786
Total governmental activities	<u>\$ 1,334,559</u>
Business-type activities - Water and Sewer	\$ 2,290,034
Component unit activities - Downtown Development Authority	\$ 70,074

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other nonmajor governmental funds	\$ 21,315

December 31, 2018

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

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Long-term Debt Fund	\$ 4,000,000

The transfers from the General Fund to the Long-term Debt Fund represents the movement of resources to be used for future debt payments and long-term obligations.

Note 7 - Long-term Debt

Long-term debt activity for the year ended December 31, 2018 can be summarized as follows:

Governmental Activities

	Beginning Balance, As Restated	Additions	Reductions	Ending Balance	Due within One Year
General obligation	\$ 2,050,000	\$ -	\$ (405,000)	\$ 1,645,000	\$ 395,000
Net pension liability	4,755,063	-	(799,291)	3,955,772	-
Net OPEB liability	20,427,223	-	(1,826,612)	18,600,611	-
Compensated absences	128,714	381,451	(360,598)	149,567	20,854
Nonexchange financial guarantee	21,620,338	618,742	-	22,239,080	-
Total governmental activities long-term debt	\$ 48,981,338	\$ 1,000,193	\$ (3,391,501)	\$ 46,590,030	\$ 415,854

Business-type Activities

	Beginning Balance, As Restated	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Contractual obligations with Wayne County, Michigan and other debt	\$ 13,738,003	\$ 1,114,903	\$ (1,566,720)	\$ 13,286,186	\$ 1,504,612
Net OPEB liability	2,175,096	-	(551,393)	1,623,703	-
Compensated absences	26,102	84,352	(85,988)	24,466	1,636
Total business-type activities long-term debt	\$ 15,939,201	\$ 1,199,255	\$ (2,204,101)	\$ 14,934,355	\$ 1,506,248

December 31, 2018

Note 7 - Long-term Debt (Continued)

Component Unit

	Beginning Balance, As Restated	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
2015 Refunding bonds	\$ 12,190,000	\$ -	\$ -	\$ 12,190,000	\$ 1,575,000
Tax increment bonds	12,614,656	1,970,000	(315,000)	14,269,656	405,000
DDA bond premium	9,442	-	(630)	8,812	630
DDA bond discount	-	(22,129)	-	(22,129)	(1,130)
LDFA bond premium	705,321	-	(51,296)	654,025	51,296
Total bonds payable	25,519,419	1,947,871	(366,926)	27,100,364	2,030,796
Net OPEB liability	347,316	-	(130,244)	217,072	-
Compensated absences	6,388	6,522	(6,388)	6,522	6,522
Accrued interest - Capital appreciation bonds	8,472,580	605,184	-	9,077,764	-
Total component units long- term debt	<u>\$ 34,345,703</u>	<u>\$ 2,559,577</u>	<u>\$ (503,558)</u>	<u>\$ 36,401,722</u>	<u>\$ 2,037,318</u>

December 31, 2018

Note 7 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The Township issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the Township. General obligations outstanding at December 31, 2018 are as follows:

Purpose	Interest Rates	Maturing	Outstanding
Governmental Activities			
General obligations - 2017 General Obligation Limited Tax Refunding Bonds, amount of original issue \$2,050,000	1.80% to 2.45%	2022	\$ 1,645,000
Business-type Activities			
Downriver Sewage Disposal System Bonds, Estimated Clean Water Program, 2014, amount of issue - \$11,955,000	2.00%	2035	\$ 166,043
State Revolving Fund - Downriver Sewage Disposal System Bonds, amount of issue - \$2,364,903	2.00%	2021	56,340
South Huron Valley Wastewater Control System SRF Expansion Bonds, amount of issue - \$26,307,133	2.25%	2020	931,153
Downriver Sewage Disposal System, 2011 Downriver Treatment Plan Improvement Bond, amount of issue - \$174,346	1.625%	2033	197,670
State Revolving Loan Fund, 2006, amount of issue - \$12,025,000	1.625%	2026	5,709,339
State Revolving Loan Fund, 2016, amount of issue - \$17,708,000	2.50%	2037	285,527
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$231,955	1.625%	2029	123,494
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$255,646	1.625%	2030	144,257
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$96,994	1.625%	2030	47,875
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$94,741	1.625%	2029	46,977
State Revolving Loan Fund, 2005, amount of issue - \$77,254	1.625%	2026	36,374
State Revolving Loan Fund, 2007, amount of issue - \$114,251	4.25% to 5.00%	2027	65,269
Drinking Water Revolving Loan Fund, 2009, amount of issue - \$6,645,000	2.50%	2029	4,055,000
South Huron Valley Utility Authority: Project 5386-01 2011, amount of issue - \$485,963	2.50%	2031	357,945
Junior Lien Bond due to County		2023	63,350
Downriver Utility Wastewater Authority, 2018 Revenue Bond, amount of issue - \$999,573	5.00%	2042	999,573
Total business-type activities			<u>\$ 13,286,186</u>

December 31, 2018

Note 7 - Long-term Debt (Continued)

Purpose	Interest Rates	Maturing	Outstanding
Component Units			
2015 LDFA Tax Increment Refunding Bonds, Series 2015, amount of original issue - \$12,190,000	3.00% to 5.00%	2031	\$ 12,190,000
2015 Bond Premium			654,025
Tax Increment Bonds - Series 2003, amount of issue - \$6,589,656	5.27% to 5.38%	2032	6,589,656
Tax Increment Bonds - Series 2014, amount of issue - \$2,600,000	2.00% to 4.00%	2032	2,010,000
2014 Bond premium			8,812
Tax Increment Bonds - Series 2012, amount of issue - \$4,900,000	2.00% to 3.75%	2032	3,700,000
Tax Increment Bonds - Series 2018, amount of issue - \$1,970,000	3.00% to 3.63%	2038	1,970,000
2018 Bond Discount			(22,129)
Total component units			<u>\$ 27,100,364</u>

The Township has committed its full faith and credit for all debt outstanding for the Local Development Financing Authority (LDFA). The LDFA has capital appreciation bonds issued in 2003 in the total principal amount of \$6,589,656. As of December 31, 2018, the LDFA had recorded \$9,077,764 in accrued interest.

Other Long-term Liabilities

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.

Debt Service Requirements to Maturity

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
2019	\$ 395,000	\$ 36,270	\$ 431,270	\$ 1,504,612	\$ 278,139	\$ 1,782,751	\$ 1,980,000	\$ 760,738	\$ 2,740,738
2020	410,000	28,567	438,567	1,524,418	271,292	1,795,710	2,385,000	661,588	3,046,588
2021	415,000	19,957	434,957	1,082,415	239,587	1,322,002	2,510,000	570,037	3,080,037
2022	425,000	10,413	435,413	1,098,976	217,469	1,316,445	2,710,000	451,162	3,161,162
2023	-	-	-	1,185,434	194,794	1,380,228	1,465,859	1,273,127	2,738,986
2024-2028	-	-	-	5,251,601	615,168	5,866,769	7,739,226	8,947,580	16,686,806
2029-2033	-	-	-	985,767	214,354	1,200,121	7,064,571	9,557,072	16,621,643
2034-2038	-	-	-	322,987	124,781	447,768	605,000	66,956	671,956
2039-2043	-	-	-	329,976	51,060	381,036	-	-	-
Total	<u>\$,645,000</u>	<u>\$ 95,207</u>	<u>\$,740,207</u>	<u>\$13,286,186</u>	<u>\$2,206,644</u>	<u>\$15,492,830</u>	<u>\$26,459,656</u>	<u>\$2,288,260</u>	<u>\$48,747,916</u>

Note 7 - Long-term Debt (Continued)

Revenue Pledged in Connection with Component Unit Debt

The Downtown Development Authority has pledged a portion of future property tax revenue to repay \$3,700,000 and \$2,010,000 in Downtown Development Authority bonds issued in 2012 and 2014, respectively, to finance various capital improvements. In the current year, an additional bond was issued for \$1,970,000. 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 \$10,111,599 payable through 2038. For the current year, principal and interest paid and total property tax captures were \$533,927 and \$1,660,274, respectively.

The Township has pledged a portion of future property tax revenue to repay \$18,779,565 in Local Development Financing Authority bonds issued in 2003 and a portion refunded in 2006, then again refunded in 2015 to finance various capital improvements. The bonds are payable solely from the incremental property taxes captured by the Authority and were originally projected to produce 100 percent of debt service requirements over the lives of the bonds. Current economic conditions are resulting in annual captures being less than annual debt service payments. The Township is secondarily liable for these bonds. Total principal and interest remaining on the debt is \$38,636,318, payable through 2032. For the current year, the principal and interest paid and the total property tax captures were \$1,126,265 and \$689,006, respectively

Note 8 - Restricted Assets

At December 31, 2018, restricted assets are composed of the following:

	Business-type Activities	Component Units
Assets held by Wayne County, Michigan	\$ 673,301	\$ -
Cash and cash equivalents	15,609,335	-
Debt service restrictions	-	3,295,525
Total	\$ 16,282,636	\$ 3,295,525

Restricted assets in business-type activities of \$16,282,636 are from net position held at Wayne County, Michigan 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, the 2014 Tax Increment Revenue Refunding Bonds, and the 2018 Tax Increment Revenue Bonds debt service requirements and unspent proceeds. Net position has been restricted for \$671,477 for debt service.

Note 9 - 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 it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

December 31, 2018

Note 9 - Risk Management (Continued)

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:

	2018	2017
Unpaid claims - Beginning of year	\$ 119,529	\$ 540,347
Claim payments	(119,529)	(540,347)
Unpaid claims - End of year	<u>\$ -</u>	<u>\$ -</u>

Note 10 - Pension Plan

Plan Description

The Charter Township of Van Buren participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), 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 or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and arbitration rulings under Michigan Public Act 312 of 1969 and requires a contribution from the employees of 7.89 percent of gross wages for police patrol/dispatch and 12.00 percent of gross wages for the police command. Additionally, the Township contributes 12.00 percent of gross wages for the policy patrol/dispatch and 16.88 percent of gross wages for 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 three-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 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.

Note 10 - Pension Plan (Continued)

Retirement benefits for command employees are calculated as 2.50 percent of the employee's final three-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. The annual adjustments are one-half of the change in the Consumer Price Index, limited to a maximum increase in retirement allowance of 2 percent for general employees and 3 percent for public safety employees.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the township board, 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

The following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>50</u>
Total employees covered by the plan	<u><u>67</u></u>

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. MERS retains an independent actuary for this purpose. 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, 2017, the average active employee contribution was \$28,414, and the Township's average contribution was \$42,244.

Net Pension Liability

The Township has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The December 31, 2018 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2017 measurement date. The December 31, 2017 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Note 10 - Pension Plan (Continued)

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, 2016	\$ 17,822,858	\$ 13,067,795	\$ 4,755,063
Changes for the year:			
Service cost	546,860	-	546,860
Interest	1,427,164	-	1,427,164
Changes in benefits	(2,976)	-	(2,976)
Differences between expected and actual experience	(218,413)	-	(218,413)
Contributions - Employer	-	485,671	(485,671)
Contributions - Employee	-	326,677	(326,677)
Net investment income	-	1,767,481	(1,767,481)
Benefit payments, including refunds	(513,482)	(513,482)	-
Administrative expenses	-	(27,903)	27,903
Net changes	1,239,153	2,038,444	(799,291)
Balance at December 31, 2017	<u>\$ 19,062,011</u>	<u>\$ 15,106,239</u>	<u>\$ 3,955,772</u>

The plan's fiduciary net position represents 79.2 percent of the total pension liability.

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

For the year ended December 31, 2018, the Township recognized pension expense of \$664,211.

At December 31, 2018, 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
Difference between expected and actual experience	\$ 57,420	\$ (492,526)
Changes in assumptions	382,162	-
Net difference between projected and actual earnings on pension plan investments	-	(325,445)
Employer contributions to the plan subsequent to the measurement date	515,299	-
Total	<u>\$ 954,881</u>	<u>\$ (817,971)</u>

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 December 31	Amount
2019	\$ 48,199
2020	13,409
2021	(213,672)
2022	(131,865)
2023	10,379
Thereafter	(104,839)

December 31, 2018

Note 10 - Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases of 3.75 percent (with merit increases totaling up to 11 percent), an investment rate of return (net of investment expenses) of 7.75 percent (including inflation), and the RP-2014 mortality tables.

The actuarial assumptions used in the December 31, 2017 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 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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.

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 31, 2017 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.65 %
Global fixed income	18.50	1.76
Real assets	13.50	7.72
Diversifying strategies	12.50	5.50

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 8.00 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 or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension liability of the Township	\$ 6,854,690	\$ 3,955,772	\$ 1,572,290

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 of resources related to pension, and pension expense, information about the plan’s fiduciary net position and additions to/deductions from fiduciary net position have 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.

December 31, 2018

Note 11 - 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' gross 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 \$464,000 during the current year, and employees contributed approximately \$230,000.

Note 12 - Other Postemployment Benefit Plan

Plan Description

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

The financial statements of the OPEB plan are included in these financial statements as an other employee benefit trust fund (a fiduciary fund).

Management of the plan is vested in the pension board, which consists of seven members - three elected by plan members, three appointed by the Township, and the Township treasurer, who serves as an ex officio member.

Benefits Provided

The Charter Township of Van Buren OPEB Plan provides medical coverage and life insurance for retirees and medical coverage for their spouses. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan. The AFSCME, POLC Patrol/Dispatch, and MAFF union retirees contribute 10 percent of the premium cost.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Charter Township of Van Buren OPEB Plan
	<hr/>
Date of member count	December 31, 2018
Inactive plan members or beneficiaries currently receiving benefits	28
Active plan members	<hr/> 111
Total plan members	<hr/> <hr/> 139

Contributions

Retiree healthcare costs are paid by the Township on a "pay-as-you-go" basis. The Township has no legal requirements or obligation to make contributions in advance of when the insurance premiums are due for payment. The township board, however, may elect to pay an additional contribution as a flat dollar amount. Employees are not required to contribute to the plan. In the current year, the Township paid postemployment healthcare premiums of \$365,065, plus it contributed \$525,073 into a prefunded retiree healthcare fund, which is reported in this financial statement as an OPEB Trust Fund.

December 31, 2018

Note 12 - Other Postemployment Benefit Plan (Continued)

Net OPEB Liability

The Township has chosen to use the December 31 measurement date as its measurement date for the net OPEB liability. The December 31, 2018 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2018 measurement date. The December 31, 2018 measurement date total OPEB liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at December 31, 2017	\$ 25,866,502	\$ 2,916,866	\$ 22,949,636
Changes for the year:			
Service cost	604,372	-	604,372
Interest	1,427,456	-	1,427,456
Changes in benefits	(816,799)	-	(816,799)
Differences between expected and actual experience	(2,101,999)	-	(2,101,999)
Changes in assumptions	(901,413)	-	(901,413)
Contributions - Employer	-	889,335	(889,335)
Net investment loss	-	(138,213)	138,213
Benefit payments, including refunds	(365,065)	(365,065)	-
Administrative expenses	-	(32,059)	32,059
Miscellaneous other charges	-	803	(803)
Net changes	(2,153,448)	354,801	(2,508,249)
Balance at December 31, 2018	<u>\$ 23,713,054</u>	<u>\$ 3,271,667</u>	<u>\$ 20,441,387</u>

The plan's fiduciary net position represents 13.8 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Township recognized OPEB expense of \$655,965.

At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (1,765,679)
Changes in assumptions	-	(757,188)
Net difference between projected and actual earnings on OPEB plan investments	247,986	-
Total	<u>\$ 247,986</u>	<u>\$ (2,522,867)</u>

December 31, 2018

Note 12 - Other Postemployment Benefit Plan (Continued)

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

Years Ending December 31	Amount
2019	\$ (418,549)
2020	(418,549)
2021	(418,549)
2022	(418,549)
2023	(480,546)
Thereafter	(120,139)

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3.5 percent; an investment rate of return (net of investment expenses) of 6.54 percent; a healthcare cost trend rate of 8.5 percent for 2018, decreasing to 4.5 percent in year 10; and the PUB-2010 mortality tables. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.54 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2018 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Long-term Expected Real Rate of Return
Global equity	8.00 %
Global fixed income	5.50
Real assets	6.20
Diversifying strategies	2.75
Cash	0.50

December 31, 2018

Note 12 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Township, calculated using the discount rate of 6.54 percent, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (5.54%)	Current Discount Rate (6.54%)	1 Percent Increase (7.54%)
Net OPEB liability of the Charter Township of Van Buren OPEB Plan	\$ 24,594,881	\$ 20,441,387	\$ 17,132,634

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Township, calculated using the healthcare cost trend rate of 8.5 percent, as well as what the Township's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease	Current Healthcare Cost Trend Rate	1 Percent Increase
Net OPEB liability of the Charter Township of Van Buren OPEB Plan	\$ 16,857,217	\$ 20,441,387	\$ 24,979,896

Investment Policy

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board's adopted asset allocation policy as of December 31, 2018:

Asset Class	Target Allocation
Global equity	56.30 %
Global fixed income	30.20
Real assets	2.20
Diversifying strategies	8.10
Cash	3.20

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (5.15) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 13 - Joint Ventures

South Huron Valley Utility Authority

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, Michigan; and the Village of South Rockwood, Michigan. The Utility Authority was founded in order to acquire and operate a sewage disposal and wastewater treatment system. During the year, the Township contributed \$1,027,598 toward the operation of the system. In addition, debt payments of \$512,890, 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.

Downriver Sewage Disposal System

The Township, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System (the "System").

On September 27, 2018, the System transferred from the County of Wayne, Michigan to the Downriver Utility Wastewater Authority (DUWA). DUWA is a consortium formed in 2010 under Public Act 233 of 1955 to acquire and operate the sewer system. The same 12 communities that originally jointly participated in the System are now the members of DUWA and are effectively owners of the System. The transfer price was \$54 million, which was paid at a closing with \$55 million in revenue bonds (Senior Lien bond proceeds) issued by DUWA, plus an obligation for an additional payment of \$3.5 million to be paid in September 2023.

Existing County debt related to the System was handled as follows:

- Judgment levy debt of \$23.2 million remains as an obligation of the County and will continue to be paid directly from the communities to the County.
- 2007D series bonds were refunded and reissued as part of the \$55 million Senior Lien bond issuance.
- The outstanding State Revolving Fund (SRF) debt of \$62 million was exchanged in DUWA's name and has now become a liability of DUWA.

At the time of the system transfer on September 27, 2018, in addition to transferring the treatment plant, distribution system and other capital assets with a net book value of approximately \$190 million, the County also transferred approximately \$40 million of cash. In exchange for these assets, DUWA is obligated for the exchanged SRF debt in the principal amount of approximately \$62 million, the new 2018 Senior Lien debt issuance with a face amount of \$55 million and the \$3.5 million remaining transfer obligation. All DUWA debt is revenue bond debt that will be paid by the communities through rates and charges.

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 \$207,858 for operations of the system and \$230,186 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 25605 Northline Road, Taylor, MI 48180. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Note 13 - Joint Ventures (Continued)

North Huron Valley/Rouge Valley Sewage Disposal System

The Charter Township of Van Buren 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 2018, the Township paid \$811,678 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.

Detroit Region Aerotropolis Development Corporation

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 2018.

Note 14 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Governmental Activities	Business-type Activities	Component Units
Property taxes levied for the next fiscal year	\$ 7,193,991	\$ 7,193,991	\$ -	\$ 1,757,998
Special assessments - Unavailable	57,589	-	-	-
Grant revenue - Unavailable	73,252	-	-	-
Deferred inflows from pension	-	817,971	-	-
Deferred inflows from OPEB	-	1,911,994	536,278	74,595
Total deferred inflows	\$ 7,324,832	\$ 9,923,956	\$ 536,278	\$ 1,832,593

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

	Governmental Activities	Business-type Activities	Component Units
Deferred outflows related to pension expense	\$ 954,881	\$ -	\$ -
Bond refunding loss being amortized	21,346	-	295,294
Deferred outflows related to OPEB	74,413	154,229	19,344
Total deferred outflows	\$ 1,050,640	\$ 154,229	\$ 314,638

Note 15 - 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.

December 31, 2018

Note 15 - 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 2019. 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, 2018 is as follows:

Beginning of Year	Increases	Decreases	End of Year
\$ 21,620,338	\$ 618,742	\$ -	\$ 22,239,080

Note 16 - Fund Balance Constraints

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

	General Fund Combined	Long-term Debt Fund	Nonmajor Funds	Total
Nonspendable - Prepays	\$ 221,882	\$ -	\$ 818	\$ 222,700
Restricted:				
Law enforcement	-	-	187,629	187,629
911 service	-	-	170,299	170,299
Museum	-	-	47,483	47,483
Total restricted	-	-	405,411	405,411
Assigned:				
Land and municipal facilities (Fire Station #1) - Debt service	1,645,000	-	-	1,645,000
Senior center bequest activities	17,850	-	-	17,850
Future obligations	-	12,475,809	-	12,475,809
French Landing Dam	232,500	-	-	232,500
Computer networking equipment	25,000	-	-	25,000
Sidewalk maintenance	25,000	-	136,054	161,054
Compensated absences	149,567	-	-	149,567
Fire department equipment replacement	327,906	-	-	327,906
Retiree health care	100,000	-	-	100,000
Total assigned	2,522,823	12,475,809	136,054	15,134,686
Unassigned	10,559,257	-	(38,705)	10,520,552
Total fund balance	\$ 13,303,962	\$ 12,475,809	\$ 503,578	\$ 26,283,349

Note 17 - Change in Accounting Principle

During the current year, the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, the government-wide statements now include a liability for the unfunded portion of the Township's retiree healthcare costs. Some of the change in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan footnote for further details (see Note 12). This change does not impact the General Fund or any other governmental funds.

December 31, 2018

Note 17 - Change in Accounting Principle (Continued)

As a result of implementing this statement, the beginning net positions of the governmental activities, business-type activities, and component units have been restated as follows:

	Governmental Activities	Business-type Activities/Water and Sewer Fund	Component Units	DDA
Net position - December 31, 2017 - As previously reported	\$ (10,349,668)	\$ 80,483,742	\$ (25,822,396)	\$ 1,276,299
To eliminate the net OPEB obligation (asset) under GASB Statement No. 45	(17,255,949)	(325,073)	110,499	110,499
To record the net OPEB liability	<u>20,427,223</u>	<u>2,175,096</u>	<u>347,316</u>	<u>347,316</u>
Net position - December 31, 2017 - As restated	<u>\$ (13,520,942)</u>	<u>\$ 78,633,719</u>	<u>\$ (26,280,211)</u>	<u>\$ 818,484</u>

The impact on the prior year changes in net position could not be determined.

Note 18 - Special Item

During 2018, the Township signed an amendment to the Host Service agreement, which allowed Waste Management to expand its landfill into the Woodlands Golf Course in exchange for an up-front payment of \$8 million and several continuing community grants. The up-front payment was recorded as a special item on both the governmental funds statements and the statement of activities in the current year.

Required Supplemental Information

Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 825,500	\$ 819,000	\$ 818,676	\$ (324)
Public safety tax revenue	5,790,000	5,760,000	5,787,142	27,142
State-shared revenue and grants	2,513,200	2,807,000	2,795,112	(11,888)
Charges for services	1,425,977	1,568,577	1,698,319	129,742
Fines and forfeitures	1,055,000	1,085,000	1,260,545	175,545
Licenses and permits	675,000	812,100	1,248,629	436,529
Investment income	40,000	150,000	197,344	47,344
Other revenue - Other miscellaneous income	1,072,925	1,085,925	1,029,125	(56,800)
Total revenue	13,397,602	14,087,602	14,834,892	747,290
Expenditures				
Current services:				
General government:				
Township board	321,728	326,842	314,884	11,958
Supervisor	320,950	321,950	304,558	17,392
Accounting	55,000	55,000	52,760	2,240
IT department	536,011	497,787	491,882	5,905
Treasurer	353,238	353,238	350,060	3,178
Assessing	238,658	234,908	226,700	8,208
General office	98,500	107,300	74,748	32,552
Clerk	397,769	398,506	397,839	667
Buildings and grounds	1,241,144	1,552,732	1,512,245	40,487
Attorney	240,000	240,000	249,434	(9,434)
Elections	139,800	182,005	169,267	12,738
Cemetery	24,500	24,500	15,218	9,282
Public safety:				
Police	5,861,450	5,861,450	5,873,540	(12,090)
Fire	1,991,897	2,079,007	1,698,729	380,278
Dispatch	665,436	665,436	625,643	39,793
Ordinance enforcement	291,900	251,500	203,786	47,714
Building inspections and related	809,350	874,850	895,268	(20,418)
Public works - Contracted services	270,500	270,500	260,839	9,661
Recreation and culture:				
Parks and lakes	142,913	119,880	108,285	11,595
Senior citizens	210,687	205,160	191,131	14,029
Cable	190,923	275,523	234,051	41,472
Recreation	479,808	469,526	435,804	33,722
Insurance	862,000	862,000	889,683	(27,683)
Total expenditures	15,744,162	16,229,600	15,576,354	653,246
Excess of Expenditures Over Revenue	(2,346,560)	(2,141,998)	(741,462)	1,400,536
Other Financing Sources (Uses)				
Transfers in	1,800,000	1,800,000	1,800,000	-
Transfers out	(1,500,000)	(1,500,000)	(1,500,000)	-
Total other financing sources	300,000	300,000	300,000	-
Net Change in Fund Balance	(2,046,560)	(1,841,998)	(441,462)	1,400,536
Fund Balance - Beginning of year	7,928,582	7,928,582	7,928,582	-
Fund Balance - End of year	\$ 5,882,022	\$ 6,086,584	\$ 7,487,120	\$ 1,400,536

See note to required supplemental information.

Charter Township of Van Buren

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Four Fiscal Years Years Ended December 31			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 546,860	\$ 536,987	\$ 497,889	\$ 469,564
Interest	1,427,164	1,343,274	1,231,296	1,133,771
Changes in benefit terms	(2,976)	75,757	(96,341)	-
Differences between expected and actual experience	(218,413)	(401,887)	91,872	-
Changes in assumptions	-	-	611,460	-
Benefit payments, including refunds	(513,482)	(507,411)	(471,790)	(398,961)
Net Change in Total Pension Liability	1,239,153	1,046,720	1,864,386	1,204,374
Total Pension Liability - Beginning of year	17,822,858	16,776,138	14,911,752	13,707,378
Total Pension Liability - End of year	\$ 19,062,011	\$ 17,822,858	\$ 16,776,138	\$ 14,911,752
Plan Fiduciary Net Position				
Contributions - Employer	\$ 485,671	\$ 430,928	\$ 421,629	\$ 399,017
Contributions - Member	326,677	320,935	266,708	230,467
Net investment income (loss)	1,767,481	1,338,647	(178,860)	683,120
Administrative expenses	(27,903)	(26,391)	(25,736)	(25,213)
Benefit payments, including refunds	(513,482)	(507,411)	(471,790)	(398,961)
Net Change in Plan Fiduciary Net Position	2,038,444	1,556,708	11,951	888,430
Plan Fiduciary Net Position - Beginning of year	13,067,795	11,511,087	11,499,136	10,610,706
Plan Fiduciary Net Position - End of year	\$ 15,106,239	\$ 13,067,795	\$ 11,511,087	\$ 11,499,136
Township's Net Pension Liability - Ending	\$ 3,955,772	\$ 4,755,063	\$ 5,265,051	\$ 3,412,616
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.25 %	73.32 %	68.62 %	77.11 %
Covered Payroll	\$ 4,582,732	\$ 3,559,367	\$ 3,518,478	\$ 3,242,840
Township's Net Pension Liability as a Percentage of Covered Payroll	86.32 %	133.59 %	149.64 %	105.24 %

Charter Township of Van Buren

Required Supplemental Information Schedule of Pension Contributions

Last Ten Fiscal Years Years Ended December 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 515,299	\$ 485,671	\$ 430,928	\$ 421,629	\$ 399,017	\$ 396,365	\$ 386,849	\$ 424,156	\$ 436,380	\$ 453,942
Contributions in relation to the actuarially determined contribution	515,299	485,671	430,928	421,629	399,017	396,365	386,849	424,156	436,380	453,942
Contribution Deficiency	\$ -									
Covered Payroll	\$ 3,864,810	\$ 4,582,732	\$ 3,559,367	\$ 3,518,478	\$ 3,242,840	\$ 3,151,341	\$ 3,402,508	\$ 3,457,420	\$ 3,595,208	\$ 3,832,148
Contributions as a Percentage of Covered Payroll	13.33 %	10.60 %	12.10 %	12.00 %	12.30 %	12.60 %	11.40 %	12.30 %	12.10 %	11.80 %

Notes to Schedule of 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	21 years
Asset valuation method	Five-year smoothed
Inflation	2.5 percent
Salary increase	3.75 to 14.75 percent
Investment rate of return	8 percent
Retirement age	Normal - 60 years of age or 55 years of age with 15 years of service
Mortality	RP-2014 mortality tables
Other information	None

Charter Township of Van Buren

Required Supplemental Information Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Two Fiscal Years Years Ended December 31	
	2018	2017
Total OPEB Liability		
Service cost	\$ 604,372	\$ 646,037
Interest	1,427,456	1,308,005
Changes in benefit terms	(816,799)	-
Differences between expected and actual experience	(2,101,999)	-
Changes in assumptions	(901,413)	470,002
Benefit payments, including refunds	(365,065)	(353,664)
Net Change in Total OPEB Liability	(2,153,448)	2,070,380
Total OPEB Liability - Beginning of year	25,866,502	23,796,122
Total OPEB Liability - End of year	\$ 23,713,054	\$ 25,866,502
Plan Fiduciary Net Position		
Contributions - Employer	\$ 889,335	\$ 929,253
Net investment (loss) income	(138,213)	346,843
Administrative expenses	(32,059)	-
Benefit payments, including refunds	(365,065)	(353,664)
Other	803	(23,519)
Net Change in Plan Fiduciary Net Position	354,801	898,913
Plan Fiduciary Net Position - Beginning of year	2,916,866	2,017,953
Plan Fiduciary Net Position - End of year	\$ 3,271,667	\$ 2,916,866
Net OPEB Liability - Ending	\$ 20,441,387	\$ 22,949,636
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	13.80 %	11.28 %

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

Charter Township of Van Buren

**Required Supplemental Information
Schedule of OPEB Investment Returns**

**Last Two Fiscal Years
Years Ended December 31**

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	(5.15)%	14.10 %

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, 2018 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 revenue, expenditures, and changes in fund balances 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>Other Financing (Uses) Sources</u>
Amounts per operating statement	\$ 19,926,881	\$ 17,051,840	\$ (4,000,000)
Resources received from other funds reported as a reduction in expenditures	621,225	621,225	-
Less Landfill Fund	<u>(5,713,214)</u>	<u>(2,096,711)</u>	<u>4,300,000</u>
Amounts per budget statement	<u>\$ 14,834,892</u>	<u>\$ 15,576,354</u>	<u>\$ 300,000</u>

The Township did not have significant expenditure budget variances with the exception of the following variance:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Attorney	\$ 240,000	\$ 249,434	\$ (9,434)
Police	5,861,450	5,873,540	(12,090)
Building inspections and related	874,850	895,268	(20,418)
Insurance	862,000	889,683	(27,683)

Other Supplemental Information

Charter Township of Van Buren

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds**

December 31, 2018

	Special Revenue Funds					Capital Project Funds	Total Nonmajor Governmental Funds
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service	Museum	Capital Improvement Fund	
Assets							
Cash and cash equivalents	\$ 16,092	\$ 19,416	\$ 169,104	\$ 143,251	\$ 51,409	\$ 136,054	\$ 535,326
Receivables - Due from other governmental units	72,036	-	-	27,048	-	-	99,084
Prepaid expenses and other assets	-	-	-	-	818	-	818
Total assets	\$ 88,128	\$ 19,416	\$ 169,104	\$ 170,299	\$ 52,227	\$ 136,054	\$ 635,228
Liabilities							
Accounts payable	\$ 28,510	\$ -	\$ 891	\$ -	\$ 2,884	\$ -	\$ 32,285
Due to other funds	21,315	-	-	-	-	-	21,315
Accrued liabilities and other	4,972	-	-	-	1,042	-	6,014
Total liabilities	54,797	-	891	-	3,926	-	59,614
Deferred Inflows of Resources - Unavailable revenue	72,036	-	-	-	-	-	72,036
Fund Balances (Deficit)							
Nonspendable - Prepaids	-	-	-	-	818	-	818
Restricted:							
Law enforcement	-	19,416	168,213	-	-	-	187,629
911 service	-	-	-	170,299	-	-	170,299
Museum	-	-	-	-	47,483	-	47,483
Assigned	-	-	-	-	-	136,054	136,054
Unassigned	(38,705)	-	-	-	-	-	(38,705)
Total fund balances (deficit)	(38,705)	19,416	168,213	170,299	48,301	136,054	503,578
Total liabilities, deferred inflows of resources, and fund balances (deficit)	\$ 88,128	\$ 19,416	\$ 169,104	\$ 170,299	\$ 52,227	\$ 136,054	\$ 635,228

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, 2018

	Special Revenue Funds					Capital Project Funds	Total Nonmajor Governmental Funds
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service	Museum	Capital Improvement Fund	
Revenue							
Intergovernmental:							
Federal grants	\$ 135,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,767
State-shared revenue and grants	-	-	1,253	-	-	-	1,253
Local grants and contributions	-	-	-	-	-	135,000	135,000
Investment income	623	351	2,745	1,019	1,257	1,084	7,079
Other revenue:							
Contributions and donations	-	-	-	-	79,718	-	79,718
Other miscellaneous income	-	-	-	181,520	-	-	181,520
Total revenue	136,390	351	3,998	182,539	80,975	136,084	540,337
Expenditures							
Current services:							
General government	-	-	-	-	-	30	30
Public safety	-	6,006	19,064	165,257	-	-	190,327
Community and economic development	164,525	-	-	-	-	-	164,525
Recreation and culture	-	-	-	-	91,132	-	91,132
Total expenditures	164,525	6,006	19,064	165,257	91,132	30	446,014
Net Change in Fund Balances	(28,135)	(5,655)	(15,066)	17,282	(10,157)	136,054	94,323
Fund Balances (Deficit) - Beginning of year	(10,570)	25,071	183,279	153,017	58,458	-	409,255
Fund Balances (Deficit) - End of year	<u>\$(38,705)</u>	<u>\$ 19,416</u>	<u>\$ 168,213</u>	<u>\$ 170,299</u>	<u>\$ 48,301</u>	<u>\$ 136,054</u>	<u>\$ 503,578</u>