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# Charter Township of Van Buren

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**Financial Report  
with Supplemental Information  
December 31, 2020**

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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, 2020 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2020 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.

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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 29, 2020. In our opinion, the partial comparative information presented herein for the Water and Sewer Fund as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2021 on our consideration of the Charter Township of Van Buren's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Township of Van Buren's internal control over financial reporting and compliance.



May 21, 2021

### ***Overview of the Financial Statements***

The Charter Township of Van Buren's (the "Township") 2020 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 increment financing authorities (TIFAs): the Downtown Development Authority (the "DDA"), pursuant to 2018 PA 57, and the Local Development Financing Authority (the "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 moneys 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 moneys held in trust for pension and other employee benefits, and custodial funds, which track the liabilities due to other governmental units.

### Government-wide Overall Financial Analysis

The Township has a combined total net position of \$90 million. This is an increase of approximately \$9.2 million in comparison to 2019. In 2016, the Township conformed to the requirements of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This is the fifth 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 \$75.6 million, and governmental activities comprise approximately \$14.5 million. In a condensed format, the table below shows a comparison of the net position as of the current date to the prior year:

### The Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current and other assets:						
Cash and investments	\$ 35,932,878	\$ 33,196,048	\$ 16,216,876	\$ 17,217,376	\$ 52,149,754	\$ 50,413,424
Receivables	9,430,251	7,415,496	2,788,710	2,099,469	12,218,961	9,514,965
Other assets	253,560	334,109	18,299,241	14,617,177	18,552,801	14,951,286
Capital assets	23,965,141	24,380,452	56,280,569	57,716,029	80,245,710	82,096,481
Total assets	69,581,830	65,326,105	93,585,396	91,650,051	163,167,226	156,976,156
<b>Deferred Outflows of Resources</b>	2,113,296	2,253,400	85,182	-	2,198,478	2,253,400
<b>Liabilities</b>						
Current liabilities	4,302,329	4,483,105	1,826,174	2,119,005	6,128,503	6,602,110
Noncurrent liabilities:						
Due within one year:						
Compensated absences	184,476	21,038	26,144	3,230	210,620	24,268
Current portion of long-term debt	415,000	410,000	1,182,885	1,522,765	1,597,885	1,932,765
Due in more than one year	41,481,150	46,529,323	14,166,551	11,108,269	55,647,701	57,637,592
Total liabilities	46,382,955	51,443,466	17,201,754	14,753,269	63,584,709	66,196,735
<b>Deferred Inflows of Resources</b>	10,808,876	11,204,950	773,312	835,643	11,582,188	12,040,593
<b>Net Position</b>						
Net investment in capital assets	23,135,103	23,130,452	40,931,133	45,928,570	64,066,236	69,059,022
Restricted	438,157	349,722	17,641,358	14,516,835	18,079,515	14,866,557
Unrestricted	(9,069,965)	(18,549,085)	17,123,021	15,615,734	8,053,056	(2,933,351)
Total net position	<b>\$ 14,503,295</b>	<b>\$ 4,931,089</b>	<b>\$ 75,695,512</b>	<b>\$ 76,061,139</b>	<b>\$ 90,198,807</b>	<b>\$ 80,992,228</b>

## 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 approximately \$9.5 million for the governmental activities from 2019.

#### **The Township's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 3,134,795	\$ 3,415,054	\$ 9,949,523	\$ 10,238,738	\$ 13,084,318	\$ 13,653,792
Operating grants	913,240	261,283	-	-	913,240	261,283
Capital grants	309,881	410,009	-	-	309,881	410,009
General revenue:						
Property taxes	7,577,145	7,293,252	3,221	163	7,580,366	7,293,415
State-shared revenue	2,907,606	2,905,661	-	-	2,907,606	2,905,661
Investment earnings	379,492	687,291	-	-	379,492	687,291
Other revenue:						
Other miscellaneous revenue	352,878	348,322	-	-	352,878	348,322
Landfill royalties	6,138,112	6,783,827	347,831	601,084	6,485,943	7,384,911
Total revenue	21,713,149	22,104,699	10,300,575	10,839,985	32,013,724	32,944,684
<b>Expenses</b>						
General government	2,080,415	3,103,114	-	-	2,080,415	3,103,114
Public safety	9,360,727	12,115,768	-	-	9,360,727	12,115,768
Public works	277,224	263,104	-	-	277,224	263,104
Community and economic development	(39,066)	420,031	-	-	(39,066)	420,031
Recreation and culture	427,383	1,340,797	-	-	427,383	1,340,797
Interest on long-term debt	34,260	60,498	-	-	34,260	60,498
Business-type activities	-	-	10,666,202	11,520,560	10,666,202	11,520,560
Total expenses	12,140,943	17,303,312	10,666,202	11,520,560	22,807,145	28,823,872
<b>Change in Net Position</b>	<b>\$ 9,572,206</b>	<b>\$ 4,801,387</b>	<b>\$ (365,627)</b>	<b>\$ (680,575)</b>	<b>\$ 9,206,579</b>	<b>\$ 4,120,812</b>

#### **Governmental Activities**

Revenue for governmental activities totaled \$21.7 million in 2020. Charges for services, such as court fines, building licenses and permits, and recreation fees, accounted for \$3.1 million in revenue, a decrease of approximately \$280,000 from the 2019 figure. A total of \$7.6 million was received in the form of property tax collections, up approximately \$284,000 from 2019. Additionally, there was a decrease in landfill royalties of approximately \$646,000 due to less tipping fees during the COVID-19 pandemic. State-shared revenue did not change in the amount of \$2.9 million.

Program expenses for 2020 governmental activities generally decreased due to a decrease in the OPEB liability.

#### **Business-type Activities**

The Township has one business-type activity, the water and sewer operation. Revenue for business-type activities was \$10.3 million, while expenses were \$10.7 million, with revenue and expenses decreasing over the 2019 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 (the "Utility Authority"), and Ypsilanti Community Utilities Authority (YCUA).

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.

# Charter Township of Van Buren

## Management's Discussion and Analysis (Continued)

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

The General Fund increased its fund balance by approximately \$1,968,000 as of December 31, 2020, bringing the fund balance total to approximately \$15,503,000. 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 \$999,508. Property taxes, fines and forfeitures, and other revenue fell short of budgetary expectations. Better-than-expected revenue received from charges for services and 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 2020 original budget and the amended budget reflects both some increased revenue and 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 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 2020, the Township had approximately \$80.2 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 approximately \$15.4 million is recorded as a liability in the business-type activities in the statement of net position. Debt related to capital improvements of \$840,000 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 2020 equalized valuation totaled \$1,430,800,736, which represents an increase of approximately 6.34 percent from 2019. The 2020 taxable value is \$1,152,279,490, which represents an increase of 3.87 percent from 2019.

The Township has maintained a rating of A+ from Standard & Poor's. This rating is considered investment grade and is favorable in the marketplace 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 following 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 2020, the \$18.1 million General Fund (amended) budget was financed with a transfer of approximately \$1.75 million 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.



## Charter Township of Van Buren

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

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The 2020 property tax revenue resulted from the 2019 millage rate of 7.3364 mills, composed of 0.9047 for general operating and 6.4317 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.

The Township will continue to monitor the financial impact of the COVID-19 pandemic on the 2021 fiscal year and also future budget years. There will undoubtedly be some negative effects on revenue in specific areas. We will continue to closely monitor this situation as it unfolds.

#### ***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](http://www.vanburen-mi.org). Should you have further questions, please contact the supervisor's office.

# Charter Township of Van Buren

## Statement of Net Position

December 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 4)	\$ 35,932,878	\$ 16,216,876	\$ 52,149,754	\$ 5,513,268
Receivables:				
Property taxes receivable	4,812,798	-	4,812,798	-
Special assessments receivable	16,401	14	16,415	-
Receivables from sales to customers on account	-	2,593,524	2,593,524	-
Other receivables	1,333,069	198,092	1,531,161	11,673
Due from other governments	853,681	-	853,681	-
Advance to component unit (Note 6)	2,411,382	-	2,411,382	-
Due from other funds	2,920	(2,920)	-	-
Prepaid expenses	14,926	7,727	22,653	405
Restricted assets (Note 8)	-	17,641,358	17,641,358	1,435,288
Net OPEB asset (Note 12)	-	552,685	552,685	359,500
Capital assets: (Note 5)				
Assets not subject to depreciation	6,018,586	984,135	7,002,721	426,262
Assets subject to depreciation - Net	17,946,555	55,296,434	73,242,989	3,250,802
Deposits	238,634	97,471	336,105	-
<b>Total assets</b>	<b>69,581,830</b>	<b>93,585,396</b>	<b>163,167,226</b>	<b>10,997,198</b>
<b>Deferred Outflows of Resources (Note 14)</b>				
Deferred charges on bond refunding	9,962	-	9,962	246,078
Deferred pension costs	2,079,678	-	2,079,678	-
Deferred OPEB costs	23,656	85,182	108,838	1,982
<b>Total deferred outflows of resources</b>	<b>2,113,296</b>	<b>85,182</b>	<b>2,198,478</b>	<b>248,060</b>
<b>Liabilities</b>				
Accounts payable	396,985	916,146	1,313,131	24,231
Refundable deposits, bonds, etc.	3,382,327	694,248	4,076,575	-
Accrued liabilities and other	523,017	215,780	738,797	155,826
Noncurrent liabilities: (Note 7)				
Due within one year:				
Compensated absences	184,476	26,144	210,620	9,067
Current portion of long-term debt	415,000	1,182,885	1,597,885	2,560,796
Due in more than one year:				
Accrued interest - Capital appreciation bonds	-	-	-	10,288,133
Advance from primary government	-	-	-	2,411,382
Net pension liability (Note 10)	6,425,054	-	6,425,054	-
Net OPEB liability (Note 12)	13,865,282	-	13,865,282	-
Long-term debt - Net of current portion (Note 7)	425,000	14,166,551	14,591,551	20,072,976
Nonexchange financial guarantee (Note 15)	20,765,814	-	20,765,814	-
<b>Total liabilities</b>	<b>46,382,955</b>	<b>17,201,754</b>	<b>63,584,709</b>	<b>35,522,411</b>
<b>Deferred Inflows of Resources (Note 14)</b>				
Property taxes levied for the following year	7,714,043	-	7,714,043	1,931,158
Deferred pension cost reductions	337,451	-	337,451	-
Deferred OPEB cost reductions	2,757,382	773,312	3,530,694	162,828
<b>Total deferred inflows of resources</b>	<b>10,808,876</b>	<b>773,312</b>	<b>11,582,188</b>	<b>2,093,986</b>
<b>Net Position (Deficit)</b>				
Net investment in capital assets	23,135,103	40,931,133	64,066,236	1,971,218
Restricted:				
Museum	72,186	-	72,186	-
Law enforcement	244,447	-	244,447	-
Debt service	-	-	-	674,332
911 service	69,548	-	69,548	-
Community Development Block Grant	51,976	-	51,976	-
Tax levy - Debt/Capital	-	17,641,358	17,641,358	-
Unrestricted	(9,069,965)	17,123,021	8,053,056	(29,016,689)
<b>Total net position (deficit)</b>	<b>\$ 14,503,295</b>	<b>\$ 75,695,512</b>	<b>\$ 90,198,807</b>	<b>\$ (26,371,139)</b>

# Charter Township of Van Buren

Functions/Programs	Program Revenue			
	Expenses (Recoveries)	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,080,415	\$ 48,155	\$ -	\$ -
Public safety	9,360,727	1,915,283	807,255	136,450
Public works	277,224	922,770	-	173,431
Health and welfare	-	-	4,500	-
Community and economic development	(39,066)	56,584	16,525	-
Recreation and culture	427,383	192,003	84,960	-
Interest on long-term debt	34,260	-	-	-
Total governmental activities	12,140,943	3,134,795	913,240	309,881
Business-type activities	10,666,202	9,949,523	-	-
Total primary government	<b>\$ 22,807,145</b>	<b>\$ 13,084,318</b>	<b>\$ 913,240</b>	<b>\$ 309,881</b>
Component units:				
Downtown Development Authority	\$ 782,376	\$ -	\$ -	\$ -
Local Development Financing Authority	1,073,396	-	95,334	-
Total component units	<b>\$ 1,855,772</b>	<b>\$ -</b>	<b>\$ 95,334</b>	<b>\$ -</b>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Landfill royalties				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position (Deficit) - Beginning of year</b>				
<b>Net Position (Deficit) - End of year</b>				

## Statement of Activities

Year Ended December 31, 2020

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,032,260)	\$ -	\$ (2,032,260)	\$ -
(6,501,739)	-	(6,501,739)	-
818,977	-	818,977	-
4,500	-	4,500	-
112,175	-	112,175	-
(150,420)	-	(150,420)	-
(34,260)	-	(34,260)	-
(7,783,027)	-	(7,783,027)	-
-	(716,679)	(716,679)	-
(7,783,027)	(716,679)	(8,499,706)	-
-	-	-	(782,376)
-	-	-	(978,062)
-	-	-	(1,760,438)
7,577,145	3,221	7,580,366	2,625,689
2,907,606	-	2,907,606	-
379,492	-	379,492	62,347
352,878	-	352,878	-
6,138,112	347,831	6,485,943	-
17,355,233	351,052	17,706,285	2,688,036
9,572,206	(365,627)	9,206,579	927,598
4,931,089	76,061,139	80,992,228	(27,298,737)
<b>\$ 14,503,295</b>	<b>\$ 75,695,512</b>	<b>\$ 90,198,807</b>	<b>\$ (26,371,139)</b>

# Charter Township of Van Buren

## Governmental Funds Balance Sheet

December 31, 2020

	General Fund	Long-term Debt Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents (Note 4)	\$ 20,516,029	\$ 14,071,555	\$ 1,345,294	\$ 35,932,878
Receivables:				
Property taxes receivable	4,812,798	-	-	4,812,798
Special assessments receivable	16,401	-	-	16,401
Other receivables	1,312,022	20,909	138	1,333,069
Due from other governments	822,224	-	31,457	853,681
Advance to component unit	-	2,411,382	-	2,411,382
Due from other funds (Note 6)	17,898	-	-	17,898
Prepaid expenses	14,926	-	-	14,926
	<b>\$ 27,512,298</b>	<b>\$ 16,503,846</b>	<b>\$ 1,376,889</b>	<b>\$ 45,393,033</b>
Total assets				
<b>Liabilities</b>				
Accounts payable	\$ 395,382	\$ -	\$ 1,603	\$ 396,985
Due to other funds (Note 6)	-	-	14,978	14,978
Refundable deposits, bonds, etc.	3,382,327	-	-	3,382,327
Accrued liabilities and other	305,490	-	4,972	310,462
	<b>4,083,199</b>	<b>-</b>	<b>21,553</b>	<b>4,104,752</b>
Total liabilities				
<b>Deferred Inflows of Resources</b>				
Unavailable revenue (Note 14)	212,144	-	31,457	243,601
Property taxes levied for the following year (Note 14)	7,714,043	-	-	7,714,043
	<b>7,926,187</b>	<b>-</b>	<b>31,457</b>	<b>7,957,644</b>
Total deferred inflows of resources				
<b>Fund Balances</b>				
Nonspendable:				
Prepays	14,926	-	-	14,926
Long-term receivable	-	2,411,382	-	2,411,382
Restricted:				
Law enforcement	-	-	244,447	244,447
911 service	-	-	69,548	69,548
Grants	-	-	20,519	20,519
Museum	-	-	72,186	72,186
Assigned (Note 16)	1,539,837	14,092,464	917,179	16,549,480
Unassigned	13,948,149	-	-	13,948,149
	<b>15,502,912</b>	<b>16,503,846</b>	<b>1,323,879</b>	<b>33,330,637</b>
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 27,512,298</b>	<b>\$ 16,503,846</b>	<b>\$ 1,376,889</b>	<b>\$ 45,393,033</b>

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**December 31, 2020**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 33,330,637</b>
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	23,965,141
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	243,601
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	1,742,227
Deferred charges on bond refunding are not reported in the funds	9,962
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	(2,733,726)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(840,000)
Accrued interest and IBNR are not due and payable in the current period and are not reported in the funds	(212,555)
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	(184,476)
Pension benefits	(6,425,054)
Retiree health care benefits	(13,865,282)
Deposit with self-insurance providers in governmental activities is reported as an expenditure in the governmental funds when paid	238,634
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	(20,765,814)
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 14,503,295</u></u></b>

# Charter Township of Van Buren

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended December 31, 2020**

	General Fund	Long-term Debt Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 7,058,802	\$ -	\$ -	\$ 7,058,802
Special assessments	188,299	-	-	188,299
Intergovernmental:				
Federal grants	689,264	-	94,305	783,569
State-shared revenue and grants:				
State-shared revenue	2,705,342	-	-	2,705,342
Local Community Stabilization Authority	202,264	-	-	202,264
Other state grants	-	-	136,450	136,450
Local grants and contributions	-	-	385,000	385,000
Charges for services	1,788,584	-	-	1,788,584
Fines and forfeitures	845,564	-	-	845,564
Licenses and permits	1,342,900	-	-	1,342,900
Interest income	173,061	201,281	5,150	379,492
Other revenue:				
Contributions and donations	-	-	84,960	84,960
Other miscellaneous income	191,055	-	117,991	309,046
Landfill royalties	5,375,725	-	-	5,375,725
Total revenue	20,560,860	201,281	823,856	21,585,997
<b>Expenditures</b>				
Current services:				
General government	4,015,763	2,125	343	4,018,231
Public safety:				
Police/Sheriff	6,418,613	-	-	6,418,613
Fire	2,109,992	-	-	2,109,992
Dispatch	727,748	-	-	727,748
Ordinance	208,703	-	219,282	427,985
Building inspections and related	984,804	-	-	984,804
Public works	277,224	-	-	277,224
Community and economic development -				
Planning	-	-	19,997	19,997
Recreation and culture	908,834	-	55,670	964,504
Insurance	752,921	-	-	752,921
Debt service:				
Principal	410,000	-	-	410,000
Interest on long-term debt	28,568	-	-	28,568
Total expenditures	16,843,170	2,125	295,292	17,140,587
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	1,750,000	-	1,750,000
Transfers out	(1,750,000)	-	-	(1,750,000)
Total other financing (uses) sources	(1,750,000)	1,750,000	-	-
<b>Net Change in Fund Balances</b>	1,967,690	1,949,156	528,564	4,445,410
<b>Fund Balances - Beginning of year</b>	13,535,222	14,554,690	795,315	28,885,227
<b>Fund Balances - End of year</b>	<b>\$ 15,502,912</b>	<b>\$ 16,503,846</b>	<b>\$ 1,323,879</b>	<b>\$ 33,330,637</b>

# 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, 2020**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 4,445,410</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Disposal of fixed assets	(44,853)
Capital outlay	1,337,174
Depreciation expense	<u>(1,707,632)</u>
Total	(415,311)
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	127,152
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	(13,871)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	410,000
Interest expense is recognized in the government-wide statements as it accrues	2,152
Change in net pension liability and related deferrals are recorded when incurred in the statement of activities	(482,914)
Change in net OPEB liability and related deferrals are recorded when incurred in the statement of activities	4,580,307
Change in liability related to the nonexchange financial guarantee is recognized in the statement of activities and not in the governmental funds	940,702
Deposits are recorded as expenditures in the statement of activities	<u>(15,729)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 9,572,206</u></u></b>



# Charter Township of Van Buren

## Proprietary Funds Statement of Net Position

**December 31, 2020**  
**(with comparative information for December 31, 2019)**

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 16,216,876	\$ 17,217,376
Receivables:		
Special assessments receivable	14	14
Receivables from sales to customers on account	2,593,524	1,982,373
Other receivables	198,092	117,082
Prepaid expenses	7,727	39,730
Total current assets	19,016,233	19,356,575
Noncurrent assets:		
Restricted assets	17,641,358	14,516,835
Net OPEB asset	552,685	-
Capital assets: (Note 5)		
Assets not subject to depreciation	984,135	675,627
Assets subject to depreciation - Net	55,296,434	57,040,402
Long-term assessment receivable	-	13
Deposits	97,471	60,599
Total noncurrent assets	74,572,083	72,293,476
Total assets	93,588,316	91,650,051
<b>Deferred Outflows of Resources</b> - Deferred OPEB costs	85,182	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	916,146	1,012,304
Due to other funds	2,920	-
Refundable deposits, bonds, etc.	694,248	982,827
Accrued liabilities and other	215,780	123,874
Compensated absences (Note 7)	26,144	3,230
Current portion of long-term debt (Note 7)	1,182,885	1,522,765
Total current liabilities	3,038,123	3,645,000
Noncurrent liabilities: (Note 7)		
Compensated absences	-	24,466
Net OPEB liability	-	819,109
Long-term debt - Net of current portion	14,166,551	10,264,694
Total noncurrent liabilities	14,166,551	11,108,269
Total liabilities	17,204,674	14,753,269
<b>Deferred Inflows of Resources</b> - Deferred OPEB cost reductions	773,312	835,643
<b>Net Position</b>		
Net investment in capital assets	40,931,133	45,928,570
Restricted - Tax levy - Debt/Capital (Note 8)	17,641,358	14,516,835
Unrestricted	17,123,021	15,615,734
Total net position	\$ 75,695,512	\$ 76,061,139

**Charter Township of Van Buren**

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

**Year Ended December 31, 2020**  
**(with comparative information for the year ended December 31, 2019)**

	2020	2019
<b>Operating Revenue</b>		
Sale of water	\$ 3,865,421	\$ 3,421,201
Sewage disposal charges	3,922,475	3,461,475
Water and sewer service charge	1,962,966	3,018,403
Customer penalties	13,650	117,341
Other revenue	185,011	220,318
	9,949,523	10,238,738
<b>Operating Expenses</b>		
Water purchases	3,626,417	3,435,333
Sewage disposal charges	2,766,774	2,405,314
Maintenance	115,407	138,501
Supplies and materials	26,803	40,542
Other operating and maintenance costs	172,926	145,248
Administration fees	625,667	625,667
Insurance	170,196	225,952
Payroll taxes and fringe benefits	(711,092)	495,362
Salaries and wages	872,881	860,189
Professional services	545,427	576,433
Depreciation and amortization	2,211,879	2,322,418
	10,423,285	11,270,959
<b>Operating Loss</b>	(473,762)	(1,032,221)
<b>Nonoperating Revenue (Expense)</b>		
Property tax revenue	3,221	163
Interest expense	(242,917)	(249,601)
Investment income	347,831	601,084
	108,135	351,646
<b>Change in Net Position</b>	(365,627)	(680,575)
<b>Net Position - Beginning of year</b>	76,061,139	76,741,714
<b>Net Position - End of year</b>	\$ 75,695,512	\$ 76,061,139

# Charter Township of Van Buren

## Proprietary Funds Statement of Cash Flows

**Year Ended December 31, 2020**  
**(with comparative information for the year ended December 31, 2019)**

	2020	2019
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 9,072,951	\$ 10,251,309
Payments to suppliers	(8,620,327)	(7,359,311)
Payments to employees and fringes	(1,409,638)	(1,557,491)
Other receipts	187,331	219,568
	(769,683)	1,554,075
Net cash and cash equivalents (used in) provided by operating activities		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Issuance of bonds	-	5,694
Special assessment collections	13	128
Proceeds from property tax levy	3,221	163
Purchase of capital assets	(533,198)	(736,891)
Principal and interest paid on capital debt	(1,781,046)	(1,719,000)
Funds held at SHUVA	4,869,043	-
Amount paid to Wayne County, Michigan for debt retirement	(6,079)	(31,715)
	2,551,954	(2,481,621)
Net cash and cash equivalents provided by (used in) capital and related financing activities		
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	347,831	601,084
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,130,102	(326,462)
<b>Cash and Cash Equivalents - Beginning of year</b>	31,069,911	31,396,373
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 33,200,013</b>	<b>\$ 31,069,911</b>
<b>Statement of Net Position Classification of Cash and Cash Equivalents</b>		
Cash and investments	\$ 16,216,876	\$ 17,217,376
Restricted investments	16,983,137	13,852,535
	<b>\$ 33,200,013</b>	<b>\$ 31,069,911</b>
Total cash and cash equivalents		
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (473,762)	\$ (1,032,221)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	2,211,879	2,322,418
Changes in assets and liabilities:		
Receivables	(692,161)	232,139
Prepaid and other assets	32,003	4,634
Net pension or OPEB liability	(1,519,307)	(351,000)
Accounts payable	(337,826)	369,244
Accrued and other liabilities	6,571	8,861
Funds at SHUVA	2,920	-
	(295,921)	2,586,296
Total adjustments		
Net cash and cash equivalents (used in) provided by operating activities	<b>\$ (769,683)</b>	<b>\$ 1,554,075</b>

**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, 2020, \$18,091 was expended for principal and interest payments.

The Township also has assets held at South Huron Valley Utility Authority for the purpose of financing water and sewer lines. During the year ended December 31, 2020, the Township recorded its share of debt for utility improvements in the amount of \$5,112,264 and construction in progress in the amount of \$243,221. Additionally, the Township recorded cash held by SHUVA in the amount of \$4,869,043.

**Charter Township of Van Buren**

**Fiduciary Funds  
Statement of Fiduciary Net Position**

**December 31, 2020**

	<u>OPEB Trust Fund</u>	<u>Custodial Fund - Tax Collections</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 279,921	\$ 4,293,961
Interest in pooled investments	<u>5,183,314</u>	<u>-</u>
Total assets	5,463,235	4,293,961
<b>Liabilities - Due to other governmental units</b>	<u>-</u>	<u>4,293,961</u>
<b>Net Position</b>		
Restricted - Postemployment benefits other than pension	<u>5,463,235</u>	<u>-</u>
Total net position	<u><b>\$ 5,463,235</b></u>	<u><b>\$ -</b></u>

**Charter Township of Van Buren**

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

**Year Ended December 31, 2020**

	OPEB Trust Fund	Custodial Fund - Tax Collections
<b>Additions</b>		
Investment income:		
Interest and dividends	\$ 113,118	\$ -
Net increase in fair value of investments	423,343	-
Investment-related expenses	(41,293)	-
Net investment income	495,168	-
Contributions - Employer	799,626	-
Property tax collections	-	38,179,787
Total additions	1,294,794	38,179,787
<b>Deductions</b>		
Benefit payments	338,673	-
Tax distributions to other governments	-	38,179,787
Total deductions	338,673	38,179,787
<b>Net Increase in Fiduciary Net Position</b>	956,121	-
<b>Net Position - Beginning of year</b>	4,507,114	-
<b>Net Position - End of year</b>	<b>\$ 5,463,235</b>	<b>\$ -</b>

# Charter Township of Van Buren

## Component Units Statement of Net Position

December 31, 2020

	Downtown Development Authority	Local Development Financing Authority	Total
<b>Assets</b>			
Cash and investments (Note 4)	\$ 4,877,241	\$ 636,027	\$ 5,513,268
Receivables	11,673	-	11,673
Prepaid expenses	405	-	405
Restricted assets (Note 8)	1,435,288	-	1,435,288
Net OPEB asset (Note 12)	359,500	-	359,500
Capital assets - Net (Note 5)	3,677,064	-	3,677,064
Total assets	10,361,171	636,027	10,997,198
<b>Deferred Outflows of Resources</b> - Deferred charges on bond refunding (Note 14)	1,982	246,078	248,060
<b>Liabilities</b>			
Accounts payable	11,851	12,380	24,231
Accrued liabilities and other	64,612	91,214	155,826
Noncurrent liabilities: (Note 7)			
Due within one year:			
Compensated absences	9,067	-	9,067
Current portion of long-term debt	424,500	2,136,296	2,560,796
Due in more than one year:			
Accrued interest - Capital appreciation bonds	-	10,288,133	10,288,133
Advance from primary government (Notes 6 and 15)	-	2,411,382	2,411,382
Long-term debt - Net of current portion (Note 7)	6,423,183	13,649,793	20,072,976
Total liabilities	6,933,213	28,589,198	35,522,411
<b>Deferred Inflows of Resources</b> (Note 14)			
Property taxes levied for the following year	1,436,386	494,772	1,931,158
Deferred OPEB cost reductions	162,828	-	162,828
Total deferred inflows of resources	1,599,214	494,772	2,093,986
<b>Net Position (Deficit)</b>			
Net investment in capital assets	1,971,218	-	1,971,218
Restricted - Debt service	674,332	-	674,332
Unrestricted	(814,824)	(28,201,865)	(29,016,689)
Total net position (deficit)	<u>\$ 1,830,726</u>	<u>\$ (28,201,865)</u>	<u>\$ (26,371,139)</u>

**Charter Township of Van Buren**

**Component Units  
Statement of Activities**

**Year Ended December 31, 2020**

	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 Financing Authority	Total
<b>Functions/Programs</b>							
Downtown Development Authority	\$ 782,376	\$ -	\$ -	\$ -	\$ (782,376)	\$ -	\$ (782,376)
Local Development Financing Authority	1,073,396	-	95,334	-	-	(978,062)	(978,062)
<b>Total</b>	<b>\$ 1,855,772</b>	<b>\$ -</b>	<b>\$ 95,334</b>	<b>\$ -</b>	(782,376)	(978,062)	(1,760,438)
General revenue:							
Property taxes					1,938,633	687,056	2,625,689
Investment income					61,827	520	62,347
Total general revenue					2,000,460	687,576	2,688,036
<b>Change in Net Position</b>					1,218,084	(290,486)	927,598
<b>Net Position (Deficit) - Beginning of year</b>					612,642	(27,911,379)	(27,298,737)
<b>Net Position (Deficit) - End of year</b>					<b>\$ 1,830,726</b>	<b>\$ (28,201,865)</b>	<b>\$ (26,371,139)</b>

December 31, 2020

**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 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. The LDFA accomplishes this purpose 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 10 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, MI 48111.

**Fiduciary Component Units**

The Charter Township of Van Buren OPEB Plan is governed by a seven-member board that includes three elected by plan members, three appointed by the Township, and the township treasurer, who serves as an ex officio member. Although it is legally separate from the Township, it is reported as a fiduciary component unit because the Township appoints a voting majority to the board, and the plan imposes a financial burden on the Township.

***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 (GASB).



**Note 2 - Significant Accounting Policies (Continued)**

***Fund Accounting***

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

**Governmental Funds**

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 funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 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 accumulates resources for future retiree health care payments to qualified employees.
- The custodial funds account for assets held by the Township in a trustee capacity. Custodial funds are fiduciary in nature 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.

**Note 2 - Significant Accounting Policies (Continued)**

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

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.

December 31, 2020

**Note 2 - Significant Accounting Policies (Continued)**

**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.

**Restricted Assets**

Restricted assets of the Water and Sewer Fund represent amounts on deposit at Wayne County, Michigan, unspent bond proceeds at South Huron Valley Utility Authority, 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:

Capital Asset Class	Depreciable Life - Years
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 other financing sources, as well as bond premiums and discounts. The General Fund is generally used to liquidate governmental long-term debt.

**Note 2 - Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

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

	<u>Inflows</u>	<u>Outflows</u>
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).

**Note 2 - Significant Accounting Policies (Continued)**

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the Township 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.

**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 2020 property tax revenue was levied and collectible on December 1, 2019 and is recognized as revenue in the year ended December 31, 2020, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2019 taxable valuation of the Township totaled \$1,076,630,697 (a portion of which is abated and a portion of which is captured by the LDFA and the DDA), on which taxes levied consisted of 0.9047 mills for operating purposes and 6.4317 mills for public safety. This resulted in approximately \$868,000 for operating and \$6,177,000 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 health care 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.

**Note 2 - Significant Accounting Policies (Continued)**

**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.

**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 June 2017, the Governmental Accounting Standards Board issued 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, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Township's financial statements for the December 31, 2021 fiscal year.

December 31, 2020

**Note 2 - Significant Accounting Policies (Continued)**

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Township does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2023.

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Township's financial statements for the year ending December 31, 2022.

**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:

Cumulative shortfall at January 1, 2020		\$	(3,094,902)
Current year permit revenue			1,287,320
Related expenses:			
Direct costs	\$	783,834	
Estimated indirect costs		212,327	996,161
		<u>          </u>	<u>          </u>
Current year shortfall			291,159
			<u>          </u>
Cumulative shortfall December 31, 2020		\$	<u><u>(2,803,743)</u></u>

**Note 4 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act (PA) 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. 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 certificates of deposit (CDs) but not the remainder of state statutory authority, as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$1,767,899 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 Federal Deposit Insurance Corporation (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.



December 31, 2020

**Note 4 - Deposits and Investments (Continued)**

At year end, the Township had the following investments:

Investment	Carrying Value	Weighted- average Maturity
<b>Primary Government</b>		
U.S. governmental securities	\$ 25,865,000	46.07 months
Negotiable certificates of deposit	<u>8,950,000</u>	23.93 months
Total	<u>\$ 34,815,000</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	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
Bank investment pool	\$ 3,359,098	AAA	S&P
Negotiable certificates of deposit	8,950,000	N/A	N/A
Governmental securities	25,865,000	AA+	S&P
Money market	<u>28,411,822</u>	N/A	N/A
Total	<u>\$ 66,585,920</u>		

**Concentration of Credit Risk**

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

Security	Value	Concentration %
Government agency - Federal National Mortgage Association (FNMA)	\$ 3,700,000	10.63%
Government agency - Federal Home Loan Mortgage Corporation (FHLMC)	3,700,000	10.63%
Government agency - Federal Farm Credit Bank	17,715,000	50.88%
Negotiable certificate of deposit - Flagstar Bank	4,700,000	13.50%

**Component Units**

The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$1,980,393. Their investments include a money market account of \$1,435,288, which was rated A1/P1/F1. The ratings on their negotiable CDs in the amount of \$1,250,000 were not available. The component units also have \$1,288,000 invested in government securities, which were rated AA+ by S&P. In addition, the component units had \$1,250,000 in negotiable CDs with a maturity of 28.88 months, as well as \$1,288,000 in government securities with a maturity of 46.18 months.

The component units place 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 Flagstar Bank, Wells Fargo Bank, Private Bank, and Northstar Bank. The DDA's concentration percentage of the certificates of deposit is 13.79, 9.85, 15.76, and 9.85 percent, respectively. The DDA's concentration percentage of Federal Home Loan Bank and Federal Farm Credit Bank securities is 15.76 and 34.99 percent, respectively.

December 31, 2020

**Note 4 - Deposits and Investments (Continued)**

**Fair Value Measurements**

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

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

The Township has the following recurring fair value measurements as of December 31, 2020:

	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, 2020
<b>Investments by Fair Value Level</b>				
Primary government:				
U.S. government securities	\$ -	\$ 25,865,000	\$ -	\$ 25,865,000
Negotiable certificates of deposit	-	8,950,000	-	8,950,000
Total primary government	-	34,815,000	-	34,815,000
Component units:				
U.S. government securities	-	1,288,000	-	1,288,000
Negotiable certificates of deposit	-	1,250,000	-	1,250,000
Total component units	-	2,538,000	-	2,538,000
Total investments by fair value level	\$ -	\$ 37,353,000	\$ -	37,353,000
Investments measured at NAV:				
MBIA CLASS investment pool				3,221,565
Comerica Investment Pool				3,359,098
CLS ETF funds				5,183,314
Total investments measured at NAV				11,763,977
Total assets				\$ 49,116,977

The fair value of U.S. government securities and negotiable certificates of deposit at December 31, 2020 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.

**Note 4 - Deposits and Investments (Continued)**

The valuation method for investments measured at net asset value 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 where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At December 31, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
MBIA CLASS investment pool	\$ 3,221,565	\$ -	N/A	None
Comerica Investment Pool	3,359,098	-	N/A	None
CLS ETF funds	5,183,314	-	N/A	None
Total investments measured at NAV	<u>\$ 11,763,977</u>	<u>\$ -</u>		

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and 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 Securities and Exchange Commission (SEC) and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

The CLS Core Plus ETF funds is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. CLS manages the asset allocation and monitors the underlying investment managers of the CLS portfolio.

December 31, 2020

**Note 5 - Capital Assets**

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

**Governmental Activities**

	Balance January 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated:					
Land	\$ 5,869,845	\$ -	\$ -	\$ -	\$ 5,869,845
Construction in progress	1,466,098	(1,514,660)	197,303	-	148,741
Subtotal	7,335,943	(1,514,660)	197,303	-	6,018,586
Capital assets being depreciated:					
French Landing Dam	2,963,777	-	-	-	2,963,777
Buildings and improvements	16,435,196	-	155,642	-	16,590,838
Equipment and furniture	5,864,217	-	233,826	(987,946)	5,110,097
Vehicles	5,228,894	-	313,000	(766,795)	4,775,099
Land improvements	4,834,595	1,514,660	437,403	-	6,786,658
Subtotal	35,326,679	1,514,660	1,139,871	(1,754,741)	36,226,469
Accumulated depreciation:					
French Landing Dam	2,529,830	-	64,147	-	2,593,977
Buildings and improvements	6,111,223	-	441,797	-	6,553,020
Equipment and furniture	4,369,800	-	491,070	(962,862)	3,898,008
Vehicles	2,967,285	-	395,493	(747,026)	2,615,752
Land improvements	2,304,032	-	315,125	-	2,619,157
Subtotal	18,282,170	-	1,707,632	(1,709,888)	18,279,914
Net capital assets being depreciated	17,044,509	1,514,660	(567,761)	(44,853)	17,946,555
Net governmental activities capital assets	\$ 24,380,452	\$ -	\$ (370,458)	\$ (44,853)	\$ 23,965,141

December 31, 2020

**Note 5 - Capital Assets (Continued)**

***Business-type Activities***

	Balance January 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated:					
Land	\$ 57,294	\$ -	\$ -	\$ -	\$ 57,294
Construction in progress	618,333	(135,941)	444,449	-	926,841
Subtotal	675,627	(135,941)	444,449	-	984,135
Capital assets being depreciated:					
Utility system	105,996,863	135,941	266,971	-	106,399,775
Buildings and improvements	327,300	-	9,200	-	336,500
Machinery and equipment	678,139	-	-	(41,605)	636,534
Vehicles	863,037	-	55,800	(40,050)	878,787
Office furnishings	253,742	-	-	-	253,742
Subtotal	108,119,081	135,941	331,971	(81,655)	108,505,338
Accumulated depreciation:					
Utility system	49,298,551	-	2,110,730	-	51,409,281
Buildings and improvements	149,932	-	7,602	-	157,534
Machinery and equipment	590,325	-	39,839	(41,605)	588,559
Vehicles	815,497	-	35,151	(40,050)	810,598
Office furnishings	224,374	-	18,558	-	242,932
Subtotal	51,078,679	-	2,211,880	(81,655)	53,208,904
Net capital assets being depreciated	57,040,402	135,941	(1,879,909)	-	55,296,434
Net business-type activities capital assets	<u>\$ 57,716,029</u>	<u>\$ -</u>	<u>\$ (1,435,460)</u>	<u>\$ -</u>	<u>\$ 56,280,569</u>

December 31, 2020

**Note 5 - Capital Assets (Continued)**

Capital asset activity for the Township's component units for the year ended December 31, 2020 was as follows:

**Component Units**

	Balance January 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated - Land	\$ 426,262	\$ -	\$ -	\$ -	\$ 426,262
Capital assets being depreciated:					
Office furnishings	58,012	-	41,744	-	99,756
Land improvements	4,426,183	-	-	-	4,426,183
Intangible road rights - Right-of-way	166,692	-	-	-	166,692
Subtotal	4,650,887	-	41,744	-	4,692,631
Accumulated depreciation:					
Office furnishings	7,570	-	7,646	-	15,216
Land improvements	1,247,363	-	111,892	-	1,359,255
Intangible road rights	50,642	-	16,716	-	67,358
Subtotal	1,305,575	-	136,254	-	1,441,829
Net capital assets being depreciated	3,345,312	-	(94,510)	-	3,250,802
Net capital assets	<u>\$ 3,771,574</u>	<u>\$ -</u>	<u>\$ (94,510)</u>	<u>\$ -</u>	<u>\$ 3,677,064</u>

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

Governmental activities:	
General government	\$ 480,183
Public safety	835,316
Public works	318,218
Economic development	73,915
Total governmental activities	<u>\$ 1,707,632</u>
Business-type activities - Water and Sewer Fund	\$ 2,211,880
Component unit activities - Downtown Development Authority	\$ 136,254

**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	\$ 14,978
	Water and Sewer Fund	2,920
	Total General Fund	<u>\$ 17,898</u>

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.

December 31, 2020

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

The Township has made the following long-term advances between funds:

Fund Borrowed From	Fund Loaned To	Amount
Long-term Debt Fund	Local Development Financing Authority	\$ 2,411,382

The advance from the Long-term Debt Fund to the Local Development Financing Authority represents the movement of resources to be used for debt payments.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Long-term Debt Fund	\$ 1,750,000

The transfers from the General Fund to the Long-term Debt Fund represent 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, 2020 can be summarized as follows:

**Governmental Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -					
Other debt	\$ 1,250,000	\$ -	\$ (410,000)	\$ 840,000	\$ 415,000
Net pension liability	6,022,670	402,384	-	6,425,054	-
Net OPEB liability	17,810,570	-	(3,945,288)	13,865,282	-
Compensated absences	170,605	287,782	(273,911)	184,476	184,476
Nonexchange financial guarantee	21,706,516	759,298	(1,700,000)	20,765,814	-
	<u>\$ 46,960,361</u>	<u>\$ 1,449,464</u>	<u>\$ (6,329,199)</u>	<u>\$ 42,080,626</u>	<u>\$ 599,476</u>
Total governmental activities long-term debt					

**Business-type Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements:					
Contractual obligations with Wayne County, Michigan	\$ 10,981,932	\$ -	\$ (1,036,107)	\$ 9,945,825	\$ 1,055,132
South Huron Valley bonds	805,527	4,277,157	(495,200)	4,587,484	89,797
Unamortized bond premiums	-	835,107	(18,980)	816,127	37,956
	<u>11,787,459</u>	<u>5,112,264</u>	<u>(1,550,287)</u>	<u>15,349,436</u>	<u>1,182,885</u>
Total bonds and contracts payable					
Net OPEB liability	819,109	-	(819,109)	-	-
Compensated absences	27,696	73,330	(74,882)	26,144	26,144
	<u>846,805</u>	<u>73,330</u>	<u>(1,903,991)</u>	<u>13,375,580</u>	<u>26,144</u>
Total business-type activities long-term debt	<u>\$ 12,634,264</u>	<u>\$ 5,185,594</u>	<u>\$ (2,444,278)</u>	<u>\$ 15,375,580</u>	<u>\$ 1,209,029</u>

December 31, 2020

**Note 7 - Long-term Debt (Continued)**

<i>Component Units</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt:					
2015 Refunding bonds	\$ 10,615,000	\$ -	\$ (1,970,000)	\$ 8,645,000	\$ 2,085,000
Tax increment bonds	13,864,656	-	(415,000)	13,449,656	425,000
Total other debt principal outstanding	24,479,656	-	(2,385,000)	22,094,656	2,510,000
DDA bond premium	8,182	-	(630)	7,552	630
DDA bond discount	(20,999)	-	1,130	(19,869)	(1,130)
LDFA bond premium	602,729	-	(51,296)	551,433	51,296
Total bonds and contracts payable	25,069,568	-	(2,435,796)	22,633,772	2,560,796
Compensated absences	7,586	9,067	(7,586)	9,067	9,067
Accrued interest - Capital appreciation bonds	9,682,948	605,185	-	10,288,133	-
Total component units long-term debt	<u>\$ 34,760,102</u>	<u>\$ 614,252</u>	<u>\$ (2,443,382)</u>	<u>\$ 32,930,972</u>	<u>\$ 2,569,863</u>



December 31, 2020

**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, 2020 are as follows:

Purpose	Interest Rates	Maturing	Outstanding
<b>Governmental Activities</b>			
General obligations - 2017 General Obligation Limited Tax Refunding Bonds, amount of original issue \$2,050,000	2.10% to 2.45%	2022	\$ 840,000
<b>Business-type Activities</b>			
Downriver Sewage Disposal System Bonds, Estimated Clean Water Program, 2014, amount of issue - \$11,955,000	2.00%	2035	\$ 147,662
State Revolving Fund - Downriver Sewage Disposal System Bonds, amount of issue - \$2,364,903	2.25%	2021	7,246
Downriver Sewage Disposal System, 2011 Downriver Treatment Plan Improvement Bond, amount of issue - \$174,346	1.625%	2033	169,505
State Revolving Loan Fund, 2006, amount of issue - \$12,025,000	1.625%	2026	4,509,339
State Revolving Loan Fund, 2016, amount of issue - \$17,708,000	2.50%	2037	272,650
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$231,955	1.625%	2029	104,074
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$255,646	1.625%	2030	119,000
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$96,994	1.625%	2030	38,850
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$94,741	1.625%	2029	39,009
State Revolving Loan Fund, 2005, amount of issue - \$77,254	1.625%	2026	27,388
State Revolving Loan Fund, 2007, amount of issue - \$114,251	4.50% to 5.00%	2027	53,178
Drinking Water Revolving Loan Fund, 2009, amount of issue - \$6,645,000	2.50%	2029	3,395,000
South Huron Valley Utility Authority: Project 5386-01 2011, amount of issue - \$485,963	2.50%	2031	310,328
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
South Huron Valley Wastewater Control System Improvement Bonds, amount of issue - \$26,605,000	3.00% to 5.00%	2043	4,277,157
2020 bond premium			816,127
Total business-type activities			<u>\$ 15,349,436</u>

December 31, 2020

**Note 7 - Long-term Debt (Continued)**

Purpose	Interest Rates	Maturing	Outstanding
<b>Component Units</b>			
2015 LDFA Tax Increment Refunding Bonds, Series 2015, amount of original issue - \$12,190,000	2.10% to 5.00%	2031	\$ 8,645,000
2015 bond premium			551,433
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	3.00% to 4.00%	2032	1,775,000
2014 bond premium			7,552
Tax Increment Bonds - Series 2012, amount of issue - \$4,900,000	3.00% to 3.75%	2032	3,265,000
Tax Increment Bonds - Series 2018, amount of issue - \$1,970,000	3.00% to 3.63%	2038	1,820,000
2018 bond discount			(19,869)
Total component units			<u>\$ 22,633,772</u>

The Township has committed its full faith and credit for all debt outstanding for the Local Development Financing Authority. The LDFA has capital appreciation bonds issued in 2003 in the total principal amount of \$6,589,656. As of December 31, 2020, the LDFA had recorded \$10,288,133 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		
	Other Debt			Direct Borrowings and Direct Placements			Other Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 415,000	\$ 19,957	\$ 434,957	\$ 1,144,929	\$ 431,726	\$ 1,576,655	\$ 2,510,000	\$ 570,037	\$ 3,080,037
2022	425,000	10,413	435,413	1,163,035	407,557	1,570,592	2,710,000	451,162	3,161,162
2023	-	-	-	1,188,601	382,866	1,571,467	1,465,859	1,273,127	2,738,986
2024	-	-	-	1,279,467	357,192	1,636,659	1,575,231	1,569,157	3,144,388
2025	-	-	-	1,236,804	330,512	1,567,316	1,544,075	1,635,580	3,179,655
2026-2030	-	-	-	4,420,321	1,218,174	5,638,495	7,934,382	10,430,243	18,364,625
2031-2035	-	-	-	1,539,730	767,340	2,307,070	3,980,109	4,909,278	8,889,387
2036-2040	-	-	-	1,704,824	407,671	2,112,495	375,000	27,550	402,550
2041-2045	-	-	-	855,598	47,060	902,658	-	-	-
Total	<u>\$ 840,000</u>	<u>\$ 30,370</u>	<u>\$ 870,370</u>	<u>\$ 14,533,309</u>	<u>\$ 4,350,098</u>	<u>\$ 18,883,407</u>	<u>\$ 22,094,656</u>	<u>\$ 20,866,134</u>	<u>\$ 42,960,790</u>

**Revenue Pledged in Connection with Component Unit Debt**

The Downtown Development Authority has pledged a portion of future property tax revenue to repay \$3,265,000, \$1,775,000, and \$1,820,000 in Downtown Development Authority bonds issued in 2012, 2014, and 2018, respectively, to finance various capital improvements. The bonds are payable solely from the incremental property taxes captured by the Authority and are projected to produce 100 percent of debt service requirements over the life of the bonds. Principal and interest remaining on the bonds total \$8,778,886 payable through 2038. For the current year, principal and interest paid and total property tax captures were \$665,381 and \$1,938,633, respectively.

December 31, 2020

**Note 7 - Long-term Debt (Continued)**

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 \$34,181,904, payable through 2032. For the current year, the principal and interest paid and the total property tax captures were \$2,381,570 and \$605,185, respectively. In 2020, the Township advanced the Authority \$1,700,000 in relation to the debt guarantee. The advance plus \$7,510 of accrued interest is recorded as a long-term advance. Balance of long-term advance as of December 31, 2020 is \$2,411,382.

**Note 8 - Restricted Assets**

At December 31, 2020, restricted assets are composed of the following:

	Business-type Activities	Component Units
Assets held by Wayne County, Michigan	\$ 658,221	\$ -
Cash and cash equivalents	12,114,094	-
Debt service restrictions	-	1,435,288
Assets held by South Huron Valley Utility Authority	4,869,043	-
Total	<u>\$ 17,641,358</u>	<u>\$ 1,435,288</u>

Restricted assets in business-type activities 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 \$674,332 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, 2020**

**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:

	2020	2019
Claims incurred - Including changes in estimates	\$ 138,306	\$ 173,251
Claim payments	(138,306)	(173,251)
Unpaid claims - End of year	\$ -	\$ -

**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.mersofmich.com](http://www.mersofmich.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 11.30 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 17.51 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 3-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 6 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 3-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	14
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>47</u>
Total employees covered by the plan	<u><u>69</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 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.

The plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Patrol and Dispatch employees are required to contribute 8.23 percent of compensation, and command employees are required to contribute 12.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 12.00 percent of annual covered payroll for patrol and dispatch and 17.12 percent for command.

***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, 2020 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, 2019 measurement date. The December 31, 2019 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

December 31, 2020

**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
<b>Balance at December 31, 2018</b>	\$ 20,742,984	\$ 14,720,314	\$ 6,022,670
Changes for the year:			
Service cost	597,215	-	597,215
Interest	1,657,087	-	1,657,087
Changes in benefits	(128,183)	-	(128,183)
Differences between expected and actual experience	485,041	-	485,041
Changes in assumptions	726,787	-	726,787
Contributions - Employer	-	551,680	(551,680)
Contributions - Employee	-	381,866	(381,866)
Net investment income	-	2,037,144	(2,037,144)
Benefit payments, including refunds	(655,999)	(655,999)	-
Administrative expenses	-	(35,127)	35,127
Net changes	2,681,948	2,279,564	402,384
<b>Balance at December 31, 2019</b>	<u>\$ 23,424,932</u>	<u>\$ 16,999,878</u>	<u>\$ 6,425,054</u>

The plan's fiduciary net position represents 72.57 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, 2020, the Township recognized pension expense of \$1,042,485.

At December 31, 2020, 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	\$ 633,314	\$ (337,451)
Changes in assumptions	834,953	-
Net difference between projected and actual earnings on pension plan investments	51,840	-
Employer contributions to the plan subsequent to the measurement date	559,571	-
Total	<u>\$ 2,079,678</u>	<u>\$ (337,451)</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
2021	\$ 223,264
2022	305,072
2023	447,316
2024	(6,598)
2025	213,602

**Note 10 - Pension Plan (Continued)**

**Actuarial Assumptions**

The total pension liability in the December 31, 2019 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases of 3.00 percent (with merit increases totaling up to 11 percent), an investment rate of return (gross of investment expenses) of 7.60 percent (including inflation), and the RP-2014 mortality tables.

The actuarial assumptions used in the December 31, 2019 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 7.60 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 1, 2019 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	60.00 %	6.15 %
Global fixed income	20.00	1.26
Private investments	20.00	6.56

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Township, calculated using the discount rate of 7.60 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 Percentage Point Decrease (6.60%)	Current Discount Rate (7.60%)	1 Percentage Point Increase (8.60%)
Net pension liability of the Township	\$ 9,977,415	\$ 6,425,054	\$ 3,503,018

**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, 2020**

**Note 10 - Pension Plan (Continued)**

***Assumption Changes***

In the 2019 actuarial valuation, there was a change in the discount rate assumption from 8.00 percent to 7.60 percent, and the wage inflation was reduced from 3.75 percent to 3.00 percent

**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 8 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 \$557,000 during the current year, and employees contributed approximately \$258,000.

**Note 12 - Other Postemployment Benefit Plan**

***Plan Description***

The Township provides retiree health care 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
	December 31, 2020
Date of member count	
Inactive plan members or beneficiaries currently receiving benefits	30
Active plan members	103
	<hr/>
Total plan members	133
	<hr/> <hr/>



December 31, 2020

**Note 12 - Other Postemployment Benefit Plan (Continued)**

**Contributions**

Retiree health care 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 health care premiums of \$338,673, plus it contributed \$460,953 into a prefunded retiree health care fund, which is reported in these financial statements as the OPEB Trust Fund.

**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, 2020 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, 2020 measurement date. The December 31, 2020 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020.

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
<b>Balance at December 31, 2019</b>	\$ 23,056,674	\$ 4,507,114	\$ 18,549,560
Changes for the year:			
Service cost	627,514	-	627,514
Interest	1,507,303	-	1,507,303
Changes in benefits	(6,435,976)	-	(6,435,976)
Differences between expected and actual experience	(36,392)	-	(36,392)
Changes in assumptions	35,882	-	35,882
Contributions - Employer	-	799,626	(799,626)
Net investment income	-	536,461	(536,461)
Benefit payments, including refunds	(338,673)	(338,673)	-
Administrative expenses	-	(41,293)	41,293
<b>Net changes</b>	<b>(4,640,342)</b>	<b>956,121</b>	<b>(5,596,463)</b>
<b>Balance at December 31, 2020</b>	<b>\$ 18,416,332</b>	<b>\$ 5,463,235</b>	<b>\$ 12,953,097</b>

The plan's fiduciary net position represents 29.7 percent of the total OPEB liability.

Of the net OPEB liability, \$13,865,282 is recorded in the governmental activities, a net OPEB asset of \$552,685 is recorded in the business-type activities, and a net OPEB asset of \$359,500 is recorded in the component units.

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

For the year ended December 31, 2020, the Township recognized OPEB recovery of \$5,556,709.

December 31, 2020

**Note 12 - Other Postemployment Benefit Plan (Continued)**

At December 31, 2020, 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	\$ 81,266	\$ (1,262,639)
Changes in assumptions	29,554	(2,134,677)
Net difference between projected and actual earnings on OPEB plan investments	-	(296,206)
Total	<u>\$ 110,820</u>	<u>\$ (3,693,522)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending December 31	Amount
2021	\$ (994,486)
2022	(994,486)
2023	(1,056,483)
2024	(537,185)
2025	(62)
Total	<u>\$ (3,582,702)</u>

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 2 percent; an investment rate of return (net of investment expenses) of 6.47 percent; a health care cost trend rate of 8.25 percent for 2020, 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 6.47 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.

December 31, 2020

**Note 12 - Other Postemployment Benefit Plan (Continued)**

**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, 2020 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
Private assets	6.20
Diversifying strategies	2.75
Real estate	0.50

**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 6.47 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 Percentage Point Decrease (5.47%)	Current Discount Rate (6.47%)	1 Percentage Point Increase (7.47%)
Net OPEB liability of the Charter Township of Van Buren OPEB Plan	\$ 15,672,592	\$ 12,953,097	\$ 10,738,171

**Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate**

The following presents the net OPEB liability of the Township, calculated using the health care cost trend rate of 4.5 percent, as well as what the Township's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability of the Charter Township of Van Buren OPEB Plan	\$ 10,549,506	\$ 12,953,097	\$ 15,923,483

**Assumption Changes**

In 2020, the following assumptions were changed:

- The mortality improvement scale updated from MP-2018 to MP-2020.
- The trend rates updated from 8.5 percent to 8.25 percent.
- The discount rate increased from 6.41 percent to 6.47 percent.

December 31, 2020

**Note 12 - Other Postemployment Benefit Plan (Continued)**

***Benefit Changes***

In 2020, the Township instituted a Medicare Advantage Plan for post-65 retirees.

***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, 2020:

Asset Class	Target Allocation
Global equity	56.00 %
Global fixed income	31.00
Private assets	1.30
Diversifying strategies	6.60
Real estate	5.10
Total	100.00 %

***Rate of Return***

For the year ended December 31, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 10.46 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 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 \$1,125,408 toward the operation of the system. In addition, debt payments of \$495,199, 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 Utility Wastewater Authority***

The Township, along with 12 other communities, jointly participates in the Downriver Utility Wastewater Authority.

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 \$252,383 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.

December 31, 2020

**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 2020, the Township paid \$1,170,597 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 2020.

**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	\$ 7,714,043	\$ 7,714,043	\$ -	\$ 1,931,158
Special assessments - Unavailable	21,789	-	-	-
Grant revenue - Unavailable	221,812	-	-	-
Deferred inflows from pension	-	337,451	-	-
Deferred inflows from OPEB	-	2,757,382	773,312	162,828
<b>Total deferred inflows</b>	<b>\$ 7,957,644</b>	<b>\$ 10,808,876</b>	<b>\$ 773,312</b>	<b>\$ 2,093,986</b>

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	\$ 2,079,678	\$ -	\$ -
Bond refunding loss being amortized	9,962	-	246,078
Deferred outflows related to OPEB	23,656	85,182	1,982
<b>Total deferred outflows</b>	<b>\$ 2,113,296</b>	<b>\$ 85,182</b>	<b>\$ 248,060</b>

**Note 15 - Nonexchange Financial Guarantee**

In May 2003, the Township guaranteed the 30-year, \$25,789,656 2003 Local Development Financing Authority bonds, a portion of which was refinanced in 2006. The bonds mature annually through April 2032, with semiannual interest payments.

December 31, 2020

**Note 15 - Nonexchange Financial Guarantee (Continued)**

As a result of the tax captures being insufficient to cover annual debt service requirements in 2019, the Township began making payments on the LDFA bonds due to the LDFA being unable to make the payment. The Township has paid \$2,400,000 in principal and interest on the guarantee through December 31, 2020. 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, 2020 is as follows:

Beginning of Year	Increases	Decreases	End of Year
\$ 21,706,516	\$ 759,298	\$ (1,700,000)	\$ 20,765,814

The Township expects to recover the payments in future years and has recorded an advance to the LDFA in the amount of \$2,411,382, which includes interest.

**Note 16 - Fund Balance Constraints**

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

	General Fund	Long-term Debt Fund	Nonmajor Funds	Total
<b>Nonspendable:</b>				
Prepays	\$ 14,926	\$ -	\$ -	\$ 14,926
Long-term receivable	-	2,411,382	-	2,411,382
Total nonspendable	14,926	2,411,382	-	2,426,308
<b>Restricted:</b>				
Law enforcement	-	-	244,447	244,447
911 service	-	-	69,548	69,548
Grants	-	-	20,519	20,519
Museum	-	-	72,186	72,186
Total restricted	-	-	406,700	406,700
<b>Assigned:</b>				
Land and municipal facilities (Fire Station #1) - Debt service	840,000	-	-	840,000
Senior center bequest activities	22,080	-	-	22,080
Future obligations	-	14,092,464	-	14,092,464
French Landing Dam	183,274	-	-	183,274
Computer networking equipment	25,000	-	-	25,000
Sidewalk maintenance	25,000	-	-	25,000
Compensated absences	184,476	-	-	184,476
Fire department equipment replacement	160,007	-	-	160,007
Retiree health care	100,000	-	-	100,000
Capital projects	-	-	917,179	917,179
Total assigned	1,539,837	14,092,464	917,179	16,549,480
Unassigned	13,948,149	-	-	13,948,149
Total fund balance	<u>\$ 15,502,912</u>	<u>\$ 16,503,846</u>	<u>\$ 1,323,879</u>	<u>\$ 33,330,637</u>

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## Required Supplemental Information

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# Charter Township of Van Buren

## Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 856,500	\$ 873,000	\$ 881,906	\$ 8,906
Public safety tax revenue	6,150,000	6,170,000	6,176,896	6,896
State-shared revenue and grants	2,852,000	3,338,180	3,596,870	258,690
Charges for services	1,530,254	1,528,004	1,788,584	260,580
Fines and forfeitures	1,110,000	710,000	845,564	135,564
Licenses and permits	756,800	1,023,500	1,342,900	319,400
Interest income	200,000	150,000	117,501	(32,499)
Other revenue - Other miscellaneous income	1,000,367	847,792	889,763	41,971
<b>Total revenue</b>	<b>14,455,921</b>	<b>14,640,476</b>	<b>15,639,984</b>	<b>999,508</b>
<b>Expenditures</b>				
Current services:				
General government:				
Township board	363,923	419,180	474,163	(54,983)
Supervisor	368,797	373,770	366,987	6,783
Accounting	55,000	55,000	54,120	880
IT department	415,245	473,767	442,157	31,610
Treasurer	368,287	385,550	368,847	16,703
Assessing	232,942	235,955	227,188	8,767
General office	105,300	105,300	96,295	9,005
Clerk	423,026	431,201	408,044	23,157
Buildings and grounds	1,898,925	2,168,276	1,752,883	415,393
Attorney	240,000	200,000	87,695	112,305
Elections	239,500	213,854	241,699	(27,845)
Cemetery	79,650	54,650	21,352	33,298
Public safety:				
Police	6,362,845	6,369,345	6,418,613	(49,268)
Fire	2,157,367	2,157,367	2,109,992	47,375
Dispatch	847,458	847,458	887,748	(40,290)
Ordinance enforcement	245,076	245,076	208,703	36,373
Building inspections and related	908,816	971,052	984,804	(13,752)
Public works - Contracted services	274,500	274,500	276,111	(1,611)
Recreation and culture:				
Parks and recreation	335,189	280,476	198,609	81,867
Senior citizens	254,373	237,345	187,179	50,166
Cable	222,709	212,209	201,238	10,971
Recreation	483,127	493,944	304,040	189,904
Insurance	923,500	923,500	752,921	170,579
<b>Total expenditures</b>	<b>17,805,555</b>	<b>18,128,775</b>	<b>17,071,388</b>	<b>1,057,387</b>
<b>Excess of Expenditures Over Revenue</b>	<b>(3,349,634)</b>	<b>(3,488,299)</b>	<b>(1,431,404)</b>	<b>2,056,895</b>
<b>Other Financing Sources - Transfers in</b>	<b>2,460,000</b>	<b>2,460,000</b>	<b>2,460,000</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(889,634)</b>	<b>(1,028,299)</b>	<b>1,028,596</b>	<b>2,056,895</b>
<b>Fund Balance - Beginning of year</b>	<b>7,504,513</b>	<b>7,504,513</b>	<b>7,504,513</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 6,614,879</b>	<b>\$ 6,476,214</b>	<b>\$ 8,533,109</b>	<b>\$ 2,056,895</b>



# Charter Township of Van Buren

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

**Last Six Fiscal Years  
Years Ended December 31**

	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 597,215	\$ 555,957	\$ 546,860	\$ 536,987	\$ 497,889	\$ 469,564
Interest	1,657,087	1,522,908	1,427,164	1,343,274	1,231,296	1,133,771
Changes in benefit terms	(128,183)	(63,174)	(2,976)	75,757	(96,341)	-
Differences between expected and actual experience	485,041	272,526	(218,413)	(401,887)	91,872	-
Changes in assumptions	726,787	-	-	-	611,460	-
Benefit payments, including refunds	(655,999)	(607,244)	(513,482)	(507,411)	(471,790)	(398,961)
<b>Net Change in Total Pension Liability</b>	2,681,948	1,680,973	1,239,153	1,046,720	1,864,386	1,204,374
<b>Total Pension Liability - Beginning of year</b>	20,742,984	19,062,011	17,822,858	16,776,138	14,911,752	13,707,378
<b>Total Pension Liability - End of year</b>	<b>\$ 23,424,932</b>	<b>\$ 20,742,984</b>	<b>\$ 19,062,011</b>	<b>\$ 17,822,858</b>	<b>\$ 16,776,138</b>	<b>\$ 14,911,752</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 551,680	\$ 515,299	\$ 485,671	\$ 430,928	\$ 421,629	\$ 399,017
Contributions - Member	381,866	348,293	326,677	320,935	266,708	230,467
Net investment income (loss)	2,037,144	(612,430)	1,767,481	1,338,647	(178,860)	683,120
Administrative expenses	(35,127)	(29,843)	(27,903)	(26,391)	(25,736)	(25,213)
Benefit payments, including refunds	(655,999)	(607,244)	(513,482)	(507,411)	(471,790)	(398,961)
<b>Net Change in Plan Fiduciary Net Position</b>	2,279,564	(385,925)	2,038,444	1,556,708	11,951	888,430
<b>Plan Fiduciary Net Position - Beginning of year</b>	14,720,314	15,106,239	13,067,795	11,511,087	11,499,136	10,610,706
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 16,999,878</b>	<b>\$ 14,720,314</b>	<b>\$ 15,106,239</b>	<b>\$ 13,067,795</b>	<b>\$ 11,511,087</b>	<b>\$ 11,499,136</b>
<b>Township's Net Pension Liability - Ending</b>	<b>\$ 6,425,054</b>	<b>\$ 6,022,670</b>	<b>\$ 3,955,772</b>	<b>\$ 4,755,063</b>	<b>\$ 5,265,051</b>	<b>\$ 3,412,616</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	72.57 %	70.97 %	79.25 %	73.32 %	68.62 %	77.11 %
<b>Covered Payroll</b>	\$ 4,554,982	\$ 4,104,980	\$ 4,582,732	\$ 3,559,367	\$ 3,518,478	\$ 3,242,840
<b>Township's Net Pension Liability as a Percentage of Covered Payroll</b>	141.06 %	146.72 %	86.32 %	133.59 %	149.64 %	105.24 %

Required Supplemental Information  
Schedule of Pension Contributions

Last Ten Fiscal Years  
Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 559,571	\$ 551,680	\$ 515,299	\$ 485,671	\$ 430,928	\$ 421,629	\$ 399,017	\$ 396,365	\$ 386,849	\$ 424,156
Contributions in relation to the actuarially determined contribution	559,571	551,680	515,299	485,671	430,928	421,629	399,017	396,365	386,849	424,156
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 4,554,982</b>	<b>\$ 4,104,980</b>	<b>\$ 3,864,810</b>	<b>\$ 4,582,732</b>	<b>\$ 3,559,367</b>	<b>\$ 3,518,478</b>	<b>\$ 3,242,840</b>	<b>\$ 3,151,341</b>	<b>\$ 3,402,508</b>	<b>\$ 3,457,420</b>
<b>Contributions as a Percentage of Covered Payroll</b>	12.28 %	13.44 %	13.33 %	10.60 %	12.10 %	12.00 %	12.30 %	12.60 %	11.40 %	12.30 %

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 of percentage of payroll - Closed
Remaining amortization period	19 years
Asset valuation method	Five-year smoothed
Inflation	2.5 percent
Salary increase	3.00 to 14.00 percent
Investment rate of return	8 percent
Retirement age	Normal - 60 years of age or 55 years of age with 15 years 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

	<b>Last Four Fiscal Years Years Ended December 31</b>			
	2020	2019	2018	2017
<b>Total OPEB Liability</b>				
Service cost	\$ 627,514	\$ 764,702	\$ 604,372	\$ 646,037
Interest	1,507,303	1,588,343	1,427,456	1,308,005
Changes in benefit terms	(6,435,976)	-	(816,799)	-
Differences between expected and actual experience	(36,392)	(88,912)	(2,101,999)	-
Changes in assumptions	35,882	(2,538,163)	(901,413)	470,002
Benefit payments, including refunds	(338,673)	(382,350)	(365,065)	(353,664)
<b>Net Change in Total OPEB Liability</b>	(4,640,342)	(656,380)	(2,153,448)	2,070,380
<b>Total OPEB Liability - Beginning of year</b>	23,056,674	23,713,054	25,866,502	23,796,122
<b>Total OPEB Liability - End of year</b>	<b>\$ 18,416,332</b>	<b>\$ 23,056,674</b>	<b>\$ 23,713,054</b>	<b>\$ 25,866,502</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 799,626	\$ 1,032,794	\$ 889,335	\$ 929,253
Net investment income (loss)	536,461	622,211	(138,213)	346,843
Administrative expenses	(41,293)	(37,111)	(32,059)	-
Benefit payments, including refunds	(338,673)	(382,350)	(365,065)	(353,664)
Other	-	(97)	803	(23,519)
<b>Net Change in Plan Fiduciary Net Position</b>	956,121	1,235,447	354,801	898,913
<b>Plan Fiduciary Net Position - Beginning of year</b>	4,507,114	3,271,667	2,916,866	2,017,953
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 5,463,235</b>	<b>\$ 4,507,114</b>	<b>\$ 3,271,667</b>	<b>\$ 2,916,866</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 12,953,097</b>	<b>\$ 18,549,560</b>	<b>\$ 20,441,387</b>	<b>\$ 22,949,636</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	29.67 %	19.55 %	13.80 %	11.28 %
<b>Covered Payroll</b>	\$ 8,850,329	\$ 8,446,018	\$ 6,473,315	\$ -
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	146.36 %	219.62 %	315.78 %	- %



**Charter Township of Van Buren**

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

**Last Four Fiscal Years  
Years Ended December 31**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	10.46 %	15.89 %	(5.15)%	14.10 %

# Charter Township of Van Buren

## Notes to Required Supplemental Information

December 31, 2020

### ***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, 2020 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 schedule 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	\$ 20,560,860	\$ 16,843,170	\$ (1,750,000)
Resources received from other funds reported as a reduction in expenditures	525,667	685,667	160,000
Less Landfill Fund	<u>(5,446,543)</u>	<u>(457,449)</u>	<u>4,050,000</u>
Amounts per budget statement	<u>\$ 15,639,984</u>	<u>\$ 17,071,388</u>	<u>\$ 2,460,000</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Legislative (Council)	\$ 419,180	\$ 474,163	\$ (54,983)
Elections	213,854	241,699	(27,845)
Police	6,369,345	6,418,613	(49,268)
Dispatch	847,458	887,748	(40,290)
Building inspections and related	971,052	984,804	(13,752)
Public works - Contracted services	274,500	276,111	(1,611)

### ***Pension Information***

#### **Changes in Assumptions**

In the 2019 actuarial valuation, the discount rate was reduced from 8.00 percent to 7.60 percent, and the wage inflation was reduced from 3.75 percent to 3.00 percent.

In 2015, mortality tables were updated, and the discount rate decreased.

#### ***OPEB Information***

#### **Benefit Changes**

In 2020, the Township instituted a Medicare Advantage Plan, which decreased insurance rates for retirees.

In 2018, benefit changes were mainly due to increased contractual employee contributions.

**Changes in Assumptions**

In 2020, the following assumptions were changed:

- The mortality improvement scale updated from MP-2018 to MP-2020.
- The trend rates updated from 8.5 percent to 8.25 percent.
- The discount rate increased from 6.41 percent to 6.47 percent.

In 2019, the following assumptions were changed:

- The discount rate was lowered from 6.54 to 6.41.
- The 0.5 percent addition to the medical inflation rate for the high-cost plan excise tax was eliminated.

In 2018, mortality tables were updated, and there were discount rate changes. In 2017, the discount rate assumption changed.

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## Other Supplemental Information

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**Charter Township of Van Buren**

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

**December 31, 2020**

	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	
<b>Assets</b>							
Cash and cash equivalents	\$ 40,469	\$ 13,361	\$ 231,252	\$ 69,548	\$ 73,485	\$ 917,179	\$ 1,345,294
Receivables	31,457	-	-	-	138	-	31,595
<b>Total assets</b>	<b>\$ 71,926</b>	<b>\$ 13,361</b>	<b>\$ 231,252</b>	<b>\$ 69,548</b>	<b>\$ 73,623</b>	<b>\$ 917,179</b>	<b>\$ 1,376,889</b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ 166	\$ -	\$ 1,437	\$ -	\$ 1,603
Due to other funds	14,978	-	-	-	-	-	14,978
Accrued liabilities and other	4,972	-	-	-	-	-	4,972
<b>Total liabilities</b>	19,950	-	166	-	1,437	-	21,553
<b>Deferred Inflows of Resources - Unavailable revenue</b>	31,457	-	-	-	-	-	31,457
<b>Fund Balances</b>							
Restricted:							
Law enforcement	-	13,361	231,086	-	-	-	244,447
911 service	-	-	-	69,548	-	-	69,548
Grants	20,519	-	-	-	-	-	20,519
Museum	-	-	-	-	72,186	-	72,186
Assigned	-	-	-	-	-	917,179	917,179
<b>Total fund balances</b>	20,519	13,361	231,086	69,548	72,186	917,179	1,323,879
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 71,926</b>	<b>\$ 13,361</b>	<b>\$ 231,252</b>	<b>\$ 69,548</b>	<b>\$ 73,623</b>	<b>\$ 917,179</b>	<b>\$ 1,376,889</b>

# Charter Township of Van Buren

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

**Year Ended December 31, 2020**

	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	
<b>Revenue</b>							
Intergovernmental:							
Federal grants	\$ 89,805	\$ -	\$ 4,500	\$ -	\$ -	\$ -	\$ 94,305
State-shared revenue and grants	-	-	136,450	-	-	-	136,450
Local grants and contributions	-	-	-	-	-	385,000	385,000
Interest income	158	62	778	163	482	3,507	5,150
Other revenue:							
Contributions and donations	-	-	-	-	84,960	-	84,960
Other miscellaneous income	-	-	-	117,991	-	-	117,991
Total revenue	89,963	62	141,728	118,154	85,442	388,507	823,856
<b>Expenditures</b>							
Current services:							
General government	-	-	-	-	-	343	343
Public safety	-	6,485	52,775	160,022	-	-	219,282
Community and economic development	19,997	-	-	-	-	-	19,997
Recreation and culture	-	-	-	-	55,670	-	55,670
Total expenditures	19,997	6,485	52,775	160,022	55,670	343	295,292
<b>Net Change in Fund Balances</b>	69,966	(6,423)	88,953	(41,868)	29,772	388,164	528,564
<b>Fund Balances (Deficit) - Beginning of year</b>	(49,447)	19,784	142,133	111,416	42,414	529,015	795,315
<b>Fund Balances - End of year</b>	<b>\$ 20,519</b>	<b>\$ 13,361</b>	<b>\$ 231,086</b>	<b>\$ 69,548</b>	<b>\$ 72,186</b>	<b>\$ 917,179</b>	<b>\$ 1,323,879</b>