
Charter Township of Van Buren

**Financial Report
with Supplemental Information
December 31, 2022**

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Van Buren

Opinions

We have audited the 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, 2022 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.

In our opinion, the accompanying 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, 2022 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Trustees
Charter Township of Van Buren

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Van Buren's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
Charter Township of Van Buren

Report on Summarized Comparative Information

We have previously audited the Charter Township of Van Buren's December 31, 2021 financial statements, and we expressed an unmodified opinion on the respective 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 in our report dated June 7, 2022. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Plante & Moran, PLLC

May 9, 2023

Overview of the Financial Statements

The Charter Township of Van Buren's (the "Township") 2022 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 combining 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") and the Local Development Financing Authority (the "LDFA"), both 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 holds moneys 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 approximately \$102 million. This is an increase of approximately \$5.6 million in comparison to 2021. In 2016, the Township conformed to the requirements of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This is the seventh 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. For 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 approximately \$74.1 million, and governmental activities comprise approximately \$27.9 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	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets:						
Cash and investments	\$ 37,986,347	\$ 37,459,759	\$ 16,946,318	\$ 15,914,484	\$ 54,932,665	\$ 53,374,243
Receivables	15,243,088	11,497,222	2,554,542	2,646,992	17,797,630	14,144,214
Other assets	1,221,927	606,207	12,948,353	16,045,436	14,170,280	16,651,643
Capital assets	28,898,438	24,514,316	58,328,962	57,035,963	87,227,400	81,550,279
Total assets	83,349,800	74,077,504	90,778,175	91,642,875	174,127,975	165,720,379
Deferred Outflows of Resources	4,197,764	3,584,610	460,536	204,293	4,658,300	3,788,903
Liabilities						
Current liabilities	7,571,994	2,815,782	2,569,211	2,071,335	10,141,205	4,887,117
Noncurrent liabilities:						
Due within one year:						
Compensated absences	269,728	195,959	27,511	27,225	297,239	223,184
Current portion of long-term debt	-	425,000	1,235,093	1,202,507	1,235,093	1,627,507
Due in more than one year	35,204,920	40,825,700	12,048,449	13,294,800	47,253,369	54,120,500
Total liabilities	43,046,642	44,262,441	15,880,264	16,595,867	58,926,906	60,858,308
Deferred Inflows of Resources	16,648,695	11,667,214	1,278,386	691,793	17,927,081	12,359,007
Net Position						
Net investment in capital assets	28,898,438	24,093,586	45,045,420	42,538,656	73,943,858	66,632,242
Restricted	811,944	511,807	11,373,291	15,269,992	12,185,235	15,781,799
Unrestricted	(1,858,155)	(2,872,934)	17,661,350	16,750,860	15,803,195	13,877,926
Total net position	<u>\$ 27,852,227</u>	<u>\$ 21,732,459</u>	<u>\$ 74,080,061</u>	<u>\$ 74,559,508</u>	<u>\$ 101,932,288</u>	<u>\$ 96,291,967</u>

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 \$1 million for the governmental activities from 2021.

The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue						
Program revenue:						
Charges for services	\$ 2,798,715	\$ 3,318,417	\$ 9,971,395	\$ 10,270,350	\$ 12,770,110	\$ 13,588,767
Operating grants	1,066,539	515,126	-	-	1,066,539	515,126
Capital grants	1,378,899	205,853	1,993,312	-	3,372,211	205,853
General revenue:						
Property taxes	8,107,563	7,851,335	1,117	(1,696)	8,108,680	7,849,639
State-shared revenue	3,898,477	3,380,892	-	-	3,898,477	3,380,892
Investment (loss) earnings	(976,754)	188,419	(1,103,877)	149,247	(2,080,631)	337,666
Other revenue:						
Other miscellaneous revenue	349,148	358,023	-	-	349,148	358,023
Landfill royalties	7,991,052	7,346,458	-	-	7,991,052	7,346,458
Total revenue	24,613,639	23,164,523	10,861,947	10,417,901	35,475,586	33,582,424
Expenses						
General government	4,243,376	2,051,937	-	-	4,243,376	2,051,937
Public safety	12,496,975	11,868,401	-	-	12,496,975	11,868,401
Public works	293,425	294,543	-	-	293,425	294,543
Community and economic development	637,198	524,382	-	-	637,198	524,382
Recreation and culture	808,214	1,170,446	-	-	808,214	1,170,446
Interest on long-term debt	14,683	25,650	-	-	14,683	25,650
Business-type activities	-	-	11,341,394	11,553,905	11,341,394	11,553,905
Total expenses	18,493,871	15,935,359	11,341,394	11,553,905	29,835,265	27,489,264
Change in Net Position	\$ 6,119,768	\$ 7,229,164	\$ (479,447)	\$ (1,136,004)	\$ 5,640,321	\$ 6,093,160

Governmental Activities

Revenue for governmental activities totaled approximately \$24.6 million in 2022. Charges for services, such as court fines, building licenses and permits, and recreation fees, accounted for approximately \$2.8 million in revenue, a decrease of approximately \$520,000 from the 2021 figure. A total of approximately \$8.1 million was received in the form of property tax collections, up approximately \$260,000 from 2021. Additionally, there was an increase in landfill royalties of approximately \$645,000 due to the return to pre-pandemic levels. State-shared revenue increased by approximately \$518,000.

Program expenses for 2022 governmental activities generally increased due to an increase 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 approximately \$10.9 million, while expenses were approximately \$11.3 million, with revenue increasing and expenses decreasing over the 2021 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 decreased its fund balance by approximately \$3.2 million as of December 31, 2022, bringing the fund balance total to approximately \$15.1 million. 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 obligations. 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.

Amended budgeted revenue exceeded the actual by \$9,505,048.

In nearly all categories, actual expenditures were under budget, contributing to the positive net variance. Expenditures exceeded the amended budget in only one category.

The General Fund budget is amended throughout the year as deemed necessary. Overall, the difference between the General Fund's 2022 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 2022, the Township had approximately \$87.2 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 \$13.3 million is recorded as a liability in the business-type activities in the statement of net position.

Economic Factors and Next Year's Budgets and Rates

The Township's 2022 equalized valuation totaled \$1,587,292,335, which represents an increase of approximately 6.33 percent from 2021. The 2022 taxable value is \$1,264,253,935, which represents an increase of 6.30 percent from 2021.

The Township's previous credit rating of A+ from Standard & Poor's was significantly upgraded to a AA rating. This rating is considered very strong and is favorable in the marketplace for bonding and interest rate purposes. Many factors contributed to the Township's ability to upgrade to the AA credit rating, according to Standard & Poor's RatingsDirect® Summary dated on January 23, 2023. Rationale provided for the rating included the following assessments: strong budgetary performance, very strong liquidity, very strong budgetary flexibility, and strong institutional framework score. The Township also has additional levying capacity, as it can levy up to 5 mills for general operations and 3 mills for road maintenance.

Landfill tipping fees continue to be a heavily relied-upon source of revenue by which the Township funds routine municipal services. In 2022, the \$41.4 million of General Fund (amended) budget expenditures was financed with a transfer of approximately \$2 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 30 additional years. Township residents will continue to receive free curbside collection and disposal services (household waste, yard waste, and recyclables) in the manner currently being provided until a tentative date of June 2023. Upon reaching this date, the only free services being offered will be solid waste and yard waste disposal services. Township residents shall be responsible for the cost of curbside collection services (household waste, yard waste, and recyclables). Additionally, Waste Management, Inc. will provide grant and capital improvement funds to the Township totaling \$640,000 annually.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The 2022 property tax revenue resulted from the 2021 millage rate of 7.2674 mills, composed of 0.8961 for general operating and 6.3713 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, 2030.

The Township will continue to monitor the financial impact of the COVID-19 pandemic on the 2023 fiscal year and also future budget years. There will undoubtedly be some effects. 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. Should you have further questions, please contact the supervisor's office.

Charter Township of Van Buren

Statement of Net Position

December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 4)	\$ 37,986,347	\$ 16,946,318	\$ 54,932,665	\$ 6,946,247
Receivables:				
Property taxes receivable	5,124,781	-	5,124,781	-
Special assessments receivable	2,686	-	2,686	-
Receivables from sales to customers on account	-	2,513,307	2,513,307	-
Other receivables	3,067,202	42,089	3,109,291	5,243
Due from other governments	772,506	-	772,506	-
Advance to component unit (Note 6)	6,275,059	-	6,275,059	-
Internal balances	854	(854)	-	-
Prepaid items	390,994	46,921	437,915	3,619
Restricted assets (Note 8)	-	11,373,291	11,373,291	1,316,513
Net OPEB asset (Note 12)	-	1,268,173	1,268,173	467,539
Capital assets: (Note 5)				
Assets not subject to depreciation	10,934,520	4,156,270	15,090,790	426,262
Assets subject to depreciation - Net	17,963,918	54,172,692	72,136,610	3,154,729
Long-term receivable - Opioid settlement	194,460	-	194,460	-
Deposits	636,473	259,968	896,441	-
Total assets	83,349,800	90,778,175	174,127,975	12,320,152
Deferred Outflows of Resources (Note 14)				
Deferred charges on bond refunding	-	-	-	196,862
Deferred pension costs	3,312,576	-	3,312,576	-
Deferred OPEB costs	885,188	460,536	1,345,724	68,847
Total deferred outflows of resources	4,197,764	460,536	4,658,300	265,709
Liabilities				
Accounts payable	1,667,160	1,356,518	3,023,678	147,084
Refundable deposits, bonds, etc.	2,417,625	1,035,155	3,452,780	-
Accrued liabilities and other	503,110	177,538	680,648	94,593
Unearned revenue	2,984,099	-	2,984,099	-
Noncurrent liabilities: (Note 7)				
Due within one year:				
Compensated absences	269,728	27,511	297,239	7,510
Current portion of long-term debt	-	1,235,093	1,235,093	1,516,655
Due in more than one year:				
Accrued interest - Capital appreciation bonds	-	-	-	11,498,506
Advance from primary government	-	-	-	6,275,059
Net pension liability (Note 10)	5,960,135	-	5,960,135	-
Net OPEB liability (Note 12)	10,877,113	-	10,877,113	-
Long-term debt - Net of current portion (Note 7)	-	12,048,449	12,048,449	15,795,525
Nonexchange financial guarantee (Note 15)	18,367,672	-	18,367,672	-
Total liabilities	43,046,642	15,880,264	58,926,906	35,334,932
Deferred Inflows of Resources (Note 14)				
Property taxes levied for the following year	8,484,171	-	8,484,171	1,931,850
Deferred pension cost reductions	2,274,130	-	2,274,130	-
Deferred OPEB cost reductions	5,890,394	1,278,386	7,168,780	217,811
Total deferred inflows of resources	16,648,695	1,278,386	17,927,081	2,149,661
Net Position (Deficit)				
Net investment in capital assets	28,898,438	45,045,420	73,943,858	1,938,600
Restricted:				
Museum	81,291	-	81,291	-
Law enforcement	257,241	-	257,241	-
Debt service	-	-	-	612,909
911 service	132,125	-	132,125	-
Community Development Block Grant	69,292	-	69,292	-
PEG fees	43,124	-	43,124	-
Tax levy - Debt/Capital	-	11,373,291	11,373,291	-
Opioid settlement	228,871	-	228,871	-
Unrestricted	(1,858,155)	17,661,350	15,803,195	(27,450,241)
Total net position (deficit)	\$ 27,852,227	\$ 74,080,061	\$ 101,932,288	\$ (24,898,732)

Charter Township of Van Buren

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,243,376	\$ 57,694	\$ 838,565	\$ 713,698
Public safety	12,496,975	1,718,869	161,122	40,000
Public works	293,425	776,538	-	625,201
Community and economic development	637,198	80,227	-	-
Recreation and culture	808,214	165,387	66,852	-
Interest on long-term debt	14,683	-	-	-
Total governmental activities	18,493,871	2,798,715	1,066,539	1,378,899
Business-type activities	11,341,394	9,971,395	-	1,993,312
Total primary government	\$ 29,835,265	\$ 12,770,110	\$ 1,066,539	\$ 3,372,211
Component units:				
Downtown Development Authority	\$ 887,940	\$ -	\$ -	\$ -
Local Development Financing Authority	1,474,528	-	103,119	-
Total component units	\$ 2,362,468	\$ -	\$ 103,119	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment loss				
Other miscellaneous income				
Gain on sale of capital assets				
Landfill royalties				
Total general revenue				
Change in Net Position				
Net Position (Deficit) - Beginning of year				
Net Position (Deficit) - End of year				

Statement of Activities

Year Ended December 31, 2022

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,633,419)	\$ -	\$ (2,633,419)	\$ -
(10,576,984)	-	(10,576,984)	-
1,108,314	-	1,108,314	-
(556,971)	-	(556,971)	-
(575,975)	-	(575,975)	-
(14,683)	-	(14,683)	-
(13,249,718)	-	(13,249,718)	-
-	623,313	623,313	-
(13,249,718)	623,313	(12,626,405)	-
-	-	-	(887,940)
-	-	-	(1,371,409)
-	-	-	(2,259,349)
8,107,563	1,117	8,108,680	2,757,609
3,898,477	-	3,898,477	-
(976,754)	(1,103,877)	(2,080,631)	(104,251)
349,148	-	349,148	-
-	-	-	115,000
7,991,052	-	7,991,052	-
19,369,486	(1,102,760)	18,266,726	2,768,358
6,119,768	(479,447)	5,640,321	509,009
21,732,459	74,559,508	96,291,967	(25,407,741)
\$ 27,852,227	\$ 74,080,061	\$ 101,932,288	\$ (24,898,732)

Charter Township of Van Buren

Governmental Funds Balance Sheet

December 31, 2022

	General Fund	Long-term Debt Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 4)	\$ 22,581,138	\$ 13,179,489	\$ 2,225,720	\$ 37,986,347
Receivables:				
Property taxes receivable	5,124,781	-	-	5,124,781
Special assessments receivable	2,686	-	-	2,686
Other receivables	3,005,178	34,595	27,429	3,067,202
Due from other governments	766,809	-	5,697	772,506
Advance to component unit	-	6,275,059	-	6,275,059
Due from other funds (Note 6)	854	-	-	854
Prepaid items	390,994	-	-	390,994
Long-term receivable - Opioid settlement	194,460	-	-	194,460
	\$ 32,066,900	\$ 19,489,143	\$ 2,258,846	\$ 53,814,889
Total assets				
Liabilities				
Accounts payable	\$ 1,664,107	\$ -	\$ 3,053	\$ 1,667,160
Refundable deposits, bonds, etc.	2,417,625	-	-	2,417,625
Accrued liabilities and other	372,657	-	4,981	377,638
Unearned revenue	2,984,099	-	-	2,984,099
	7,438,488	-	8,034	7,446,522
Total liabilities				
Deferred Inflows of Resources				
Unavailable revenue (Note 14)	1,062,267	-	5,697	1,067,964
Property taxes levied for the following year (Note 14)	8,484,171	-	-	8,484,171
	9,546,438	-	5,697	9,552,135
Total deferred inflows of resources				
Fund Balances				
Nonspendable - Prepaids	390,994	-	-	390,994
Restricted:				
Law enforcement	-	-	257,241	257,241
911 service	-	-	132,125	132,125
Grants	-	-	63,595	63,595
Museum	-	-	81,291	81,291
PEG fees	43,124	-	-	43,124
Opioid settlement	34,411	-	-	34,411
Assigned (Note 16)	760,108	19,489,143	1,710,863	21,960,114
Unassigned	13,853,337	-	-	13,853,337
	15,081,974	19,489,143	2,245,115	36,816,232
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	\$ 32,066,900	\$ 19,489,143	\$ 2,258,846	\$ 53,814,889

Charter Township of Van Buren

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

December 31, 2022

Fund Balances Reported in Governmental Funds	\$ 36,816,232
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	28,898,438
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	1,067,964
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	1,038,446
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	(5,005,206)
IBNR are not due and payable in the current period and are not reported in the funds	(125,472)
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	(269,728)
Pension benefits	(5,960,135)
Retiree health care benefits	(10,877,113)
Deposit with self-insurance providers in governmental activities is reported as an expense in the governmental funds when paid	636,473
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	(18,367,672)
Net Position of Governmental Activities	<u>\$ 27,852,227</u>

Charter Township of Van Buren

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2022

	General Fund	Long-term Debt Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 7,546,202	\$ -	\$ -	\$ 7,546,202
Special assessments	195,096	-	-	195,096
Intergovernmental:				
State-shared revenue and grants:				
State-shared revenue	3,695,279	-	-	3,695,279
Local Community Stabilization Authority	203,198	-	-	203,198
Other state grants	-	-	40,000	40,000
Local grants and contributions	975,663	-	385,000	1,360,663
Charges for services	1,696,749	-	-	1,696,749
Fines and forfeitures	595,298	-	-	595,298
Licenses and permits	1,378,580	-	-	1,378,580
Investment (loss) income	(399,035)	(607,914)	30,195	(976,754)
Other revenue:				
Contributions and donations	-	-	66,868	66,868
Other miscellaneous income	103,561	-	161,122	264,683
Landfill royalties	7,064,068	-	-	7,064,068
Total revenue	23,054,659	(607,914)	683,185	23,129,930
Expenditures				
Current services:				
General government	4,985,199	2,417	934	4,988,550
Public safety:				
Police/Sheriff	7,182,227	-	-	7,182,227
Fire	2,722,201	-	-	2,722,201
Dispatch	1,493,164	-	-	1,493,164
Ordinance	236,833	-	177,678	414,511
Building inspections and related	1,119,809	-	-	1,119,809
Public works	293,425	-	-	293,425
Community and economic development -				
Planning	283,630	-	-	283,630
Recreation and culture	5,033,148	-	39,594	5,072,742
Insurance	719,358	-	-	719,358
Debt service:				
Principal	425,000	-	-	425,000
Interest on long-term debt	10,413	-	-	10,413
Total expenditures	24,504,407	2,417	218,206	24,725,030
Other Financing Sources (Uses)				
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	-	-
Net Change in Fund Balances	(3,199,748)	1,139,669	464,979	(1,595,100)
Fund Balances - Beginning of year	18,281,722	18,349,474	1,780,136	38,411,332
Fund Balances - End of year	<u>\$ 15,081,974</u>	<u>\$ 19,489,143</u>	<u>\$ 2,245,115</u>	<u>\$ 36,816,232</u>

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, 2022

Net Change in Fund Balances Reported in Governmental Funds	\$ (1,595,100)
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	(21,816)
Capital outlay and contributed capital	6,175,364
Depreciation expense	<u>(1,769,426)</u>
Total	4,384,122
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	907,109
Amortization of bond premium is recognized in the statement of activities and not in the governmental funds	(4,270)
The change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(73,769)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	425,000
Interest expense is recognized in the government-wide statements as it accrues	2,603
Change in net pension liability and related deferrals are recorded when incurred in the statement of activities	(111,651)
Change in net OPEB liability and related deferrals are recorded when incurred in the statement of activities	973,449
Change in liability related to the nonexchange financial guarantee is recognized in the statement of activities and not in the governmental funds	916,921
Changes in net deposits with MMRMA are not recorded as expenses in the statement of activities	<u>295,354</u>
Change in Net Position of Governmental Activities	<u><u>\$ 6,119,768</u></u>

Charter Township of Van Buren

Proprietary Fund Statement of Net Position

December 31, 2022
(with comparative information for December 31, 2021)

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 16,946,318	\$ 15,914,484
Receivables:		
Special assessments receivable	-	25
Receivables from sales to customers on account	2,513,307	2,615,516
Other receivables	42,089	38,639
Prepaid items	46,921	47,349
Total current assets	19,548,635	18,616,013
Noncurrent assets:		
Restricted assets	11,373,291	15,269,992
Net OPEB asset	1,268,173	575,531
Capital assets: (Note 5)		
Assets not subject to depreciation	4,156,270	2,155,055
Assets subject to depreciation - Net	54,172,692	54,880,908
Deposits	259,968	152,564
Total noncurrent assets	71,230,394	73,034,050
Total assets	90,779,029	91,650,063
Deferred Outflows of Resources - Deferred OPEB costs	460,536	204,293
Liabilities		
Current liabilities:		
Accounts payable	1,356,518	864,510
Due to other funds	854	7,188
Refundable deposits, bonds, etc.	1,035,155	1,017,276
Accrued liabilities and other	177,538	189,549
Compensated absences (Note 7)	27,511	27,225
Current portion of long-term debt (Note 7)	1,235,093	1,202,507
Total current liabilities	3,832,669	3,308,255
Noncurrent liabilities - Long-term debt - Net of current portion (Note 7)	12,048,449	13,294,800
Deferred Inflows of Resources - Deferred OPEB cost reductions	1,278,386	691,793
Net Position		
Net investment in capital assets	45,045,420	42,538,656
Restricted - Tax levy - Debt/Capital (Note 8)	11,373,291	15,269,992
Unrestricted	17,661,350	16,750,860
Total net position	\$ 74,080,061	\$ 74,559,508

Charter Township of Van Buren

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

Year Ended December 31, 2022
(with comparative information for the year ended December 31, 2021)

	2022	2021
Operating Revenue		
Sale of water	\$ 3,880,776	\$ 3,782,171
Sewage disposal charges	3,746,039	3,748,196
Water and sewer service charge	2,007,380	2,513,291
Customer penalties	156,358	29,362
Other revenue	180,842	197,330
Total operating revenue	9,971,395	10,270,350
Operating Expenses		
Water purchases	3,812,047	3,763,265
Sewage disposal charges	2,742,021	2,623,917
Maintenance	109,331	202,068
Supplies and materials	47,155	49,441
Other operating and maintenance costs	255,486	212,475
Administration fees	625,668	625,667
Insurance	44,709	93,572
Payroll taxes and fringe benefits	169,733	230,639
Salaries and wages	850,848	819,894
Professional services	368,719	486,166
Depreciation and amortization	1,996,463	2,104,310
Total operating expenses	11,022,180	11,211,414
Operating Loss	(1,050,785)	(941,064)
Nonoperating Revenue (Expense)		
Property taxes	1,117	(1,696)
Investment (loss) income	(1,103,877)	149,247
Interest expense	(319,214)	(342,491)
Total nonoperating expense	(1,421,974)	(194,940)
Loss - Before capital contributions	(2,472,759)	(1,136,004)
Capital Contributions - Tap-in fees	1,993,312	-
Change in Net Position	(479,447)	(1,136,004)
Net Position - Beginning of year	74,559,508	75,695,512
Net Position - End of year	\$ 74,080,061	\$ 74,559,508

Charter Township of Van Buren

Proprietary Fund Statement of Cash Flows

Year Ended December 31, 2022
(with comparative information for the year ended December 31, 2021)

	2022	2021
Cash Flows from Operating Activities		
Receipts from customers	\$ 9,896,474	\$ 10,215,102
Payments to suppliers	(7,567,750)	(7,840,426)
Payments to employees and fringes	(1,429,073)	(1,338,627)
Other receipts	167,346	196,977
	1,066,997	1,233,026
Net cash and cash equivalents provided by operating activities		
Cash Flows from Capital and Related Financing Activities		
Special assessment collections	1,993,337	(11)
Proceeds (chargebacks) from property tax levy	1,117	(1,696)
Purchase of capital assets	(919,313)	(1,653,622)
Principal and interest paid on capital debt	(1,532,979)	(1,514,135)
Amount paid to Wayne County, Michigan for debt retirement	-	(45,128)
	(457,838)	(3,214,592)
Net cash and cash equivalents used in capital and related financing activities		
Cash Flows Provided by Investing Activities - Interest received on investments	290,557	149,247
Net Increase (Decrease) in Cash and Cash Equivalents	899,716	(1,832,319)
Cash and Cash Equivalents - Beginning of year	26,498,651	28,330,970
Cash and Cash Equivalents - End of year	\$ 27,398,367	\$ 26,498,651
Statement of Net Position Classification of Cash and Cash Equivalents		
Cash and investments	\$ 16,946,318	\$ 15,914,484
Restricted investments	9,057,615	10,584,167
Fair market value adjustment for unrealized losses	1,394,434	-
	\$ 27,398,367	\$ 26,498,651
Total cash and cash equivalents		
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	\$ (1,050,785)	\$ (941,064)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:		
Depreciation and amortization	1,996,463	2,104,310
Changes in assets and liabilities:		
Receivables	98,759	137,461
Prepaid and other assets	428	(39,622)
Net pension or OPEB liability	(354,834)	(223,476)
Accounts payable	383,300	190,313
Accrued and other liabilities	-	836
Interfund liabilities	(6,334)	4,268
	2,117,782	2,174,090
Total adjustments		
Net cash and cash equivalents provided by operating activities	\$ 1,066,997	\$ 1,233,026

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 in the amount of \$693,470 and \$703,737 as of December 31, 2022 and 2021, respectively. During the year ended December 31, 2021, \$7,330 was expended for principal and interest payments to pay off the remaining outstanding balance of the related SRF debt. During the year ended December 31, 2021, the Township recorded its share of debt for utility improvements in the amount of \$319,515. There was \$9,229 of payments made on this debt during 2022. At December 31, 2022, there was \$1,394,434 of unrealized loss on investments.

The Township also has assets held at South Huron Valley Utility Authority for the purpose of financing water and sewer lines. The Township recorded its share of construction in progress in the amount of \$2,359,882 and \$886,955 during 2022 and 2021, respectively. Additionally, the Township recorded cash held by South Huron Valley Utility Authority in the amount of \$1,622,206 and \$3,982,088 as of December 31, 2022 and 2021, respectively.

Charter Township of Van Buren

**Fiduciary Funds
Statement of Fiduciary Net Position**

December 31, 2022

	OPEB Trust Fund	Custodial Fund - Tax Collections
Assets		
Cash and cash equivalents	\$ 164,499	\$ 582,484
Interest in pooled investments	5,332,637	-
Receivables - Property taxes levied for the following period	-	7,249,723
Total assets	5,497,136	7,832,207
Liabilities - Due to other government units	-	582,485
Deferred Inflows of Resources - Property taxes levied for the following period	-	7,249,722
Total liabilities and deferred inflows of resources	-	7,832,207
Net Position - Restricted for postemployment benefits other than pension	\$ 5,497,136	\$ -

Charter Township of Van Buren

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

Year Ended December 31, 2022

	OPEB Trust Fund	Custodial Fund - Tax Collections
Additions		
Investment income (expense):		
Interest and dividends	\$ 153,938	\$ -
Net decrease in fair value of investments	(871,685)	-
Investment costs	(53,137)	-
Net investment expense	(770,884)	-
Contributions - Employer	651,389	-
Property tax collections	-	43,295,096
Total additions	(119,495)	43,295,096
Deductions		
Benefit payments	526,389	-
Tax distributions to other governments	-	43,295,096
Total deductions	526,389	43,295,096
Net Decrease in Fiduciary Net Position	(645,884)	-
Net Position - Beginning of year	6,143,020	-
Net Position - End of year	<u><u>\$ 5,497,136</u></u>	<u><u>\$ -</u></u>

Charter Township of Van Buren

Component Units Statement of Net Position

December 31, 2022

	Downtown Development Authority	Local Development Financing Authority	Total
Assets			
Cash and investments (Note 4)	\$ 6,415,990	\$ 530,257	\$ 6,946,247
Receivables	5,243	-	5,243
Prepaid items	3,619	-	3,619
Restricted assets (Note 8)	1,316,513	-	1,316,513
Net OPEB asset (Note 12)	467,539	-	467,539
Capital assets - Net (Note 5)	3,580,991	-	3,580,991
Total assets	11,789,895	530,257	12,320,152
Deferred Outflows of Resources (Note 14)			
Deferred charges on bond refunding	-	196,862	196,862
Deferred OPEB costs	68,847	-	68,847
Total deferred outflows of resources	68,847	196,862	265,709
Liabilities			
Accounts payable	41,047	106,037	147,084
Accrued liabilities and other	56,633	37,960	94,593
Noncurrent liabilities: (Note 7)			
Due within one year:			
Compensated absences	7,510	-	7,510
Current portion of long-term debt	449,500	1,067,155	1,516,655
Due in more than one year:			
Accrued interest - Capital appreciation bonds	-	11,498,506	11,498,506
Advance from primary government (Notes 6 and 15)	-	6,275,059	6,275,059
Long-term debt - Net of current portion (Note 7)	5,539,183	10,256,342	15,795,525
Total liabilities	6,093,873	29,241,059	35,334,932
Deferred Inflows of Resources (Note 14)			
Property taxes levied for the following year	1,451,771	480,079	1,931,850
Deferred OPEB cost reductions	217,811	-	217,811
Total deferred inflows of resources	1,669,582	480,079	2,149,661
Net Position (Deficit)			
Net investment in capital assets	1,938,600	-	1,938,600
Restricted - Debt service	612,909	-	612,909
Unrestricted	1,543,778	(28,994,019)	(27,450,241)
Total net position (deficit)	<u>\$ 4,095,287</u>	<u>\$ (28,994,019)</u>	<u>\$ (24,898,732)</u>

Charter Township of Van Buren

Component Units Statement of Activities

Year Ended December 31, 2022

	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
Functions/Programs							
Downtown Development Authority	\$ 887,940	\$ -	\$ -	\$ -	\$ (887,940)	\$ -	\$ (887,940)
Local Development Financing Authority	1,474,528	-	103,119	-	-	(1,371,409)	(1,371,409)
Total	\$ 2,362,468	\$ -	\$ 103,119	\$ -	(887,940)	(1,371,409)	(2,259,349)
General revenue:							
Property taxes					2,063,127	694,482	2,757,609
Investment (loss) income					(104,817)	566	(104,251)
Gain on sale of capital assets					-	115,000	115,000
Total general revenue					1,958,310	810,048	2,768,358
Change in Net Position					1,070,370	(561,361)	509,009
Net Position (Deficit) - Beginning of year					3,024,917	(28,432,658)	(25,407,741)
Net Position (Deficit) - End of year					\$ 4,095,287	\$ (28,994,019)	\$ (24,898,732)

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 11 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 nine individuals, is selected by the board of trustees. Complete financial reports can be obtained from the Charter Township of Van Buren at 46425 Tyler Road, Van Buren Township, 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 fund accounts for assets held by the Township in a trustee capacity.

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.

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.

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 exist only 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 2022 property tax revenue was levied and collectible on December 1, 2021 and is recognized as revenue in the year ended December 31, 2022, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2021 taxable valuation of the Township totaled \$1,165,488,936 (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 0.8961 mills for operating purposes and 6.3713 mills for public safety. This resulted in approximately \$926,000 for operating and \$6,609,000 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. The OPEB plan was closed to new employees on September 1, 2019.

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. 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. The Water and Sewer Fund recognizes tap fees as nonoperating capital contribution revenue, as they are intended to recover the costs of developing the system. This is a change in presentation for the Township, as the fees previously had been presented as operating revenue.

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 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 May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. 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, 2023.

December 31, 2022

Note 2 - Significant Accounting Policies (Continued)

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2024.

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 shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at January 1, 2022		\$ (2,303,722)
Current year permit revenue		1,304,533
Related expenses:		
Direct costs	\$ 775,847	
Estimated indirect costs	200,180	976,027
		<u>328,506</u>
Current year shortfall		<u>328,506</u>
Cumulative shortfall at December 31, 2022		<u>\$ (1,975,216)</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.

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had bank deposits totaling \$1,401,023 (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.

At year end, the Township had the following investments:

Investment	Carrying Value	Weighted- average Maturity
Primary Government		
U.S. governmental securities	\$ 33,190,000	32.95 months
Negotiable certificates of deposit	<u>5,350,000</u>	24.62 months
Total	<u>\$ 38,540,000</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
Primary Government			
Bank investment pool	\$ 30,304,185	AAA	S&P
Negotiable certificates of deposit	5,350,000	N/A	N/A
Governmental securities	<u>33,190,000</u>	AA+	S&P
Total	<u>\$ 68,844,185</u>		

Note 4 - Deposits and Investments (Continued)

Concentration of Credit Risk

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

Security	Value	Concentration %
Government agency - Federal Home Loan Bank (FHLB)	\$ 9,205,000	23.88
Government agency - Federal National Mortgage Association (FNMA)	3,350,000	8.69%
Government agency - Federal Home Loan Mortgage Corporation (FHLMC)	4,550,000	11.81%
Government agency - Federal Farm Credit Bank	15,835,000	41.09%

Component Units

The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$1,782,262. Their investments include a money market account of \$1,316,513, which was rated A1/P1/F1, and \$3,510,862 in bank investment pools rated AAA by S&P. The ratings on their negotiable CDs in the amount of \$988,000 were not available. The component units also have \$1,550,000 invested in government securities, which were rated AA+ by S&P. In addition, the component units had \$988,000 in negotiable CDs with a maturity of 18.01 months and \$1,550,000 in government securities with a maturity of 37.21 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, Northstar Bank, and Chase Bank. The DDA's concentration percentage of the certificates of deposit is 13.79, 9.85, 9.85, and 5.44 percent, respectively. The DDA's concentration percentage of Federal Home Loan Bank, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation securities is 29.55, 25.61, and 5.91 percent, respectively.

Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, 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.

December 31, 2022

Note 4 - Deposits and Investments (Continued)

The Township has the following recurring fair value measurements as of December 31, 2022:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2022
Investments by Fair Value Level				
Primary government:				
U.S. government securities	\$ -	\$ 33,190,000	\$ -	\$ 33,190,000
Negotiable certificates of deposit	-	5,350,000	-	5,350,000
Total primary government	-	38,540,000	-	38,540,000
Component units:				
U.S. government securities	-	1,394,258	-	1,394,258
Negotiable certificates of deposit	-	953,102	-	953,102
Total component units	-	2,347,360	-	2,347,360
Total investments by fair value level	\$ -	\$ 40,887,360	\$ -	40,887,360
Investments measured at NAV:				
MBIA CLASS investment pool				3,278,479
Comerica Investment Pool				27,025,707
CLS ETF funds				5,332,637
Total investments measured at NAV				35,636,823
Total assets				\$ 76,524,183

The fair value of U.S. government securities and negotiable certificates of deposit at December 31, 2022 was determined primarily based on Level 2 inputs. The Township estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The valuation method for investments measured at net asset value per share (or its equivalent) is presented in 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.

December 31, 2022

Note 4 - Deposits and Investments (Continued)

At December 31, 2022, 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	\$ 3,278,479	\$ -	N/A	None
Comerica Investment Pool	27,025,707	-	N/A	None
CLS ETF funds	5,332,637	-	N/A	None
Total investments measured at NAV	<u>\$ 35,636,823</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 are 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.

Component Units

The Downtown Development Authority has the following recurring fair value measurements as of December 31, 2022:

- U.S. government securities with a value of \$1,394,258 are valued using a matrix pricing model (Level 2 inputs).
- Negotiable CDs of \$953,102 are valued using a matrix pricing model (Level 2 inputs).
- Comerica Investment Pool investment of \$3,510,862 is valued at net asset value (NAV). There are no unfunded commitments and no redemption notice period, and the redemption frequency is N/A.

The Comerica Investment Pool 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

December 31, 2022

Note 5 - Capital Assets

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

Governmental Activities

	Balance January 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated:					
Land	\$ 5,869,845	\$ -	\$ 576,600	\$ -	\$ 6,446,445
Construction in progress	762,200	(175,200)	3,901,075	-	4,488,075
Subtotal	6,632,045	(175,200)	4,477,675	-	10,934,520
Capital assets being depreciated:					
French Landing Dam	2,963,777	-	-	-	2,963,777
Buildings and improvements	16,705,916	175,200	87,022	-	16,968,138
Equipment and furniture	5,124,053	-	1,234,107	(26,092)	6,332,068
Vehicles	4,690,939	-	185,236	(96,384)	4,779,791
Land improvements	7,007,203	-	191,324	-	7,198,527
Subtotal	36,491,888	175,200	1,697,689	(122,476)	38,242,301
Accumulated depreciation:					
French Landing Dam	2,658,124	-	64,147	-	2,722,271
Buildings and improvements	7,002,693	-	445,891	-	7,448,584
Equipment and furniture	3,705,783	-	439,310	(26,092)	4,119,001
Vehicles	2,241,740	-	430,544	(74,568)	2,597,716
Land improvements	3,001,277	-	389,534	-	3,390,811
Subtotal	18,609,617	-	1,769,426	(100,660)	20,278,383
Net capital assets being depreciated	17,882,271	175,200	(71,737)	(21,816)	17,963,918
Net governmental activities capital assets	\$ 24,514,316	\$ -	\$ 4,405,938	\$ (21,816)	\$ 28,898,438

December 31, 2022

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated:					
Land	\$ 57,294	\$ -	\$ -	\$ -	\$ 57,294
Construction in progress	2,097,761	(860,516)	2,861,731	-	4,098,976
Subtotal	2,155,055	(860,516)	2,861,731	-	4,156,270
Capital assets being depreciated:					
Utility system	107,704,473	860,516	347,961	-	108,912,950
Buildings and improvements	359,313	-	-	-	359,313
Machinery and equipment	647,078	-	-	-	647,078
Vehicles	894,418	-	79,766	-	974,184
Office furnishings	162,919	-	-	-	162,919
DUWA intangible	319,515	-	-	-	319,515
Subtotal	110,087,716	860,516	427,727	-	111,375,959
Accumulated depreciation:					
Utility system	53,450,185	-	1,932,560	-	55,382,745
Buildings and improvements	166,169	-	10,710	-	176,879
Machinery and equipment	605,842	-	18,711	-	624,553
Vehicles	824,806	-	20,387	-	845,193
Office furnishings	151,477	-	5,009	(4)	156,482
DUWA intangible	8,329	-	9,086	-	17,415
Subtotal	55,206,808	-	1,996,463	(4)	57,203,267
Net capital assets being depreciated	54,880,908	860,516	(1,568,736)	4	54,172,692
Net business-type activities capital assets	\$ 57,035,963	\$ -	\$ 1,292,995	\$ 4	\$ 58,328,962

December 31, 2022

Note 5 - Capital Assets (Continued)

Capital asset activity for the Township's component units for the year ended December 31, 2022 was as follows:

Component Units

	Balance January 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated:					
Land	\$ 426,262	\$ -	\$ -	\$ -	\$ 426,262
Construction in progress	138,092	(138,092)	-	-	-
Subtotal	564,354	(138,092)	-	-	426,262
Capital assets being depreciated:					
Office furnishings	99,756	-	-	-	99,756
Land improvements	4,440,899	138,092	-	-	4,578,991
Intangible road rights - Right-of-way	166,692	-	-	-	166,692
Subtotal	4,707,347	138,092	-	-	4,845,439
Accumulated depreciation:					
Office furnishings	27,692	-	12,476	-	40,168
Land improvements	1,457,883	-	91,869	-	1,549,752
Intangible road rights	84,074	-	16,716	-	100,790
Subtotal	1,569,649	-	121,061	-	1,690,710
Net capital assets being depreciated	3,137,698	138,092	(121,061)	-	3,154,729
Net capital assets	<u>\$ 3,702,052</u>	<u>\$ -</u>	<u>\$ (121,061)</u>	<u>\$ -</u>	<u>\$ 3,580,991</u>

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

Governmental activities:	
General government	\$ 438,443
Public safety	847,059
Public works	413,242
Economic development	70,682
Total governmental activities	<u>\$ 1,769,426</u>
Business-type activities - Water and Sewer Fund	\$ 1,996,463
Component unit activities - Downtown Development Authority	\$ 121,061

December 31, 2022

Note 5 - Capital Assets (Continued)

Construction Commitments

The Township did have active construction projects at year end.

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Community Recreation Center	\$ 1,193,672	\$ 6,994,298
Community Recreation Center Pavillions	467,689	4,303,845
Iron Belle Trail - Section B	256,213	104,052
Iron Belle Trail - Section H	118,334	677,883
French Landing Park	169,005	268,289
	<u>425,497</u>	<u>72,185</u>
Total	<u>\$ 2,630,410</u>	<u>\$ 12,420,552</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 854

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.

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

<u>Fund Borrowed From</u>	<u>Fund Loaned To</u>	<u>Amount</u>
Long-term Debt Fund	Local Development Financing Authority	\$ 6,275,059

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:

<u>Paying Fund (Transfer Out)</u>	<u>Receiving Fund (Transfer In)</u>	<u>Amount</u>
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.

December 31, 2022

Note 7 - Long-term Debt

Long-term debt activity for the year ended December 31, 2022 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Other debt	\$ 425,000	\$ -	\$ (425,000)	\$ -	\$ -
Compensated absences	195,959	414,288	(340,519)	269,728	269,728
Nonexchange financial guarantee	19,284,593	1,083,079	(2,000,000)	18,367,672	-
Total governmental activities long-term debt	<u>\$ 19,905,552</u>	<u>\$ 1,497,367</u>	<u>\$ (2,765,519)</u>	<u>\$ 18,637,400</u>	<u>\$ 269,728</u>

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	\$ 9,221,451	\$ -	\$ (1,083,566)	\$ 8,137,885	\$ 1,102,401
South Huron Valley bonds	4,497,688	-	(92,240)	4,405,448	94,733
Unamortized bond premiums	778,168	-	(37,959)	740,209	37,959
Total bonds and contracts payable	14,497,307	-	(1,213,765)	13,283,542	1,235,093
Compensated absences	27,225	58,093	(57,807)	27,511	27,511
Total business-type activities long-term debt	<u>\$ 14,524,532</u>	<u>\$ 58,093</u>	<u>\$ (1,271,572)</u>	<u>\$ 13,311,053</u>	<u>\$ 1,262,604</u>

December 31, 2022

Note 7 - Long-term Debt (Continued)

Component Units

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt:					
2015 Refunding bonds	\$ 6,560,000	\$ -	\$ (2,275,000)	\$ 4,285,000	\$ 1,015,859
Tax increment bonds	13,024,656	-	(435,000)	12,589,656	449,500
Total other debt principal outstanding	19,584,656	-	(2,710,000)	16,874,656	1,465,359
DDA bond premium	6,922	-	(630)	6,292	-
DDA bond discount	(18,739)	-	1,130	(17,609)	-
LDFA bond premium	500,137	-	(51,296)	448,841	51,296
Total bonds and contracts payable	20,072,976	-	(2,760,796)	17,312,180	1,516,655
Compensated absences	9,327	7,510	(9,327)	7,510	7,510
Accrued interest - Capital appreciation bonds	10,893,322	605,184	-	11,498,506	-
Total component units long-term debt	<u>\$ 30,975,625</u>	<u>\$ 612,694</u>	<u>\$ (2,770,123)</u>	<u>\$ 28,818,196</u>	<u>\$ 1,524,165</u>

December 31, 2022

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, 2022 are as follows:

Purpose	Interest Rates	Maturing	Outstanding
Business-type Activities			
Downriver Sewage Disposal System Bonds, Estimated Clean Water Program, 2014, amount of issue - \$11,955,000	2.00%	2035	\$ 133,405
Downriver Sewage Disposal System, 2011 Downriver Treatment Plan Improvement Bond, amount of issue - \$174,346	1.625%	2033	150,200
State Revolving Loan Fund, 2006, amount of issue - \$12,025,000	1.625%	2026	3,269,339
State Revolving Loan Fund, 2016, amount of issue - \$17,708,000	2.50%	2037	243,596
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$231,955	1.625%	2029	87,210
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$255,646	1.625%	2030	99,794
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$96,994	1.625%	2030	31,595
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$94,741	1.625%	2029	31,935
State Revolving Loan Fund, 2005, amount of issue - \$77,254	1.625%	2026	18,974
State Revolving Loan Fund, 2007, amount of issue - \$114,251	4.50% to 5.00%	2027	39,820
Drinking Water Revolving Loan Fund, 2009, amount of issue - \$6,645,000	2.50%	2029	2,705,000
South Huron Valley Utility Authority: Project 5386- 01, 2011, amount of issue - \$485,963	2.50%	2031	259,589
Junior Lien Bond due to County		2023	62,650
Downriver Utility Wastewater Authority, 2018 Revenue Bond, amount of issue - \$999,573	5.00%	2042	944,852
South Huron Valley Wastewater Control System Improvement Bonds, amount of issue - \$26,605,000	3.00% to 5.00%	2043	4,145,859
2020 bond premium			740,209
DUWA WIFIA debt	1.73%	2057	319,515
			<u>\$ 13,283,542</u>
Total business-type activities			<u>\$ 13,283,542</u>

December 31, 2022

Note 7 - Long-term Debt (Continued)

Purpose	Interest Rates	Maturing	Outstanding
Component Units			
2015 LDFA Tax Increment Refunding Bonds, Series 2015, amount of original issue - \$12,190,000	2.10% to 5.00%	2031	\$ 4,285,000
2015 bond premium			448,841
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	1,530,000
2014 bond premium			6,292
Tax Increment Bonds - Series 2012, amount of issue - \$4,900,000	3.00% to 3.75%	2032	2,810,000
Tax Increment Bonds - Series 2018, amount of issue - \$1,970,000	3.00% to 3.63%	2038	1,660,000
2018 bond discount			(17,609)
Total component units			<u>\$ 17,312,180</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, 2022, the LDFA had recorded \$11,498,506 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	Business-type Activities			Component Unit Activities		
	Direct Borrowings and Direct Placements			Other Debt		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,197,134	\$ 388,931	\$ 1,586,065	\$ 1,465,359	\$ 1,273,127	\$ 2,738,486
2024	1,224,784	363,090	1,587,874	1,575,231	1,569,157	3,144,388
2025	1,308,065	336,254	1,644,319	1,544,075	1,635,580	3,179,655
2026	1,273,987	308,499	1,582,486	1,547,809	1,702,810	3,250,619
2027	1,380,355	277,389	1,657,744	1,440,293	1,769,864	3,210,157
2028-2032	2,438,386	1,011,232	3,449,618	8,586,389	11,802,085	20,388,474
2033-2037	1,628,351	655,099	2,283,450	585,000	87,600	672,600
2038-2042	1,874,342	258,270	2,132,612	130,500	4,712	135,212
2043-2047	121,092	13,224	134,316	-	-	-
Thereafter	96,837	9,504	106,341	-	-	-
Total	<u>\$ 12,543,333</u>	<u>\$ 3,621,492</u>	<u>\$ 16,164,825</u>	<u>\$ 16,874,656</u>	<u>\$ 19,844,935</u>	<u>\$ 36,719,591</u>

Note 7 - Long-term Debt (Continued)

Revenue Pledged in Connection with Component Unit Debt

The Downtown Development Authority has pledged a portion of future property tax revenue to repay \$953,102, \$1,530,000, and \$1,660,000 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 \$7,455,774 payable through 2038. For the current year, principal and interest paid and total property tax captures were \$660,181 and \$2,063,127, respectively.

The Township has pledged a portion of future property tax revenue to repay \$10,874,656 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 \$29,263,817, payable through 2032. For the current year, the principal and interest paid and the total property tax captures were \$2,500,981 and \$694,482, respectively. In 2022, the Township advanced the Authority \$2,000,000 in relation to the debt guarantee. The advance plus \$86,931 of accrued interest is recorded as a long-term advance. The balance of the long-term advance as of December 31, 2022 is \$6,275,059.

Note 8 - Restricted Assets

At December 31, 2022, restricted assets are composed of the following:

	Business-type Activities	Component Units
Assets held by Wayne County, Michigan	\$ 693,470	\$ -
Cash and cash equivalents	9,057,615	-
Debt service restrictions	-	1,316,513
Assets held by South Huron Valley Utility Authority	1,622,206	-
Total	<u>\$ 11,373,291</u>	<u>\$ 1,316,513</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. Net position has been restricted for \$612,909 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.

Note 9 - Risk Management (Continued)

The Michigan Municipal Risk Management Authority (the "Risk 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 Risk Authority that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

The Township estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported, and 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:

	2022	2021
Claims incurred - Including changes in estimates	\$ 135,476	\$ 102,098
Claim payments	(135,476)	(102,098)
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 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 arbitrage rulings under Michigan Public Act 312 of 1969 and requires a contribution from the employees of 13.00 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 police patrol/dispatch and 19.74 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	17
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	48
Total employees covered by the plan	74

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.

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, 2022 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, 2021 measurement date. The December 31, 2021 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Note 10 - Pension Plan (Continued)

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 25,629,081	\$ 19,781,094	\$ 5,847,987
Changes for the year:			
Service cost	715,750	-	715,750
Interest	1,944,116	-	1,944,116
Changes in benefits	74,681	-	74,681
Differences between expected and actual experience	(83,218)	-	(83,218)
Changes in assumptions	1,321,762	-	1,321,762
Contributions - Employer	-	597,901	(597,901)
Contributions - Employee	-	570,942	(570,942)
Net investment income	-	2,724,278	(2,724,278)
Benefit payments, including refunds	(812,960)	(812,960)	-
Administrative expenses	-	(32,178)	32,178
Net changes	3,160,131	3,047,983	112,148
Balance at December 31, 2021	<u>\$ 28,789,212</u>	<u>\$ 22,829,077</u>	<u>\$ 5,960,135</u>

The plan's fiduciary net position represents 79.30 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, 2022, the Township recognized pension expense of \$797,665.

At December 31, 2022, 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	\$ 370,802	\$ (607,931)
Changes in assumptions	2,255,760	-
Net difference between projected and actual earnings on pension plan investments	-	(1,666,199)
Employer contributions to the plan subsequent to the measurement date	686,014	-
Total	<u>\$ 3,312,576</u>	<u>\$ (2,274,130)</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
2023	\$ 259,790
2024	(194,124)
2025	26,076
2026	54,266
2027	206,424

Note 10 - Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2021 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 6.70 percent), an investment rate of return (gross of investment expenses) of 7.25 percent (including inflation), and the Pub-2010 mortality tables with improvement scale MP-2019.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period from December 31, 2013 through December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 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, 2021 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 %	4.50 %
Global fixed income	20.00	2.00
Private investments	20.00	7.00

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 7.25 percent, as well as what the Township’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability of the Township	\$ 10,267,769	\$ 5,960,135	\$ 2,433,384

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 pensions, 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.

Note 10 - Pension Plan (Continued)

Assumption Changes

For the December 31, 2021 valuation, the discount rate was reduced from 7.60 to 7.25 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 \$1,394,258 during the current year, and employees contributed approximately \$268,000.

Note 12 - Other Postemployment Benefit Plan

Plan Description

The Township provides retiree health care benefits to eligible employees and their spouses for employees hired prior to September 1, 2019. This is a single-employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements.

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

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

Benefits Provided

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Charter Township of Van Buren OPEB Plan
	<hr/>
Date of member count	December 31, 2022
Inactive plan members or beneficiaries currently receiving benefits	41
Active plan members	76
	<hr/>
Total plan members	117
	<hr/> <hr/>

December 31, 2022

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 \$526,389, plus it contributed \$125,000 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, 2022 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, 2022 measurement date. The December 31, 2022 total OPEB liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at December 31, 2021	\$ 20,882,339	\$ 6,143,020	\$ 14,739,319
Changes for the year:			
Service cost	467,764	-	467,764
Interest	1,168,215	-	1,168,215
Differences between expected and actual experience	(3,040,854)	-	(3,040,854)
Changes in assumptions	(4,312,538)	-	(4,312,538)
Contributions - Employer	-	651,389	(651,389)
Net investment loss	-	(719,133)	719,133
Benefit payments, including refunds	(526,389)	(526,389)	-
Administrative expenses	-	(51,751)	51,751
Net changes	(6,243,802)	(645,884)	(5,597,918)
Balance at December 31, 2022	\$ 14,638,537	\$ 5,497,136	\$ 9,141,401

The plan's fiduciary net position represents 37.6 percent of the total OPEB liability.

Of the net OPEB liability, \$10,877,113 is recorded in the governmental activities, a net OPEB asset of \$1,268,173 is recorded in the business-type activities, and a net OPEB asset of \$467,539 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, 2022, the Township recognized OPEB recovery of \$751,846.

December 31, 2022

Note 12 - Other Postemployment Benefit Plan (Continued)

At December 31, 2022, 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	\$ 46,463	\$ (2,983,766)
Changes in assumptions	842,218	(4,402,825)
Net difference between projected and actual earnings on OPEB plan investments	<u>525,890</u>	<u>-</u>
Total	<u>\$ 1,414,571</u>	<u>\$ (7,386,591)</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
2023	\$ (2,159,220)
2024	(1,639,923)
2025	(1,102,798)
2026	<u>(1,070,079)</u>
Total	<u>\$ (5,972,020)</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial report was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3 percent; an investment rate of return (net of investment expenses) of 7.45 percent; a health care cost trend rate of 7.25 percent for 2022, decreasing to 4.5 percent in year 10; and the Pub-2010 mortality tables. The dental trend rates set to 3 percent per year. The salary scale was updated from 2 percent to 3 percent. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.45 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, 2022

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, 2022 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	6.50 %
Global fixed income	2.20
Private assets	3.90
Diversifying strategies	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 7.45 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 (6.45%)	Current Discount Rate (7.45%)	1 Percentage Point Increase (8.45%)
Net OPEB liability of the Charter Township of Van Buren OPEB Plan	\$ 10,955,376	\$ 9,141,401	\$ 7,636,797

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 4.50 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	\$ 7,499,939	\$ 9,141,401	\$ 11,131,061

Assumption Changes

In 2022, the discount rate increased from 5.54 percent to 7.45 percent. Further, the dental trend rates set to 3 percent per year and the salary scale updated from 2 percent to 3 percent.

Note 12 - Other Postemployment Benefit Plan (Continued)

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, 2022:

Asset Class	Target Allocation
Global equity	64.00 %
Global fixed income	26.00
Real assets	5.00
Diversifying strategies	5.00
Total	<u>100.00 %</u>

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (12.34) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 13 - Joint Ventures

South Huron Valley Utility Authority

The Township is a member of the South Huron Valley Utility Authority (the "Utility Authority"). The Utility Authority is a joint venture of the charter townships of Brownstown, Huron, and Van Buren; the cities of Flat Rock, Gibraltar, and Woodhaven, Michigan; and the Village of South Rockwood, Michigan. The Utility Authority was founded in order to acquire and operate a sewage disposal and wastewater treatment system. During the year, the Township contributed \$1,278,348 toward the operation of the system. In addition, debt payments of \$289,949, 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 \$270,680 for operations of the system and \$110,566 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, 2022

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 2022, the Township paid \$980,474 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 2022.

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	\$ 8,484,171	\$ 8,484,171	\$ -	\$ 1,931,850
Special assessments - Unavailable	438,809	-	-	-
Grant revenue - Unavailable	5,697	-	-	-
State shared revenue - Unavailable	428,998	-	-	-
Deferred inflows from pension	-	2,274,130	-	-
Deferred inflows from OPEB	-	5,890,394	1,278,386	217,811
Opioid settlement - Unavailable	194,460	-	-	-
Total deferred inflows	\$ 9,552,135	\$ 16,648,695	\$ 1,278,386	\$ 2,149,661

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	\$ 3,312,576	\$ -	\$ -
Bond refunding loss being amortized	-	-	196,862
Deferred outflows related to OPEB	885,188	460,536	68,847
Total deferred outflows	\$ 4,197,764	\$ 460,536	\$ 265,709

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, 2022

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 \$6,175,000 in principal and interest on the guarantee through December 31, 2022. 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, 2022 is as follows:

Beginning of Year	Increases	Decreases	End of Year
\$ 19,284,593	\$ 1,083,079	\$ (2,000,000)	\$ 18,367,672

The Township expects to recover the payments in future years and has recorded an advance to the LDFA in the amount of \$6,275,059, 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
Nonspendable - Prepays	\$ 390,994	\$ -	\$ -	\$ 390,994
Restricted:				
Law enforcement	-	-	257,241	257,241
911 service	-	-	132,125	132,125
Grants	-	-	63,595	63,595
Museum	-	-	81,291	81,291
PEG fees	43,124	-	-	43,124
Opioid settlement	34,411	-	-	34,411
Total restricted	77,535	-	534,252	611,787
Assigned:				
Senior center bequest activities	22,105	-	-	22,105
Future obligations	-	19,489,143	-	19,489,143
French Landing Dam	193,274	-	-	193,274
Computer networking equipment	25,000	-	-	25,000
Sidewalk maintenance	25,000	-	-	25,000
Compensated absences	269,729	-	-	269,729
Fire department equipment replacement	100,000	-	-	100,000
Retiree health care	125,000	-	-	125,000
Capital projects	-	-	1,710,863	1,710,863
Total assigned	760,108	19,489,143	1,710,863	21,960,114
Unassigned	13,853,337	-	-	13,853,337
Total fund balance	\$ 15,081,974	\$ 19,489,143	\$ 2,245,115	\$ 36,816,232

Note 17 - Subsequent Events

On February 23, 2023, the Charter Township of Van Buren issued a 2023 Capital Improvement Bond (Limited Tax General Obligation) for \$6,900,000.

Required Supplemental Information

Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 941,500	\$ 940,000	\$ 937,139	\$ (2,861)
Public safety tax revenue	6,650,000	6,600,000	6,609,063	9,063
State-shared revenue and grants	5,519,000	14,341,523	4,874,140	(9,467,383)
Charges for services	1,630,082	1,679,032	1,696,749	17,717
Fines and forfeitures	960,000	600,000	595,298	(4,702)
Licenses and permits	981,000	1,176,000	1,378,580	202,580
Interest revenue (loss)	75,000	100,000	(202,801)	(302,801)
Other revenue - Other miscellaneous income	950,167	874,867	918,206	43,339
Total revenue	17,706,749	26,311,422	16,806,374	(9,505,048)
Expenditures				
Current services:				
General government:				
Township board	367,829	363,587	359,959	3,628
Supervisor	421,540	501,380	455,550	45,830
Accounting	67,000	55,350	55,305	45
IT department	605,101	649,661	577,590	72,071
Treasurer	409,229	421,088	405,892	15,196
Assessing	221,947	225,683	202,394	23,289
General office	111,000	109,000	88,326	20,674
Clerk	444,051	519,569	503,872	15,697
Buildings and grounds	2,813,263	3,354,263	2,584,219	770,044
Attorney	200,000	150,000	119,557	30,443
Elections	268,090	245,131	216,059	29,072
Cemetery	87,440	87,440	42,143	45,297
Public safety:				
Police	6,735,521	7,303,115	7,182,227	120,888
Fire	2,433,550	2,956,192	2,722,201	233,991
Dispatch	1,652,839	1,719,926	1,653,164	66,762
Ordinance enforcement	257,728	241,732	236,833	4,899
Building inspections and related	1,092,925	1,144,616	1,119,809	24,807
Public works - Contracted services	292,000	292,000	291,404	596
Community and economic development	263,260	270,860	283,630	(12,770)
Recreation and culture:				
Parks and recreation	2,516,225	2,900,088	1,386,945	1,513,143
Senior citizens	298,998	309,353	262,993	46,360
Communication	283,516	240,200	176,116	64,084
Recreation	9,861,107	16,471,503	2,688,446	13,783,057
Insurance	963,500	890,000	719,358	170,642
Total expenditures	32,667,659	41,421,737	24,333,992	17,087,745
Excess of Expenditures Over Revenue	(14,960,910)	(15,110,315)	(7,527,618)	7,582,697
Other Financing Sources				
Transfers in	2,610,000	2,610,000	2,610,000	-
Proceed from issuance of debt	8,140,000	6,809,201	-	(6,809,201)
Total other financing sources	10,750,000	9,419,201	2,610,000	(6,809,201)
Net Change in Fund Balance	(4,210,910)	(5,691,114)	(4,917,618)	773,496
Fund Balance - Beginning of year	8,815,049	8,815,049	8,815,049	-
Fund Balance - End of year	\$ 4,604,139	\$ 3,123,935	\$ 3,897,431	\$ 773,496

See notes to required supplemental information.

Charter Township of Van Buren

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

**Last Eight Fiscal Years
Years Ended December 31**

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 715,750	\$ 654,160	\$ 597,215	\$ 555,957	\$ 546,860	\$ 536,987	\$ 497,889	\$ 469,564
Interest	1,944,116	1,777,713	1,657,087	1,522,908	1,427,164	1,343,274	1,231,296	1,133,771
Changes in benefit terms	74,681	(42,997)	(128,183)	(63,174)	(2,976)	75,757	(96,341)	-
Differences between expected and actual experience	(83,218)	(534,310)	485,041	272,526	(218,413)	(401,887)	91,872	-
Changes in assumptions	1,321,762	1,071,699	726,787	-	-	-	611,460	-
Benefit payments, including refunds	(812,960)	(722,116)	(655,999)	(607,244)	(513,482)	(507,411)	(471,790)	(398,961)
Net Change in Total Pension Liability	3,160,131	2,204,149	2,681,948	1,680,973	1,239,153	1,046,720	1,864,386	1,204,374
Total Pension Liability - Beginning of year	25,629,081	23,424,932	20,742,984	19,062,011	17,822,858	16,776,138	14,911,752	13,707,378
Total Pension Liability - End of year	\$ 28,789,212	\$ 25,629,081	\$ 23,424,932	\$ 20,742,984	\$ 19,062,011	\$ 17,822,858	\$ 16,776,138	\$ 14,911,752
Plan Fiduciary Net Position								
Contributions - Employer	\$ 597,901	\$ 559,571	\$ 551,680	\$ 515,299	\$ 485,671	\$ 430,928	\$ 421,629	\$ 399,017
Contributions - Member	570,942	467,490	381,866	348,293	326,677	320,935	266,708	230,467
Net investment (loss) income	2,724,278	2,511,210	2,037,144	(612,430)	1,767,481	1,338,647	(178,860)	683,120
Administrative expenses	(32,178)	(34,939)	(35,127)	(29,843)	(27,903)	(26,391)	(25,736)	(25,213)
Benefit payments, including refunds	(812,960)	(722,116)	(655,999)	(607,244)	(513,482)	(507,411)	(471,790)	(398,961)
Net Change in Plan Fiduciary Net Position	3,047,983	2,781,216	2,279,564	(385,925)	2,038,444	1,556,708	11,951	888,430
Plan Fiduciary Net Position - Beginning of year	19,781,094	16,999,878	14,720,314	15,106,239	13,067,795	11,511,087	11,499,136	10,610,706
Plan Fiduciary Net Position - End of year	\$ 22,829,077	\$ 19,781,094	\$ 16,999,878	\$ 14,720,314	\$ 15,106,239	\$ 13,067,795	\$ 11,511,087	\$ 11,499,136
Township's Net Pension Liability - Ending	\$ 5,960,135	\$ 5,847,987	\$ 6,425,054	\$ 6,022,670	\$ 3,955,772	\$ 4,755,063	\$ 5,265,051	\$ 3,412,616
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.30 %	77.18 %	72.57 %	70.97 %	79.25 %	73.32 %	68.62 %	77.11 %
Covered Payroll	\$ 4,198,777	\$ 4,554,982	\$ 4,104,980	\$ 4,040,338	\$ 4,582,732	\$ 3,559,367	\$ 3,518,478	\$ 3,242,840
Township's Net Pension Liability as a Percentage of Covered Payroll	141.95 %	128.39 %	141.06 %	146.72 %	86.32 %	133.59 %	149.64 %	105.24 %

Charter Township of Van Buren

Required Supplemental Information Schedule of Pension Contributions

Last Ten Fiscal Years Years Ended December 31

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 690,799	\$ 597,901	\$ 559,571	\$ 551,680	\$ 515,299	\$ 485,671	\$ 430,928	\$ 421,629	\$ 399,017	\$ 396,365
Contributions in relation to the actuarially determined contribution	690,799	597,901	559,571	551,680	515,299	485,671	430,928	421,629	399,017	396,365
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,576,749	\$ 4,198,777	\$ 4,554,982	\$ 4,104,980	\$ 4,040,338	\$ 4,582,732	\$ 3,559,367	\$ 3,518,478	\$ 3,242,840	\$ 3,151,341
Contributions as a Percentage of Covered Payroll	15.09 %	14.24 %	12.28 %	13.44 %	13.33 %	10.60 %	12.10 %	12.00 %	12.30 %	12.60 %

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	18 years
Asset valuation method	5-year smoothed
Inflation	2.5 percent
Salary increase	3.00 to 14.00 percent
Investment rate of return	7.60 percent
Retirement age	Normal - 60 years of age or 55 years of age with 15 years of service
Mortality	Pub-2010 mortality tables, with improvement scale MP-2019
Other information	None

Charter Township of Van Buren

Required Supplemental Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

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

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 467,764	\$ 438,975	\$ 627,514	\$ 764,702	\$ 604,372	\$ 646,037
Interest	1,168,215	1,205,870	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	(3,040,854)	(88,341)	(36,392)	(88,912)	(2,101,999)	-
Changes in assumptions	(4,312,538)	1,344,391	35,882	(2,538,163)	(901,413)	470,002
Benefit payments, including refunds	(526,389)	(434,888)	(338,673)	(382,350)	(365,065)	(353,664)
Net Change in Total OPEB Liability	(6,243,802)	2,466,007	(4,640,342)	(656,380)	(2,153,448)	2,070,380
Total OPEB Liability - Beginning of year	20,882,339	18,416,332	23,056,674	23,713,054	25,866,502	23,796,122
Total OPEB Liability - End of year	<u>\$ 14,638,537</u>	<u>\$ 20,882,339</u>	<u>\$ 18,416,332</u>	<u>\$ 23,056,674</u>	<u>\$ 23,713,054</u>	<u>\$ 25,866,502</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 651,389	\$ 559,888	\$ 799,626	\$ 1,032,794	\$ 889,335	\$ 929,253
Net investment (loss) income	(719,133)	609,120	536,461	622,211	(138,213)	346,843
Administrative expenses	(51,751)	(54,335)	(41,293)	(37,111)	(32,059)	-
Benefit payments, including refunds	(526,389)	(434,888)	(338,673)	(382,350)	(365,065)	(353,664)
Other	-	-	-	(97)	803	(23,519)
Net Change in Plan Fiduciary Net Position	(645,884)	679,785	956,121	1,235,447	354,801	898,913
Plan Fiduciary Net Position - Beginning of year	6,143,020	5,463,235	4,507,114	3,271,667	2,916,866	2,017,953
Plan Fiduciary Net Position - End of year	<u>\$ 5,497,136</u>	<u>\$ 6,143,020</u>	<u>\$ 5,463,235</u>	<u>\$ 4,507,114</u>	<u>\$ 3,271,667</u>	<u>\$ 2,916,866</u>
Net OPEB Liability - Ending	<u>\$ 9,141,401</u>	<u>\$ 14,739,319</u>	<u>\$ 12,953,097</u>	<u>\$ 18,549,560</u>	<u>\$ 20,441,387</u>	<u>\$ 22,949,636</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	37.55 %	29.42 %	29.67 %	19.55 %	13.80 %	11.28 %
Covered-employee Payroll	\$ 6,562,830	\$ 8,453,745	\$ 8,850,329	\$ 8,446,018	\$ 6,473,315	\$ -
Net OPEB Liability as a Percentage of Covered-employee Payroll	139.29 %	174.35 %	146.36 %	219.62 %	315.78 %	- %

Charter Township of Van Buren

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	(12.34)%	10.01 %	10.46 %	15.89 %	(5.15)%	14.10 %

Budgetary Information

The annual budgets are prepared by the township supervisor and adopted by the township board; subsequent amendments are approved by the township board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2022 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	\$ 23,054,659	\$ 24,504,407	\$ (1,750,000)
Resources received from other funds reported as a reduction in expenditures	625,667	785,667	160,000
Less Landfill Fund	<u>(6,873,952)</u>	<u>(956,082)</u>	<u>4,200,000</u>
Amounts per budget statement	<u>\$ 16,806,374</u>	<u>\$ 24,333,992</u>	<u>\$ 2,610,000</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Community and economic development	\$ 270,860	\$ 283,630	\$ (12,770)

Pension Information

Changes in Assumptions

In the 2021 actuarial valuation, the discount rate was reduced from 7.60 percent to 7.25 percent.

Beginning with the 2020 valuation, changes to the demographic assumptions were made as the result of an experience study being performed for the period from 2013 through 2018. The most notable change was that the mortality tables were updated to the Pub-2010 mortality tables and fully generational mortality improvement projections with scale MP-2019.

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 2022, the following assumptions were changed:

- The discount rate increased from 5.54 percent to 7.45 percent.
- The dental trend rates set to 3 percent per year.
- The salary scale updated from 2 percent to 3 percent.

In 2021, the following assumptions were changed:

- Mortality improvement scale updated from MP-2020 to MP-2021.
- Discount rate updated from 6.47 percent to 5.54 percent.

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 percent to 6.41 percent.
- 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.

Other Supplemental Information

Charter Township of Van Buren

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

December 31, 2022

	Special Revenue Funds					Capital Project Fund	Total Nonmajor Governmental Funds
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service	Museum	Capital Improvement Fund	
Assets							
Cash and cash equivalents	\$ 68,576	\$ 530	\$ 256,861	\$ 104,696	\$ 84,194	\$ 1,710,863	\$ 2,225,720
Receivables	5,697	-	-	27,429	-	-	33,126
Total assets	<u>\$ 74,273</u>	<u>\$ 530</u>	<u>\$ 256,861</u>	<u>\$ 132,125</u>	<u>\$ 84,194</u>	<u>\$ 1,710,863</u>	<u>\$ 2,258,846</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ 150	\$ -	\$ 2,903	\$ -	\$ 3,053
Accrued liabilities and other	4,981	-	-	-	-	-	4,981
Total liabilities	4,981	-	150	-	2,903	-	8,034
Deferred Inflows of Resources - Unavailable revenue	5,697	-	-	-	-	-	5,697
Fund Balances							
Restricted:							
Law enforcement	-	530	256,711	-	-	-	257,241
911 service	-	-	-	132,125	-	-	132,125
Grants	63,595	-	-	-	-	-	63,595
Museum	-	-	-	-	81,291	-	81,291
Assigned	-	-	-	-	-	1,710,863	1,710,863
Total fund balances	63,595	530	256,711	132,125	81,291	1,710,863	2,245,115
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 74,273</u>	<u>\$ 530</u>	<u>\$ 256,861</u>	<u>\$ 132,125</u>	<u>\$ 84,194</u>	<u>\$ 1,710,863</u>	<u>\$ 2,258,846</u>

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, 2022

	Special Revenue Funds					Capital Project Fund	Total Nonmajor Governmental Funds
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service	Museum	Capital Improvement Fund	
Revenue							
Intergovernmental:							
State-shared revenue and grants	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Local grants and contributions	-	-	-	-	-	385,000	385,000
Investment (loss) income	-	17	3,490	1,370	1,279	24,039	30,195
Other revenue:							
Contributions and donations	-	-	-	-	66,868	-	66,868
Other miscellaneous income	-	-	-	161,122	-	-	161,122
Total revenue	-	17	43,490	162,492	68,147	409,039	683,185
Expenditures							
Current services:							
General government	-	-	-	-	-	934	934
Public safety	-	12,855	4,752	160,071	-	-	177,678
Recreation and culture	-	-	-	-	39,594	-	39,594
Total expenditures	-	12,855	4,752	160,071	39,594	934	218,206
Net Change in Fund Balances	-	(12,838)	38,738	2,421	28,553	408,105	464,979
Fund Balances - Beginning of year	63,595	13,368	217,973	129,704	52,738	1,302,758	1,780,136
Fund Balances - End of year	<u>\$ 63,595</u>	<u>\$ 530</u>	<u>\$ 256,711</u>	<u>\$ 132,125</u>	<u>\$ 81,291</u>	<u>\$ 1,710,863</u>	<u>\$ 2,245,115</u>