
Charter Township of Van Buren

**Financial Report
with Supplementary Information
December 31, 2023**

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Van Buren

Report on the Audit of the Financial Statements

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, 2023 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, 2023 and the respective changes in its financial position and, where applicable, its 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary 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 supplementary 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 Supplementary 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 supplementary 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 supplementary 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, 2022 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 May 9, 2023. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2024 on our consideration of the Charter Township of Van Buren's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter Township of Van Buren's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Township of Van Buren's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 30, 2024

Overview of the Financial Statements

The Charter Township of Van Buren's (the "Township") 2023 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 supplementary information; and other supplementary 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 \$122 million. This is an increase of approximately \$19.7 million in comparison to 2022. In 2016, the Township conformed to the requirements of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This is the eighth 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 \$74.6 million, and governmental activities comprise approximately \$47.0 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	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets:						
Cash and investments	\$ 36,952,412	\$ 37,986,347	\$ 17,661,410	\$ 16,946,318	\$ 54,613,822	\$ 54,932,665
Receivables	19,751,872	15,243,088	2,449,384	2,554,542	22,201,256	17,797,630
Other assets	4,615,671	1,221,927	10,850,914	12,948,353	15,466,585	14,170,280
Capital assets	40,718,446	28,898,438	58,594,002	58,328,962	99,312,448	87,227,400
Total assets	102,038,401	83,349,800	89,555,710	90,778,175	191,594,111	174,127,975
Deferred Outflows of Resources	6,628,056	4,197,764	336,632	460,536	6,964,688	4,658,300
Liabilities						
Current liabilities	4,426,586	7,571,994	2,290,255	2,569,211	6,716,841	10,141,205
Noncurrent liabilities:						
Due within one year:						
Compensated absences	349,875	269,728	32,700	27,511	382,575	297,239
Current portion of long-term debt	375,000	-	1,263,537	1,235,093	1,638,537	1,235,093
Due in more than one year	42,490,251	35,204,920	10,810,752	12,048,449	53,301,003	47,253,369
Total liabilities	47,641,712	43,046,642	14,397,244	15,880,264	62,038,956	58,926,906
Deferred Inflows of Resources	13,985,915	16,648,695	858,841	1,278,386	14,844,756	17,927,081
Net Position						
Net investment in capital assets	36,933,954	28,898,438	46,519,713	45,045,420	83,453,667	73,943,858
Restricted	922,303	811,944	9,027,505	11,373,291	9,949,808	12,185,235
Unrestricted	9,182,573	(1,858,155)	19,089,039	17,661,350	28,271,612	15,803,195
Total net position	\$ 47,038,830	\$ 27,852,227	\$ 74,636,257	\$ 74,080,061	\$ 121,675,087	\$ 101,932,288

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 \$11.04 million for the governmental activities from 2022.

The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue						
Program revenue:						
Charges for services	\$ 3,138,565	\$ 2,798,715	\$ 9,911,049	\$ 9,971,395	\$ 13,049,614	\$ 12,770,110
Operating grants	6,594,035	1,496,644	-	-	6,594,035	1,496,644
Capital grants	4,797,692	948,794	689,999	1,993,312	5,487,691	2,942,106
General revenue:						
Property taxes	8,681,608	8,107,563	-	(1,696)	8,681,608	8,105,867
State-shared revenue	3,630,966	3,898,477	-	-	3,630,966	3,898,477
Investment earnings (loss)	2,405,953	(976,754)	1,203,040	(1,103,877)	3,608,993	(2,080,631)
Other revenue:						
Other miscellaneous revenue	956,390	401,960	-	-	956,390	401,960
Sale of capital assets	220,000	12,152	-	-	220,000	12,152
Landfill royalties	8,213,776	7,926,088	-	-	8,213,776	7,926,088
Total revenue	38,638,985	24,613,639	11,804,088	10,859,134	50,443,073	35,472,773
Expenses						
General government	(369,998)	4,243,376	-	-	(369,998)	4,243,376
Public safety	14,521,578	12,496,975	-	-	14,521,578	12,496,975
Public works	3,362,994	293,520	-	-	3,362,994	293,520
Community and economic development	409,713	637,198	-	-	409,713	637,198
Recreation and culture	1,373,735	808,119	-	-	1,373,735	808,119
Interest on long-term debt	154,360	14,683	-	-	154,360	14,683
Business-type activities	-	-	11,247,892	11,341,394	11,247,892	11,341,394
Total expenses	19,452,382	18,493,871	11,247,892	11,341,394	30,700,274	29,835,265
Change in Net Position	\$ 19,186,603	\$ 6,119,768	\$ 556,196	\$ (482,260)	\$ 19,742,799	\$ 5,637,508

Governmental Activities

Revenue for governmental activities totaled approximately \$38.6 million in 2023. Charges for services, such as court fines, building licenses and permits, and recreation fees, accounted for approximately \$3.1 million in revenue, an increase of approximately \$340,000 from the 2022 figure. A total of approximately \$8.7 million was received in the form of property tax collections, up approximately \$574,000 from 2022. Additionally, there was an increase in landfill royalties of approximately \$288,000 from due to the return to pre-pandemic levels.

Business-type Activities

The Township has one business-type activity, the water and sewer operation. Revenue for business-type activities was approximately \$11.8 million, while expenses were approximately \$11.2 million, with revenue increasing and expenses decreasing over the 2023 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 \$3.3 million as of December 31, 2023, bringing the fund balance total to approximately \$18.4 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.

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 2023 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 2023, the Township had approximately \$99.3 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 \$12.1 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 2023 equalized valuation totaled \$1,730,258,512, which represents an increase of approximately 9 percent from 2022. The 2023 taxable value is \$1,357,995,426, which represents an increase of 7.41 percent from 2022.

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 2023, the \$36.3 million of General Fund (amended) budget expenditures was financed with a transfer of approximately \$2.3 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) until June 2023. Upon reaching this date, the only free services being offered is 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 2023 property tax revenue resulted from the 2022 millage rate of 7.2463 mills, composed of 0.8935 for general operating and 6.3528 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.

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, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 4)	\$ 36,952,412	\$ 17,661,410	\$ 54,613,822	\$ 12,511,558
Receivables:				
Property taxes receivable	5,646,837	-	5,646,837	-
Special assessments receivable	2,252,393	-	2,252,393	-
Receivables from sales to customers on account	-	2,401,002	2,401,002	-
Other receivables	3,090,495	45,864	3,136,359	6,031,323
Due from other governments	718,095	-	718,095	-
Advance to component unit (Note 6)	8,046,570	-	8,046,570	-
Internal balances	(2,518)	2,518	-	-
Prepaid items	218,809	43,034	261,843	-
Restricted assets (Note 8)	3,115,508	9,027,505	12,143,013	1,300,172
Net OPEB asset (Note 12)	-	1,519,104	1,519,104	526,442
Capital assets: (Note 5)				
Assets not subject to depreciation	21,745,262	5,176,486	26,921,748	612,221
Assets subject to depreciation - Net	18,973,184	53,417,516	72,390,700	3,128,358
Long-term receivable - Opioid settlement	266,691	-	266,691	-
Long-term receivable - From other governments	375,000	-	375,000	-
Deposits	639,663	261,271	900,934	-
Total assets	102,038,401	89,555,710	191,594,111	24,110,074
Deferred Outflows of Resources (Note 14)				
Deferred charges on bond refunding	-	-	-	172,254
Deferred pension costs	5,324,876	-	5,324,876	-
Deferred OPEB costs	1,303,180	336,632	1,639,812	40,956
Total deferred outflows of resources	6,628,056	336,632	6,964,688	213,210
Liabilities				
Accounts payable	3,184,167	1,112,380	4,296,547	95,352
Refundable deposits, bonds, etc.	607,207	1,055,459	1,662,666	-
Accrued liabilities and other	490,432	122,416	612,848	86,190
Unearned revenue	144,780	-	144,780	-
Noncurrent liabilities: (Note 7)				
Due within one year:				
Compensated absences	349,875	32,700	382,575	-
Current portion of long-term debt	375,000	1,263,537	1,638,537	1,626,027
Due in more than one year:				
Accrued interest - Capital appreciation bonds	-	-	-	11,194,551
Advance from primary government	-	-	-	8,046,570
Net pension liability (Note 10)	10,901,574	-	10,901,574	-
Net OPEB liability (Note 12)	12,068,705	-	12,068,705	-
Long-term debt - Net of current portion (Note 7)	6,525,000	10,810,752	17,335,752	14,169,498
Nonexchange financial guarantee (Note 15)	12,994,972	-	12,994,972	-
Total liabilities	47,641,712	14,397,244	62,038,956	35,218,188
Deferred Inflows of Resources (Note 14)				
Property taxes levied for the following year	9,125,348	-	9,125,348	2,080,432
Special assessments assessed for the following year	441,862	-	441,862	-
Deferred pension cost reductions	427,472	-	427,472	-
Deferred OPEB cost reductions	3,991,233	858,841	4,850,074	144,057
Total deferred inflows of resources	13,985,915	858,841	14,844,756	2,224,489
Net Position (Deficit)				
Net investment in capital assets	36,933,954	46,519,713	83,453,667	2,177,058
Restricted:				
Museum	78,480	-	78,480	-
Law enforcement	242,971	-	242,971	-
Debt service	-	-	-	589,500
911 service	146,845	-	146,845	-
Community Development Block Grant	128,377	-	128,377	-
PEG fees	58,939	-	58,939	-
Tax levy - Debt/Capital	-	9,027,505	9,027,505	-
Opioid settlement	266,691	-	266,691	-
Unrestricted	9,182,573	19,089,039	28,271,612	(15,885,951)
Total net position (deficit)	\$ 47,038,830	\$ 74,636,257	\$ 121,675,087	\$ (13,119,393)

Charter Township of Van Buren

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ (369,998)	\$ 1,025,788	\$ 1,137,000	\$ 570,921
Public safety	14,521,578	1,849,381	3,247,009	50,000
Public works	3,362,994	-	2,043,804	4,176,771
Community and economic development	409,713	96,795	99,085	-
Recreation and culture	1,373,735	166,601	67,137	-
Interest on long-term debt	154,360	-	-	-
Total governmental activities	19,452,382	3,138,565	6,594,035	4,797,692
Business-type activities	11,247,892	9,911,049	-	689,999
Total primary government	\$ 30,700,274	\$ 13,049,614	\$ 6,594,035	\$ 5,487,691
Component units:				
Downtown Development Authority	\$ 2,118,201	\$ -	\$ -	\$ -
Local Development Financing Authority	1,390,422	-	107,871	-
Total component units	\$ 3,508,623	\$ -	\$ 107,871	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
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, 2023

Net Revenue (Expense) and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 3,103,707	\$ -	\$ 3,103,707	\$ -
(9,375,188)	-	(9,375,188)	-
2,857,581	-	2,857,581	-
(213,833)	-	(213,833)	-
(1,139,997)	-	(1,139,997)	-
(154,360)	-	(154,360)	-
(4,922,090)	-	(4,922,090)	-
-	(646,844)	(646,844)	-
(4,922,090)	(646,844)	(5,568,934)	-
-	-	-	(2,118,201)
-	-	-	(1,282,551)
-	-	-	(3,400,752)
8,681,608	-	8,681,608	2,792,025
3,630,966	-	3,630,966	-
2,405,953	1,203,040	3,608,993	385,366
956,390	-	956,390	12,002,700
220,000	-	220,000	-
8,213,776	-	8,213,776	-
24,108,693	1,203,040	25,311,733	15,180,091
19,186,603	556,196	19,742,799	11,779,339
27,852,227	74,080,061	101,932,288	(24,898,732)
\$ 47,038,830	\$ 74,636,257	\$ 121,675,087	\$ (13,119,393)

Charter Township of Van Buren

Governmental Funds Balance Sheet

December 31, 2023

	General Fund	Long-term Debt Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 20,040,905	\$ 14,166,825	\$ 2,744,682	\$ 36,952,412
Receivables:				
Property taxes receivable	5,646,837	-	-	5,646,837
Special assessments receivable	2,252,393	-	-	2,252,393
Other receivables	3,008,170	42,842	39,483	3,090,495
Due from other governments	692,398	-	25,697	718,095
Advance to component unit	-	8,046,570	-	8,046,570
Prepaid items	218,809	-	-	218,809
Restricted assets - Unspent bond proceeds	3,115,508	-	-	3,115,508
Long-term receivable - Opioid settlement	266,691	-	-	266,691
Long-term receivable - From other governments	375,000	-	-	375,000
	\$ 35,616,711	\$ 22,256,237	\$ 2,809,862	\$ 60,682,810
Liabilities				
Accounts payable	\$ 3,164,361	\$ -	\$ 19,806	\$ 3,184,167
Due to other funds (Note 6)	2,518	-	-	2,518
Refundable deposits, bonds, etc.	607,207	-	-	607,207
Accrued liabilities and other	395,697	-	5,699	401,396
Unearned revenue	144,780	-	-	144,780
	4,314,563	-	25,505	4,340,068
Deferred Inflows of Resources				
Unavailable revenue (Note 14)	3,378,588	-	25,697	3,404,285
Property taxes levied for the following year (Note 14)	9,125,348	-	-	9,125,348
Special assessments assessed for the following year	441,862	-	-	441,862
	12,945,798	-	25,697	12,971,495

Charter Township of Van Buren

**Governmental Funds
Balance Sheet (Continued)**

December 31, 2023

	General Fund	Long-term Debt Fund	Nonmajor Funds	Total Governmental Funds
Fund Balances				
Nonspendable - Prepaids	\$ 218,809	\$ -	\$ -	\$ 218,809
Restricted:				
Law enforcement	-	-	242,971	242,971
911 service	-	-	146,845	146,845
Grants	-	-	102,680	102,680
Capital projects	3,115,508	-	-	3,115,508
Museum	-	-	78,480	78,480
PEG fees	58,939	-	-	58,939
Assigned (Note 16)	938,059	22,256,237	2,187,684	25,381,980
Unassigned	14,025,035	-	-	14,025,035
Total fund balances	18,356,350	22,256,237	2,758,660	43,371,247
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,616,711</u>	<u>\$ 22,256,237</u>	<u>\$ 2,809,862</u>	<u>\$ 60,682,810</u>

Charter Township of Van Buren

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

December 31, 2023

Fund Balances Reported in Governmental Funds	\$ 43,371,247
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	40,718,446
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	3,404,285
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	4,897,404
Certain changes in OPEB plan net position are reported as deferred outflows and inflows of resources in the statement of net position but are reported as expenses in the governmental funds	(2,688,053)
Bonds payable and accrued interest are not due and payable in the current period and are not reported in the funds	(6,963,727)
IBNR are not due and payable in the current period and are not reported in the funds	(25,309)
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	(349,875)
Pension benefits	(10,901,574)
Retiree health care benefits	(12,068,705)
Deposit with self-insurance providers in governmental activities is reported as an expense in the governmental funds when paid	639,663
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	(12,994,972)
Net Position of Governmental Activities	<u>\$ 47,038,830</u>

Charter Township of Van Buren

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2023

	General Fund	Long-term Debt Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 8,073,988	\$ -	\$ -	\$ 8,073,988
Special assessments	472,083	-	-	472,083
Intergovernmental:				
Federal grants	2,984,099	-	79,085	3,063,184
State-shared revenue and grants:				
State-shared revenue	3,487,740	-	-	3,487,740
Local Community Stabilization Authority	143,226	-	-	143,226
Other state grants	-	-	50,000	50,000
Local grants and contributions	5,503,927	-	385,000	5,888,927
Charges for services	1,967,878	-	-	1,967,878
Fines and forfeitures	604,685	-	-	604,685
Licenses and permits	1,468,710	-	-	1,468,710
Investment income	1,275,276	1,018,907	111,770	2,405,953
Other revenue:				
Contributions and donations	-	-	67,137	67,137
Other miscellaneous income	501,645	-	171,592	673,237
Landfill royalties	7,556,259	-	-	7,556,259
Total revenue	34,039,516	1,018,907	864,584	35,923,007
Expenditures				
Current services:				
General government	4,494,795	1,813	1,371	4,497,979
Public safety:				
Police/Sheriff	7,633,967	-	-	7,633,967
Fire	2,907,405	-	-	2,907,405
Dispatch	862,053	-	-	862,053
Ordinance	276,946	-	235,368	512,314
Building inspections and related	1,184,030	-	-	1,184,030
Public works	3,362,994	-	-	3,362,994
Community and economic development -				
Planning	322,545	-	40,000	362,545
Recreation and culture	14,158,541	-	74,300	14,232,841
Insurance	937,161	-	-	937,161
Debt service	154,360	-	-	154,360
Total expenditures	36,294,797	1,813	351,039	36,647,649
Other Financing Sources (Uses)				
Transfers in	-	1,750,000	-	1,750,000
Transfers out	(1,750,000)	-	-	(1,750,000)
New debt issued	6,900,000	-	-	6,900,000
Sale of capital assets	220,000	-	-	220,000
Debt issuance premium	159,657	-	-	159,657
Total other financing sources	5,529,657	1,750,000	-	7,279,657
Net Change in Fund Balances	3,274,376	2,767,094	513,545	6,555,015
Fund Balances - Beginning of year	15,081,974	19,489,143	2,245,115	36,816,232
Fund Balances - End of year	\$ 18,356,350	\$ 22,256,237	\$ 2,758,660	\$ 43,371,247

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, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 6,555,015
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	(365,815)
Capital outlay and contributed capital	14,091,528
Depreciation expense	<u>(1,905,705)</u>
Total	11,820,008
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	2,336,321
The change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(80,147)
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(6,900,000)
Interest expense is recognized in the government-wide statements as it accrues	(63,727)
Change in net pension liability and related deferrals are recorded when incurred in the statement of activities	(1,082,481)
Change in net OPEB liability and related deferrals are recorded when incurred in the statement of activities	1,125,561
Change in liability related to the nonexchange financial guarantee is recognized in the statement of activities and not in the governmental funds	5,372,700
Changes in net deposits with MMRMA are not recorded as expenses in the statement of activities	<u>103,353</u>
Change in Net Position of Governmental Activities	<u><u>\$ 19,186,603</u></u>

Charter Township of Van Buren

Proprietary Fund Statement of Net Position

December 31, 2023
(with comparative information for December 31, 2022)

	2023	2022
Assets		
Current assets:		
Cash and investments (Note 4)	\$ 17,661,410	\$ 16,946,318
Receivables:		
Receivables from sales to customers on account	2,401,002	2,513,307
Other receivables	45,864	42,089
Due from other funds	2,518	-
Prepaid items	43,034	46,921
Total current assets	20,153,828	19,548,635
Noncurrent assets:		
Restricted assets	9,027,505	11,373,291
Net OPEB asset	1,519,104	1,268,173
Capital assets: (Note 5)		
Assets not subject to depreciation	5,176,486	4,156,270
Assets subject to depreciation - Net	53,417,516	54,172,692
Deposits	261,271	259,968
Total noncurrent assets	69,401,882	71,230,394
Total assets	89,555,710	90,779,029
Deferred Outflows of Resources - Deferred OPEB costs	336,632	460,536
Liabilities		
Current liabilities:		
Accounts payable	1,112,380	1,356,518
Due to other funds	-	854
Refundable deposits, bonds, etc.	1,055,459	1,035,155
Accrued liabilities and other	122,416	177,538
Compensated absences (Note 7)	32,700	27,511
Current portion of long-term debt (Note 7)	1,263,537	1,235,093
Total current liabilities	3,586,492	3,832,669
Noncurrent liabilities - Long-term debt - Net of current portion (Note 7)	10,810,752	12,048,449
Deferred Inflows of Resources - Deferred OPEB cost reductions	858,841	1,278,386
Net Position		
Net investment in capital assets	46,519,713	45,045,420
Restricted - Tax levy - Debt/Capital (Note 8)	9,027,505	11,373,291
Unrestricted	19,089,039	17,661,350
Total net position	\$ 74,636,257	\$ 74,080,061

Charter Township of Van Buren

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

Year Ended December 31, 2023
(with comparative information for the year ended December 31, 2022)

	2023	2022
Operating Revenue		
Sale of water	\$ 3,697,906	\$ 3,880,776
Sewage disposal charges	3,754,721	3,746,039
Water and sewer service charge	2,036,499	2,007,380
Customer penalties	180,076	156,358
Other revenue	241,847	180,842
	9,911,049	9,971,395
Operating Expenses		
Water purchases	3,817,519	3,812,047
Sewage disposal charges	3,010,581	2,742,021
Maintenance	172,492	109,331
Supplies and materials	15,610	47,155
Other operating and maintenance costs	386,909	255,486
Administration fees	625,667	625,668
Insurance	45,515	44,709
Payroll taxes, fringe benefits, and OPEB recovery	(46,775)	169,733
Salaries and wages	732,473	850,848
Professional services	275,179	368,719
Depreciation and amortization	1,916,752	1,996,463
	10,951,922	11,022,180
Operating Loss	(1,040,873)	(1,050,785)
Nonoperating Revenue (Expense)		
Property taxes	-	1,117
Investment income (loss)	1,203,040	(1,103,877)
Interest expense	(295,970)	(319,214)
	907,070	(1,421,974)
Loss - Before capital contributions	(133,803)	(2,472,759)
Capital Contributions - Tap-in fees	689,999	1,993,312
Change in Net Position	556,196	(479,447)
Net Position - Beginning of year	74,080,061	74,559,508
Net Position - End of year	\$ 74,636,257	\$ 74,080,061

Charter Township of Van Buren

Proprietary Fund Statement of Cash Flows

Year Ended December 31, 2023
(with comparative information for the year ended December 31, 2022)

	2023	2022
Cash Flows from Operating Activities		
Receipts from customers	\$ 9,807,708	\$ 9,896,474
Payments for interfund services and reimbursements	(2,518)	-
Payments to suppliers	(8,551,811)	(7,567,750)
Payments to employees and fringes	(1,301,114)	(1,429,073)
Other receipts	211,017	167,346
	163,282	1,066,997
Cash Flows from Capital and Related Financing Activities		
Special assessment collections	689,999	1,993,337
Proceeds from property tax levy	-	1,117
Purchase of capital assets	(1,366,019)	(919,313)
Principal and interest paid on capital debt	(1,505,223)	(1,532,979)
	(2,181,243)	(457,838)
Cash Flows Provided by Investing Activities - Interest received on investments	618,267	290,557
Net (Decrease) Increase in Cash and Cash Equivalents	(1,399,694)	899,716
Cash and Cash Equivalents - Beginning of year	20,098,367	19,198,651
Cash and Cash Equivalents - End of year	\$ 18,698,673	\$ 20,098,367
Statement of Net Position Classification of Cash and Cash Equivalents		
Cash and investments	\$ 17,661,410	\$ 16,946,318
Restricted cash and investments	7,527,602	9,057,615
Less amounts classified as investments	(6,490,339)	(5,905,566)
	\$ 18,698,673	\$ 20,098,367
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	\$ (1,040,873)	\$ (1,050,785)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:		
Depreciation and amortization	1,916,752	1,996,463
Changes in assets and liabilities:		
Receivables	108,530	98,759
Due to and from other funds	(2,518)	-
Prepaid and other assets	3,887	428
Net pension or OPEB liability	(549,692)	(354,834)
Accounts payable	(271,950)	383,300
Interfund liabilities	(854)	(6,334)
	1,204,155	2,117,782
	\$ 163,282	\$ 1,066,997

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 \$685,741 and \$693,470 as of December 31, 2023 and 2022, respectively. There was \$9,195 and \$9,229 of payments made on outstanding SRF debt during 2023 and 2022, respectively. At December 31, 2023 and 2022, there was \$809,661 and \$1,394,434, respectively, 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 \$808,044 and \$2,359,882 during 2023 and 2022, respectively. Additionally, the Township recorded cash held by South Huron Valley Utility Authority in the amount of \$814,162 and \$1,622,206 as of December 31, 2023 and 2022, respectively.

Charter Township of Van Buren

**Fiduciary Funds
Statement of Fiduciary Net Position**

December 31, 2023

	OPEB Trust Fund	Custodial Fund - Tax Collections
Assets		
Cash and investments	\$ 91,611	\$ 4,749,947
Interest in pooled investments	6,233,162	-
Receivables - Property taxes levied for the following period	-	8,219,321
Total assets	6,324,773	12,969,268
Liabilities - Due to other government units	-	4,749,947
Deferred Inflows of Resources - Property taxes levied for the following period	-	8,219,321
Total liabilities and deferred inflows of resources	-	12,969,268
Net Position - Restricted for postemployment benefits other than pension	\$ 6,324,773	\$ -

Charter Township of Van Buren

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2023

	OPEB Trust Fund	Custodial Fund - Tax Collections
Additions		
Investment income (expense):		
Interest and dividends	\$ 154,683	\$ -
Net increase in fair value of investments	601,570	-
Investment costs	(53,616)	-
Net investment income	702,637	-
Contributions - Employer	716,780	-
Property tax collections for other governments	-	47,328,505
Total additions	1,419,417	47,328,505
Deductions		
Benefit payments	591,780	-
Tax distributions to other governments	-	47,328,505
Total deductions	591,780	47,328,505
Net Increase in Fiduciary Net Position	827,637	-
Net Position - Beginning of year	5,497,136	-
Net Position - End of year	\$ 6,324,773	\$ -

Charter Township of Van Buren

Component Units Statement of Net Position

December 31, 2023

	Downtown Development Authority	Local Development Financing Authority	Total
Assets			
Cash and investments (Note 4)	\$ 6,133,916	\$ 6,377,642	\$ 12,511,558
Receivables	6,416	6,024,907	6,031,323
Restricted assets (Note 8)	1,300,172	-	1,300,172
Net OPEB asset (Note 12)	526,442	-	526,442
Capital assets - Net (Note 5)	3,740,579	-	3,740,579
Total assets	11,707,525	12,402,549	24,110,074
Deferred Outflows of Resources (Note 14)			
Deferred charges on bond refunding	-	172,254	172,254
Deferred OPEB costs	40,956	-	40,956
Total deferred outflows of resources	40,956	172,254	213,210
Liabilities			
Accounts payable	95,352	-	95,352
Accrued liabilities and other	53,276	32,914	86,190
Noncurrent liabilities: (Note 7)			
Due within one year - Current portion of long-term debt	464,500	1,161,527	1,626,027
Due in more than one year:			
Accrued interest - Capital appreciation bonds	-	11,194,551	11,194,551
Advance from primary government (Notes 6 and 15)	-	8,046,570	8,046,570
Long-term debt - Net of current portion (Note 7)	5,074,683	9,094,815	14,169,498
Total liabilities	5,687,811	29,530,377	35,218,188
Deferred Inflows of Resources (Note 14)			
Property taxes levied for the following year	1,581,329	499,103	2,080,432
Deferred OPEB cost reductions	144,057	-	144,057
Total deferred inflows of resources	1,725,386	499,103	2,224,489
Net Position (Deficit)			
Net investment in capital assets	2,177,058	-	2,177,058
Restricted - Debt service	589,500	-	589,500
Unrestricted	1,568,726	(17,454,677)	(15,885,951)
Total net position (deficit)	<u>\$ 4,335,284</u>	<u>\$ (17,454,677)</u>	<u>\$ (13,119,393)</u>

Charter Township of Van Buren

Component Units Statement of Activities

Year Ended December 31, 2023

	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	\$ 2,118,201	\$ -	\$ -	\$ -	\$ (2,118,201)	\$ -	\$ (2,118,201)
Local Development Financing Authority	1,390,422	-	107,871	-	-	(1,282,551)	(1,282,551)
Total	\$ 3,508,623	\$ -	\$ 107,871	\$ -	(2,118,201)	(1,282,551)	(3,400,752)
General revenue:							
Property taxes					2,105,587	686,438	2,792,025
Investment income					249,911	135,455	385,366
Cable franchise fees					2,700	12,000,000	12,002,700
Total general revenue					2,358,198	12,821,893	15,180,091
Change in Net Position					239,997	11,539,342	11,779,339
Net Position (Deficit) - Beginning of year					4,095,287	(28,994,019)	(24,898,732)
Net Position (Deficit) - End of year					\$ 4,335,284	\$ (17,454,677)	\$ (13,119,393)

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 General Fund represent unspent bond proceeds.

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:

<u>Capital Asset Class</u>	<u>Depreciable Life - Years</u>
Road improvements	50
Utility system	50
French Landing Dam	50
Buildings and improvements	50
Equipment and furniture	5 to 10
Vehicles	5
Land improvements	15
DUWA intangible	36

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 bond 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	✓	
Special assessments assessed 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 2023 property tax revenue was levied and collectible on December 1, 2022 and is recognized as revenue in the year ended December 31, 2023, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2022 taxable valuation of the Township totaled \$1,234,292,814 (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 0.8935 mills for operating purposes and 6.3528 mills for public safety. This resulted in approximately \$992,000 for operating and \$7,072,000 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/Asset

The Township offers retiree health care benefits to retirees. The Township records a net OPEB liability/asset 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 June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2024.

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

Noncompliance with Public Act 2 of 1968

The Township budgeted a deficit in the General Fund of \$1,481,158, as noted in the required supplementary information.

December 31, 2023

Note 3 - Stewardship, Compliance, and Accountability (Continued)

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, 2023		\$ (1,975,216)
Current year permit revenue		1,371,661
Related expenses:		
Direct costs	\$ 827,223	
Estimated indirect costs	145,351	972,574
		<u>399,087</u>
Current year shortfall		<u>399,087</u>
Cumulative shortfall at December 31, 2023		<u><u>\$ (1,576,129)</u></u>

Note 4 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act (PA) 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all the state statutory authorities, as listed above. The component units' investment policies mirror those of the Township.

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

The Township has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit (CDs) but not the remainder of state statutory authority, as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had bank deposits totaling \$2,313,298 (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.

December 31, 2023

Note 4 - Deposits and Investments (Continued)

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	\$ 29,438,187	28.04 months
Negotiable certificates of deposit	<u>6,361,087</u>	25.30 months
Total	<u>\$ 35,799,274</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	\$ 29,809,875	AAA	S&P
Negotiable certificates of deposit	6,361,087	N/A	N/A
Governmental securities	<u>29,438,187</u>	AA+	S&P
Total	<u>\$ 65,609,149</u>		

Concentration of Credit Risk

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

Security	Value	Concentration %
Government agency - Federal Home Loan Bank (FHLB)	\$ 9,810,899	27.45%
Government agency - Federal National Mortgage Association (FNMA)	3,208,852	8.92%
Government agency - Federal Home Loan Mortgage Corporation (FHLMC)	4,940,249	13.59%
Government agency - Federal Farm Credit Bank	11,478,187	32.46%

Note 4 - Deposits and Investments (Continued)

Component Units

The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$7,879,131. Their investments include a money market account of \$1,300,173, which was rated A1/P1/F1, and \$3,149,461 in bank investment pools rated AAA by S&P. The ratings on their negotiable CDs in the amount of \$718,398 were not available. These CDs had a maturity of 21.56 months. The component units also have \$1,442,467 invested in government securities, which were rated AA+ by S&P. These government securities had a maturity of 25.21 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 Northstar Bank, Chase Bank, and Wells Fargo Bank. The DDA's concentration percentage of the certificates of deposit is 10.93, 10.93, and 6.03 percent, respectively. The DDA's concentration percentage of Federal Home Loan Bank, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation securities is 32.78, 28.41, and 6.56 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, 2023

Note 4 - Deposits and Investments (Continued)

The Township has the following recurring fair value measurements as of December 31, 2023:

	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, 2023
Investments by Fair Value Level				
Primary government:				
U.S. government securities	\$ -	\$ 29,438,187	\$ -	\$ 29,438,187
Negotiable certificates of deposit	-	6,361,087	-	6,361,087
Total primary government	-	35,799,274	-	35,799,274
Component units:				
U.S. government securities	-	1,442,467	-	1,442,467
Negotiable certificates of deposit	-	718,398	-	718,398
Total component units	-	2,160,865	-	2,160,865
Total investments by fair value level	\$ -	\$ 37,960,139	\$ -	37,960,139
Investments measured at NAV:				
MBIA CLASS investment pool				3,453,273
Comerica Investment Pool				26,356,602
CLS ETF funds				6,233,162
Total investments measured at NAV				36,043,037
Total assets				\$ 74,003,176

The fair value of U.S. government securities and negotiable certificates of deposit at December 31, 2023 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.

Note 4 - Deposits and Investments (Continued)

At December 31, 2023, 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	\$ 3,453,273	\$ -	N/A	None
Comerica Investment Pool	26,356,602	-	N/A	None
CLS ETF funds	6,233,162	-	N/A	None
Total investments measured at NAV	<u>\$ 36,043,037</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, 2023:

- U.S. government securities with a value of \$1,442,467 are valued using a matrix pricing model (Level 2 inputs).
- Negotiable CDs of \$718,398 are valued using a matrix pricing model (Level 2 inputs).
- Comerica Investment Pool investment of \$3,149,461 is valued at net asset value. 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 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, 2023

Note 5 - Capital Assets

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

Governmental Activities

	Balance January 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2023
Capital assets not being depreciated:					
Land	\$ 6,446,445	\$ -	\$ 84,928	\$ (220,000)	\$ 6,311,373
Construction in progress	4,488,075	(1,238,381)	12,184,195	-	15,433,889
Subtotal	10,934,520	(1,238,381)	12,269,123	(220,000)	21,745,262
Capital assets being depreciated:					
French Landing Dam	2,963,777	878,117	704,615	-	4,546,509
Buildings and improvements	16,968,138	360,264	336,892	-	17,665,294
Equipment and furniture	6,332,068	-	518,875	(437,446)	6,413,497
Vehicles	4,779,791	-	262,023	(30,727)	5,011,087
Land improvements	7,198,527	-	-	(145,815)	7,052,712
Subtotal	38,242,301	1,238,381	1,822,405	(613,988)	40,689,099
Accumulated depreciation:					
French Landing Dam	2,722,271	-	78,639	-	2,800,910
Buildings and improvements	7,448,584	-	443,547	-	7,892,131
Equipment and furniture	4,119,001	-	505,540	(437,446)	4,187,095
Vehicles	2,597,716	-	518,241	(30,727)	3,085,230
Land improvements	3,390,811	-	359,738	-	3,750,549
Subtotal	20,278,383	-	1,905,705	(468,173)	21,715,915
Net capital assets being depreciated	17,963,918	1,238,381	(83,300)	(145,815)	18,973,184
Net governmental activities capital assets	\$ 28,898,438	\$ -	\$ 12,185,823	\$ (365,815)	\$ 40,718,446

December 31, 2023

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2023
Capital assets not being depreciated:					
Land	\$ 57,294	\$ -	\$ -	\$ (5,782)	\$ 51,512
Construction in progress	4,098,976	(319,722)	1,345,720	-	5,124,974
Subtotal	4,156,270	(319,722)	1,345,720	(5,782)	5,176,486
Capital assets being depreciated:					
Utility system	108,912,950	319,722	657,449	-	109,890,121
Buildings and improvements	359,313	-	-	-	359,313
Machinery and equipment	647,078	-	73,223	-	720,301
Vehicles	974,184	-	111,182	-	1,085,366
Office furnishings	162,919	-	-	-	162,919
DUWA intangible	319,515	-	-	-	319,515
Subtotal	111,375,959	319,722	841,854	-	112,537,535
Accumulated depreciation:					
Utility system	55,382,745	-	1,842,435	-	57,225,180
Buildings and improvements	176,879	-	10,548	-	187,427
Machinery and equipment	624,553	-	12,140	-	636,693
Vehicles	845,193	-	39,911	-	885,104
Office furnishings	156,482	-	2,632	-	159,114
DUWA intangible	17,415	-	9,086	-	26,501
Subtotal	57,203,267	-	1,916,752	-	59,120,019
Net capital assets being depreciated	54,172,692	319,722	(1,074,898)	-	53,417,516
Net business-type activities capital assets	\$ 58,328,962	\$ -	\$ 270,822	\$ (5,782)	\$ 58,594,002

December 31, 2023

Note 5 - Capital Assets (Continued)

Capital asset activity for the Township's component units for the year ended December 31, 2023 was as follows:

Component Units

	Balance January 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2023
Capital assets not being depreciated:					
Land	\$ 426,262	\$ -	\$ -	\$ -	\$ 426,262
Construction in progress	-	-	185,959	-	185,959
Subtotal	426,262	-	185,959	-	612,221
Capital assets being depreciated:					
Office furnishings	99,756	-	-	-	99,756
Land improvements	4,578,991	-	16,788	-	4,595,779
Intangible road rights - Right-of-way	166,692	-	71,112	-	237,804
Subtotal	4,845,439	-	87,900	-	4,933,339
Accumulated depreciation:					
Office furnishings	40,168	-	12,475	-	52,643
Land improvements	1,549,752	-	84,488	-	1,634,240
Intangible road rights	100,790	-	17,308	-	118,098
Subtotal	1,690,710	-	114,271	-	1,804,981
Net capital assets being depreciated	3,154,729	-	(26,371)	-	3,128,358
Net capital assets	<u>\$ 3,580,991</u>	<u>\$ -</u>	<u>\$ 159,588</u>	<u>\$ -</u>	<u>\$ 3,740,579</u>

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

Governmental activities:	
General government	\$ 450,334
Public safety	953,708
Public works	428,000
Economic development	73,663
Total governmental activities	<u>\$ 1,905,705</u>
Business-type activities - Water and Sewer Fund	\$ 1,916,752
Component unit activities - Downtown Development Authority	\$ 114,271

Note 5 - Capital Assets (Continued)

Construction Commitments

The Township had active construction projects at year end.

	Spent to Date	Remaining Commitment
Community Recreation Center	\$ 6,933,534	\$ 1,631,215
Community Recreation Center	4,621,533	405,926
Community Recreation Center	223,137	69,143
Iron Belle Trail - Section H	438,686	-
Total	<u>\$ 12,216,890</u>	<u>\$ 2,106,284</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	General Fund	\$ 2,518

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 a fund of the Township and a component unit of the Township:

Fund Borrowed From	Fund Loaned To	Amount
Long-term Debt Fund	Local Development Financing Authority	\$ 8,046,570

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

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

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

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

December 31, 2023

Note 7 - Long-term Debt

Long-term debt activity for the year ended December 31, 2023 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Other debt	\$ -	\$ 6,900,000	\$ -	\$ 6,900,000	\$ 375,000
Compensated absences	269,728	496,326	(416,179)	349,875	349,875
Nonexchange financial guarantee	18,367,672	1,420,000	(6,792,700)	12,994,972	-
Total governmental activities long-term debt	<u>\$ 18,637,400</u>	<u>\$ 8,816,326</u>	<u>\$ (7,208,879)</u>	<u>\$ 20,244,847</u>	<u>\$ 724,875</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	\$ 8,137,885	\$ -	\$ (1,076,561)	\$ 7,061,324	\$ 1,126,741
South Huron Valley bonds	4,405,448	-	(94,733)	4,310,715	98,837
Unamortized bond premiums	740,209	-	(37,959)	702,250	37,959
Total bonds and contracts payable	13,283,542	-	(1,209,253)	12,074,289	1,263,537
Compensated absences	27,511	45,348	(40,159)	32,700	32,700
Total business-type activities long-term debt	<u>\$ 13,311,053</u>	<u>\$ 45,348</u>	<u>\$ (1,249,412)</u>	<u>\$ 12,106,989</u>	<u>\$ 1,296,237</u>

December 31, 2023

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	\$ 4,285,000	\$ -	\$ (505,000)	\$ 3,780,000	\$ 475,000
Tax increment bonds	12,589,656	-	(960,859)	11,628,797	1,100,231
Total other debt principal outstanding	16,874,656	-	(1,465,859)	15,408,797	1,575,231
DDA bond premium	6,292	-	(630)	5,662	630
DDA bond discount	(17,609)	-	1,130	(16,479)	(1,130)
LDFA bond premium	448,841	-	(51,296)	397,545	51,296
Total bonds and contracts payable	17,312,180	-	(1,516,655)	15,795,525	1,626,027
Compensated absences	7,510	-	(7,510)	-	-
Accrued interest - Capital appreciation bonds	11,498,506	605,185	(909,140)	11,194,551	-
Total component units long-term debt	<u>\$ 28,818,196</u>	<u>\$ 605,185</u>	<u>\$ (2,433,305)</u>	<u>\$ 26,990,076</u>	<u>\$ 1,626,027</u>

December 31, 2023

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, 2023 are as follows:

Purpose	Interest Rates	Maturing	Outstanding
Governmental Activities			
General obligations - 2023 Capital Improvement Bonds (LTGO), amount of original issue - \$6,900,000	3.00% to 5.00%	2037	\$ 6,900,000
Business-type Activities			
Downriver Sewage Disposal System Bonds, Estimated Clean Water Program, 2014, amount of issue - \$11,955,000	2.00%	2035	\$ 125,757
Downriver Sewage Disposal System, 2011 Downriver Treatment Plan Improvement Bond, amount of issue - \$174,346	1.625%	2033	139,750
State Revolving Loan Fund, 2006, amount of issue - \$12,025,000	1.625%	2026	2,634,339
State Revolving Loan Fund, 2016, amount of issue - \$17,708,000	2.50%	2037	232,289
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$231,955	1.625%	2029	78,048
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$255,646	1.625%	2030	89,324
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$96,994	1.625%	2030	27,693
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$94,741	1.625%	2029	28,129
State Revolving Loan Fund, 2005, amount of issue - \$77,254	1.625%	2026	14,480
State Revolving Loan Fund, 2007, amount of issue - \$114,251	4.50% - 5.00%	2027	32,652
Drinking Water Revolving Loan Fund, 2009, amount of issue - \$6,645,000	2.50%	2029	2,345,000
South Huron Valley Utility Authority: Project 5386-01, 2011, amount of issue - \$485,963	2.50%	2031	233,829
Junior Lien Bond due to County		2023	62,650
Downriver Utility Wastewater Authority, 2018 Revenue Bond, amount of issue - \$999,573	5.00%	2042	931,698
South Huron Valley Wastewater Control System Improvement Bonds, amount of issue - \$26,605,000	3.00% - 5.00%	2043	4,076,886
2020 bond premium			702,250
DUWA WIFIA debt	1.73%	2057	319,515
Total business-type activities			<u>\$ 12,074,289</u>

December 31, 2023

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% - 5.00%	2031	\$ 3,780,000
2015 bond premium			397,545
Tax Increment Bonds - Series 2003, amount of issue - \$6,589,656	5.27% - 5.38%	2032	6,078,797
Tax Increment Bonds - Series 2014, amount of issue - \$2,600,000	3.00% - 4.00%	2032	1,400,000
2014 bond premium			5,662
Tax Increment Bonds - Series 2012, amount of issue - \$4,900,000	3.00% - 3.75%	2032	2,570,000
Tax Increment Bonds - Series 2018, amount of issue - \$1,970,000	3.00% - 3.63%	2038	1,580,000
2018 bond discount			(16,479)
Total component units			<u>\$ 15,795,525</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 \$6,078,797. As of December 31, 2023, the LDFA had recorded \$11,194,551 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.

Note 7 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31	Governmental Activities			Business-type Activities		
	Other Debt		Total	Direct Borrowings and Direct Placements		Total
	Principal	Interest		Principal	Interest	
2024	\$ 375,000	\$ 254,906	\$ 629,906	\$ 1,225,578	\$ 368,749	\$ 1,594,327
2025	395,000	236,156	631,156	1,308,876	336,430	1,645,306
2026	415,000	216,406	631,406	1,274,817	308,650	1,583,467
2027	435,000	195,656	630,656	1,381,150	277,522	1,658,672
2028	455,000	173,906	628,906	725,668	243,470	969,138
2029-2033	2,520,000	631,830	3,151,830	2,032,017	926,620	2,958,637
2034-2038	2,305,000	208,188	2,513,188	1,655,171	582,315	2,237,486
2039-2043	-	-	-	1,615,187	177,077	1,792,264
Thereafter	-	-	-	153,575	18,297	171,872
Total	\$ 6,900,000	\$ 1,917,048	\$ 8,817,048	\$ 11,372,039	\$ 3,239,130	\$ 14,611,169

Component Unit Activities

Other Debt		
Principal	Interest	Total
\$ 1,575,231	\$ 1,569,157	\$ 3,144,388
1,544,075	1,635,580	3,179,655
1,547,809	1,702,810	3,250,619
1,440,293	1,769,864	3,210,157
1,631,818	2,270,169	3,901,987
7,064,571	9,557,272	16,621,843
605,000	66,956	671,956
-	-	-
-	-	-
\$ 15,408,797	\$ 18,571,808	\$ 33,980,605

Revenue Pledged in Connection with Component Unit Debt

The Downtown Development Authority has pledged a portion of future property tax revenue to repay \$2,570,000, \$1,400,000, and \$1,580,000 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 \$6,793,644 payable through 2038. For the current year, principal and interest paid and total property tax captures were \$662,131 and \$2,105,587, respectively.

The Township has pledged a portion of future property tax revenue to repay \$9,858,797 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 \$27,186,961, payable through 2032. For the current year, the principal and interest paid and the total property tax captures were \$2,076,856 and \$686,438, respectively. In 2023, the Township advanced the Authority \$1,420,000 in relation to the debt guarantee. The advance plus \$351,511 of accrued interest is recorded as a long-term advance. The balance of the long-term advance as of December 31, 2023 is \$8,046,570.

December 31, 2023

Note 8 - Restricted Assets

At December 31, 2023, restricted assets are composed of the following:

	Governmental Activities	Business-type Activities	Component Units
Assets held by Wayne County, Michigan	\$ -	\$ 685,741	\$ -
Cash and investments	-	7,527,602	-
Debt service restrictions	-	-	1,300,172
Assets held by South Huron Valley Utility Authority	-	814,162	-
Unspent bond proceeds	3,115,508	-	-
Total	<u>\$ 3,115,508</u>	<u>\$ 9,027,505</u>	<u>\$ 1,300,172</u>

Restricted assets in governmental activities are related to unspent bond proceeds and are restricted for capital projects.

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 \$589,500 for debt service.

Note 9 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for employee injuries and medical benefits and participates in the risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority (the "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:

	2023	2022
Claims incurred - Including changes in estimates	\$ 183,919	\$ 135,476
Claim payments	(183,919)	(135,476)
Unpaid claims - End of year	<u>\$ -</u>	<u>\$ -</u>

Note 10 - Pension Plan

Plan Description

The Charter Township of Van Buren participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), which covers township police command, police officers, and dispatch employees. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplementary 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 arbitration 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 11.00 percent of gross wages for the police command. Additionally, the Township contributes 17.28 percent of gross wages for the police patrol/dispatch and 23.59 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.

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.

December 31, 2023

Note 10 - Pension Plan (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>51</u>
Total employees covered by the plan	<u><u>78</u></u>

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. MERS retains an independent actuary for this purpose. The employer is required to contribute amounts at least equal to the actuarially determined rate established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

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, 2023 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, 2022 measurement date. The December 31, 2022 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2021	\$ 28,789,212	\$ 22,829,077	\$ 5,960,135
Changes for the year:			
Service cost	816,861	-	816,861
Interest	2,081,687	-	2,081,687
Changes in benefits	(798)	-	(798)
Differences between expected and actual experience	749,773	-	749,773
Contributions - Employer	-	690,799	(690,799)
Contributions - Employee	-	592,501	(592,501)
Net investment loss	-	(2,534,659)	2,534,659
Benefit payments, including refunds	(969,433)	(969,433)	-
Administrative expenses	-	(42,557)	42,557
Net changes	<u>2,678,090</u>	<u>(2,263,349)</u>	<u>4,941,439</u>
Balance at December 31, 2022	<u>\$ 31,467,302</u>	<u>\$ 20,565,728</u>	<u>\$ 10,901,574</u>

The plan's fiduciary net position represents 65.4 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, 2023, the Township recognized pension expense of \$1,907,535.

December 31, 2023

Note 10 - Pension Plan (Continued)

At December 31, 2023, 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	\$ 864,355	\$ (427,472)
Changes in assumptions	1,659,287	-
Net difference between projected and actual earnings on pension plan investments	1,980,964	-
Changes in proportionate share, or difference between amount contributed and proportionate share of contributions	820,270	-
Total	<u>\$ 5,324,876</u>	<u>\$ (427,472)</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
2024	\$ 770,758
2025	990,958
2026	1,019,148
2027	1,171,306
2028	124,964
Total	<u>\$ 4,077,134</u>

Actuarial Assumptions

The total pension liability in the December 31, 2022 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, 2022 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.

Note 10 - Pension Plan (Continued)

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 1, 2022 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	\$ 15,601,043	\$ 10,901,574	\$ 7,049,804

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 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 \$645,000 during the current year, and employees contributed approximately \$288,000.

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.

December 31, 2023

Note 12 - Other Postemployment Benefit Plan (Continued)

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	<hr/> 76
Total plan members	<hr/> <hr/> 117

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 \$591,780, 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, 2023 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, 2023 measurement date. The December 31, 2023 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2022 and rolled forward to that date.

December 31, 2023

Note 12 - Other Postemployment Benefit Plan (Continued)

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, 2022	\$ 14,638,537	\$ 5,497,136	\$ 9,141,401
Changes for the year:			
Service cost	210,431	-	210,431
Interest	1,084,204	-	1,084,204
Differences between expected and actual experience	(150,144)	-	(150,144)
Changes in assumptions	1,156,683	-	1,156,683
Contributions - Employer	-	716,780	(716,780)
Net investment income	-	761,852	(761,852)
Benefit payments, including refunds	(591,780)	(591,780)	-
Administrative expenses	-	(59,216)	59,216
Net changes	1,709,394	827,636	881,758
Balance at December 31, 2023	<u>\$ 16,347,931</u>	<u>\$ 6,324,772</u>	<u>\$ 10,023,159</u>

The plan's fiduciary net position represents 38.7 percent of the total OPEB liability.

Of the net OPEB liability, \$12,068,705 is recorded in the governmental activities, a net OPEB asset of \$1,519,104 is recorded in the business-type activities, and a net OPEB asset of \$526,442 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, 2023, the Township recognized OPEB recovery of \$1,060,121.

At December 31, 2023, 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	\$ -	\$ (2,055,359)
Changes in assumptions	1,471,935	(2,938,772)
Net difference between projected and actual earnings on OPEB plan investments	208,833	-
Total	<u>\$ 1,680,768</u>	<u>\$ (4,994,131)</u>

Note 12 - Other Postemployment Benefit Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (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
2024	\$ (1,482,686)
2025	(945,561)
2026	(912,841)
2027	27,725
Total	<u>\$ (3,313,363)</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2023 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 6.90 percent; a health care cost trend rate of 7.25 percent for two years, then graded down to 4.5 percent by 0.25 percent per year for pre-65 years of age and a health care cost trend rate of 5.50 percent for two years, then graded down to 4.5 percent by 0.25 percent per year for post-65 years of age; and the Pub-2010 mortality tables. The dental trend rates set to 3 percent per year. The salary scale was set to 3 percent per year. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2023 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	7.80 %
Global fixed income	4.80
Private assets	6.90
Diversifying strategies	6.30

December 31, 2023

Note 12 - Other Postemployment Benefit Plan (Continued)

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

The following presents the net OPEB liability of the Township, calculated using the discount rate of 6.90 percent, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.90%)	Current Discount Rate (6.90%)	1 Percentage Point Increase (7.90%)
Net OPEB liability of the Charter Township of Van Buren OPEB Plan	\$ 12,104,061	\$ 10,023,159	\$ 8,303,099

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	\$ 8,018,387	\$ 10,023,159	\$ 12,470,401

Assumption Changes

In 2023, the long-term rate of return and discount rate decreased from 7.45 percent to 6.90 percent. Also, the medical trend rate were updated to be as follows:

- Pre-65 years old: 7.25 percent for two years, then graded down to 4.5 percent by 0.25 percent per year
- Post-65 years old: 5.50 percent for two years, then graded down to 4.5 percent by 0.25 percent per year

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, 2023:

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>

Note 12 - Other Postemployment Benefit Plan (Continued)

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 11.79 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 \$1,353,528 toward the operation of the system. In addition, debt payments of \$289,766, 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 \$196,948 for operations of the system and \$111,858 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.

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 2023, the Township paid \$1,076,373 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 2023.

December 31, 2023

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	\$ 9,125,348	\$ 9,125,348	\$ -	\$ 2,080,432
Special assessments assessed for the next fiscal year	441,862	441,862	-	-
Special assessments - Unavailable	2,482,613	-	-	-
Grant revenue - Unavailable	25,697	-	-	-
State shared revenue - Unavailable	629,284	-	-	-
Deferred inflows from pension	-	427,472	-	-
Deferred inflows from OPEB	-	3,991,233	858,841	144,057
Opioid settlement - Unavailable	266,691	-	-	-
Total deferred inflows	\$ 12,971,495	\$ 13,985,915	\$ 858,841	\$ 2,224,489

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	\$ 5,324,876	\$ -	\$ -
Bond refunding loss being amortized	-	-	172,254
Deferred outflows related to OPEB	1,303,180	336,632	40,956
Total deferred outflows	\$ 6,628,056	\$ 336,632	\$ 213,210

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.

In June 2023, the LDFA reached a settlement with Visteon Corporation over ongoing disputes relating to the unpaid LDFA bonds. The LDFA was awarded \$12,000,000 in settlement proceeds to be paid by Visteon. The LDFA received \$6,000,000 in July 2023 and is scheduled to receive the remaining \$6,000,000 before July 1, 2024.

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 \$7,595,000 in principal and interest on the guarantee through December 31, 2023. 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, 2023 is as follows:

Beginning of Year	Increases	Decreases	End of Year
\$ 18,367,672	\$ 1,420,000	\$ (6,792,700)	\$ 12,994,972

The Township expects to recover the payments in future years and has recorded an advance to the LDFA in the amount of \$8,046,570, which includes interest.

Note 16 - Fund Balance Constraints

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

	General Fund	Long-term Debt Fund	Nonmajor Funds	Total
Nonspendable - Prepays	\$ 218,809	\$ -	\$ -	\$ 218,809
Restricted:				
Law enforcement	-	-	242,971	242,971
911 service	-	-	146,845	146,845
Grants	-	-	102,680	102,680
Capital projects	3,115,508	-	-	3,115,508
Museum	-	-	78,480	78,480
PEG fees	58,939	-	-	58,939
Total restricted	3,174,447	-	570,976	3,745,423
Assigned:				
Senior center bequest activities	19,910	-	-	19,910
Future obligations	-	22,256,237	-	22,256,237
French Landing Dam	193,274	-	-	193,274
Computer networking equipment	25,000	-	-	25,000
Sidewalk maintenance	25,000	-	-	25,000
Compensated absences	349,875	-	-	349,875
Fire department equipment replacement	200,000	-	-	200,000
Retiree health care	125,000	-	-	125,000
Capital projects	-	-	2,187,684	2,187,684
Total assigned	938,059	22,256,237	2,187,684	25,381,980
Unassigned	14,025,035	-	-	14,025,035
Total fund balances	<u>\$ 18,356,350</u>	<u>\$ 22,256,237</u>	<u>\$ 2,758,660</u>	<u>\$ 43,371,247</u>

Required Supplementary Information

Charter Township of Van Buren

Required Supplementary Information Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,002,401	\$ 2,401
Public safety tax revenue	7,050,000	7,050,000	7,071,587	21,587
State-shared revenue and grants	3,604,500	7,847,205	7,277,304	(569,901)
Charges for services	1,682,871	1,708,521	1,967,878	259,357
Fines and forfeitures	600,000	645,000	604,685	(40,315)
Licenses and permits	1,051,000	1,500,000	1,468,710	(31,290)
Interest revenue	125,000	500,000	816,314	316,314
Other revenue - Other miscellaneous income	853,867	1,297,667	1,316,714	19,047
Total revenue	15,967,238	21,548,393	21,525,593	(22,800)
Expenditures				
Current services:				
General government:				
Township board	372,430	398,565	380,083	18,482
Supervisor	514,397	514,574	494,525	20,049
Accounting	67,000	67,000	63,985	3,015
IT department	654,653	707,804	668,705	39,099
Treasurer	418,623	433,047	421,324	11,723
Assessing	250,686	251,270	229,763	21,507
General office	114,100	102,000	88,846	13,154
Clerk	516,884	521,296	518,372	2,924
Buildings and grounds	2,822,885	2,820,413	1,897,372	923,041
Attorney	150,000	150,000	125,721	24,279
Elections	271,921	243,918	228,234	15,684
Cemetery	87,440	77,440	3,532	73,908
Public safety:				
Police	7,742,282	7,863,526	7,633,967	229,559
Fire	3,250,200	3,267,171	2,907,405	359,766
Dispatch	1,074,126	1,074,126	1,022,053	52,073
Ordinance enforcement	286,100	292,000	276,946	15,054
Building inspections and related	1,172,126	1,072,027	1,034,030	37,997
Public works - Contracted services	292,000	302,000	302,849	(849)
Community and economic development	392,190	399,160	322,545	76,615
Recreation and culture:				
Parks and recreation	924,591	2,560,754	2,403,890	156,864
Senior citizens	323,421	267,637	208,458	59,179
Communication	314,133	309,260	251,191	58,069
Recreation	6,999,746	8,898,572	6,453,314	2,445,258
Insurance	973,500	1,140,500	937,161	203,339
Total expenditures	29,985,434	33,734,060	28,874,271	4,859,789
Excess of Expenditures Over Revenue	(14,018,196)	(12,185,667)	(7,348,678)	4,836,989
Other Financing Sources				
Transfers in	2,460,000	2,460,000	2,460,000	-
Proceed from issuance of debt	6,809,201	6,900,000	6,900,000	-
Sale of capital assets	10,000	220,000	220,000	-
Bond premium	-	159,657	159,657	-
Total other financing sources	9,279,201	9,739,657	9,739,657	-
Net Change in Fund Balance	(4,738,995)	(2,446,010)	2,390,979	4,836,989
Fund Balance - Beginning of year	3,257,837	3,897,431	3,897,431	-
Fund Balance (Deficit) - End of year	\$ (1,481,158)	\$ 1,451,421	\$ 6,288,410	\$ 4,836,989

Charter Township of Van Buren

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

**Last Nine Fiscal Years
Years Ended December 31**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 816,861	\$ 715,750	\$ 654,160	\$ 597,215	\$ 555,957	\$ 546,860	\$ 536,987	\$ 497,889	\$ 469,564
Interest	2,081,687	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	(798)	74,681	(42,997)	(128,183)	(63,174)	(2,976)	75,757	(96,341)	-
Differences between expected and actual experience	749,773	(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	(969,433)	(812,960)	(722,116)	(655,999)	(607,244)	(513,482)	(507,411)	(471,790)	(398,961)
Net Change in Total Pension Liability	2,678,090	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	28,789,212	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	\$ 31,467,302	\$ 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	\$ 690,799	\$ 597,901	\$ 559,571	\$ 551,680	\$ 515,299	\$ 485,671	\$ 430,928	\$ 421,629	\$ 399,017
Contributions - Member	592,501	570,942	467,490	381,866	348,293	326,677	320,935	266,708	230,467
Net investment (loss) income	(2,534,659)	2,724,278	2,511,210	2,037,144	(612,430)	1,767,481	1,338,647	(178,860)	683,120
Administrative expenses	(42,557)	(32,178)	(34,939)	(35,127)	(29,843)	(27,903)	(26,391)	(25,736)	(25,213)
Benefit payments, including refunds	(969,433)	(812,960)	(722,116)	(655,999)	(607,244)	(513,482)	(507,411)	(471,790)	(398,961)
Net Change in Plan Fiduciary Net Position	(2,263,349)	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	22,829,077	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	\$ 20,565,728	\$ 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	\$ 10,901,574	\$ 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	65.36 %	79.30 %	77.18 %	72.57 %	70.97 %	79.25 %	73.32 %	68.62 %	77.11 %
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
Township's Net Pension Liability as a Percentage of Covered Payroll	238.19 %	141.95 %	128.39 %	141.06 %	146.72 %	86.32 %	133.59 %	149.64 %	105.24 %

Charter Township of Van Buren

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

	Last Seven Fiscal Years Years Ended December 31						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 210,431	\$ 467,764	\$ 438,975	\$ 627,514	\$ 764,702	\$ 604,372	\$ 646,037
Interest	1,084,204	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	(150,144)	(3,040,854)	(88,341)	(36,392)	(88,912)	(2,101,999)	-
Changes in assumptions	1,156,683	(4,312,538)	1,344,391	35,882	(2,538,163)	(901,413)	470,002
Benefit payments, including refunds	(591,780)	(526,389)	(434,888)	(338,673)	(382,350)	(365,065)	(353,664)
Net Change in Total OPEB Liability	1,709,394	(6,243,802)	2,466,007	(4,640,342)	(656,380)	(2,153,448)	2,070,380
Total OPEB Liability - Beginning of year	14,638,537	20,882,339	18,416,332	23,056,674	23,713,054	25,866,502	23,796,122
Total OPEB Liability - End of year	\$ 16,347,931	\$ 14,638,537	\$ 20,882,339	\$ 18,416,332	\$ 23,056,674	\$ 23,713,054	\$ 25,866,502
Plan Fiduciary Net Position							
Contributions - Employer	\$ 716,780	\$ 651,389	\$ 559,888	\$ 799,626	\$ 1,032,794	\$ 889,335	\$ 929,253
Net investment income (loss)	761,852	(719,133)	609,120	536,461	622,211	(138,213)	346,843
Administrative expenses	(59,216)	(51,751)	(54,335)	(41,293)	(37,111)	(32,059)	-
Benefit payments, including refunds	(591,780)	(526,389)	(434,888)	(338,673)	(382,350)	(365,065)	(353,664)
Other	-	-	-	-	(97)	803	(23,519)
Net Change in Plan Fiduciary Net Position	827,636	(645,884)	679,785	956,121	1,235,447	354,801	898,913
Plan Fiduciary Net Position - Beginning of year	5,497,136	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	\$ 6,324,772	\$ 5,497,136	\$ 6,143,020	\$ 5,463,235	\$ 4,507,114	\$ 3,271,667	\$ 2,916,866
Net OPEB Liability - Ending	\$ 10,023,159	\$ 9,141,401	\$ 14,739,319	\$ 12,953,097	\$ 18,549,560	\$ 20,441,387	\$ 22,949,636
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	38.69 %	37.55 %	29.42 %	29.67 %	19.55 %	13.80 %	11.28 %
Covered-employee Payroll	\$ 6,781,557	\$ 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	147.80 %	139.29 %	174.35 %	219.62 %	219.62 %	315.78 %	- %

See notes to required supplementary information.

Charter Township of Van Buren

Required Supplementary Information Schedule of OPEB Contributions

Last Ten Fiscal Years Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,783,801	\$ 3,447,920	\$ 2,826,639	\$ 3,703,538	\$ 4,175,777	\$ 3,819,375	\$ 5,396,587	\$ 4,719,880	\$ 2,248,860	\$ 2,137,947
Contributions in relation to the actuarially determined contribution	716,780	651,389	559,888	799,626	1,032,794	890,138	929,253	588,462	542,702	531,911
Contribution Deficiency	\$ (1,067,021)	\$ (2,796,531)	\$ (2,266,751)	\$ (2,903,912)	\$ (3,142,983)	\$ (2,929,237)	\$ (4,467,334)	\$ (4,131,418)	\$ (1,706,158)	\$ (1,606,036)
Covered-employee Payroll	\$ 6,781,557	\$ 6,562,830	\$ 8,453,745	\$ 8,850,329	\$ 8,446,018	\$ 6,473,315	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered-employee Payroll	10.6 %	9.9 %	6.6 %	12.2 %	12.2 %	13.8 %	- %	- %	- %	- %

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, one year 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 normal
Amortization method	Level percentage payroll
Amortization period	Five years
Asset valuation method	Market value of assets
Inflation	2.5 percent
Health care cost trend rates	7.25 percent decreasing by 0.25 percent annually
Salary increase	3 percent
Investment rate of return	7.45 percent
Mortality	2010 Public General Employees and Health Retirees, Improvement Scale MP-2021
Other information	None

Charter Township of Van Buren

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

**Last Seven Fiscal Years
Years Ended December 31**

	<u>2023</u>	<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	11.79 %	(12.34)%	10.01 %	10.46 %	15.89 %	(5.15)%	14.10 %

Charter Township of Van Buren

Notes to Required Supplementary Information

December 31, 2023

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, 2023 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.

	Total Revenue	Total Expenditures	Other Financing Sources
Amounts per operating statement	\$ 34,039,516	\$ 36,294,797	\$ 5,529,657
Resources received from other funds reported as a reduction in expenditures	625,667	635,667	10,000
Grant proceeds reported as a reduction in expenditures	(4,841,688)	(4,841,688)	-
Less Landfill Fund	(8,297,902)	(3,214,505)	4,200,000
Amounts per budget statement	<u>\$ 21,525,593</u>	<u>\$ 28,874,271</u>	<u>\$ 9,739,657</u>

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

	Budget	Actual	Variance
Public works - Contracted services	\$ 302,000	\$ 302,849	\$ (849)

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 2023, the following assumptions were changed:

- The discount rate decreased from 7.45 percent to 6.90 percent. Also, the medical trend rate was changed to 7.25 percent for two years, then graded down to 4.5 percent by 0.25 percent per year for pre-65 years of age and a health care cost trend rate of 5.50 percent for two years, then graded down to 4.5 percent by 0.25 percent per year for post-65 years of age.

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 Supplementary Information

Charter Township of Van Buren

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

December 31, 2023

	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 investments	\$ 107,661	\$ 554	\$ 248,917	\$ 107,362	\$ 92,504	\$ 2,187,684	\$ 2,744,682
Receivables	25,697	-	-	39,483	-	-	65,180
Total assets	\$ 133,358	\$ 554	\$ 248,917	\$ 146,845	\$ 92,504	\$ 2,187,684	\$ 2,809,862
Liabilities							
Accounts payable	\$ -	\$ -	\$ 6,500	\$ -	\$ 13,306	\$ -	\$ 19,806
Accrued liabilities and other	4,981	-	-	-	718	-	5,699
Total liabilities	4,981	-	6,500	-	14,024	-	25,505
Deferred Inflows of Resources - Unavailable revenue	25,697	-	-	-	-	-	25,697
Fund Balances							
Restricted:							
Law enforcement	-	554	242,417	-	-	-	242,971
911 service	-	-	-	146,845	-	-	146,845
Grants	102,680	-	-	-	-	-	102,680
Museum	-	-	-	-	78,480	-	78,480
Assigned	-	-	-	-	-	2,187,684	2,187,684
Total fund balances	102,680	554	242,417	146,845	78,480	2,187,684	2,758,660
Total liabilities, deferred inflows of resources, and fund balances	\$ 133,358	\$ 554	\$ 248,917	\$ 146,845	\$ 92,504	\$ 2,187,684	\$ 2,809,862

Charter Township of Van Buren

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

Year Ended December 31, 2023

	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:							
Federal grants	\$ 79,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,085
State-shared revenue and grants	-	-	50,000	-	-	-	50,000
Local grants and contributions	-	-	-	-	-	385,000	385,000
Investment income	-	24	11,024	3,178	4,352	93,192	111,770
Other revenue:							
Contributions and donations	-	-	-	-	67,137	-	67,137
Other miscellaneous income	-	-	-	171,592	-	-	171,592
Total revenue	79,085	24	61,024	174,770	71,489	478,192	864,584
Expenditures							
Current services:							
General government	-	-	-	-	-	1,371	1,371
Public safety	-	-	75,318	160,050	-	-	235,368
Community and economic development	40,000	-	-	-	-	-	40,000
Recreation and culture	-	-	-	-	74,300	-	74,300
Total expenditures	40,000	-	75,318	160,050	74,300	1,371	351,039
Net Change in Fund Balances	39,085	24	(14,294)	14,720	(2,811)	476,821	513,545
Fund Balances - Beginning of year	63,595	530	256,711	132,125	81,291	1,710,863	2,245,115
Fund Balances - End of year	\$ 102,680	\$ 554	\$ 242,417	\$ 146,845	\$ 78,480	\$ 2,187,684	\$ 2,758,660