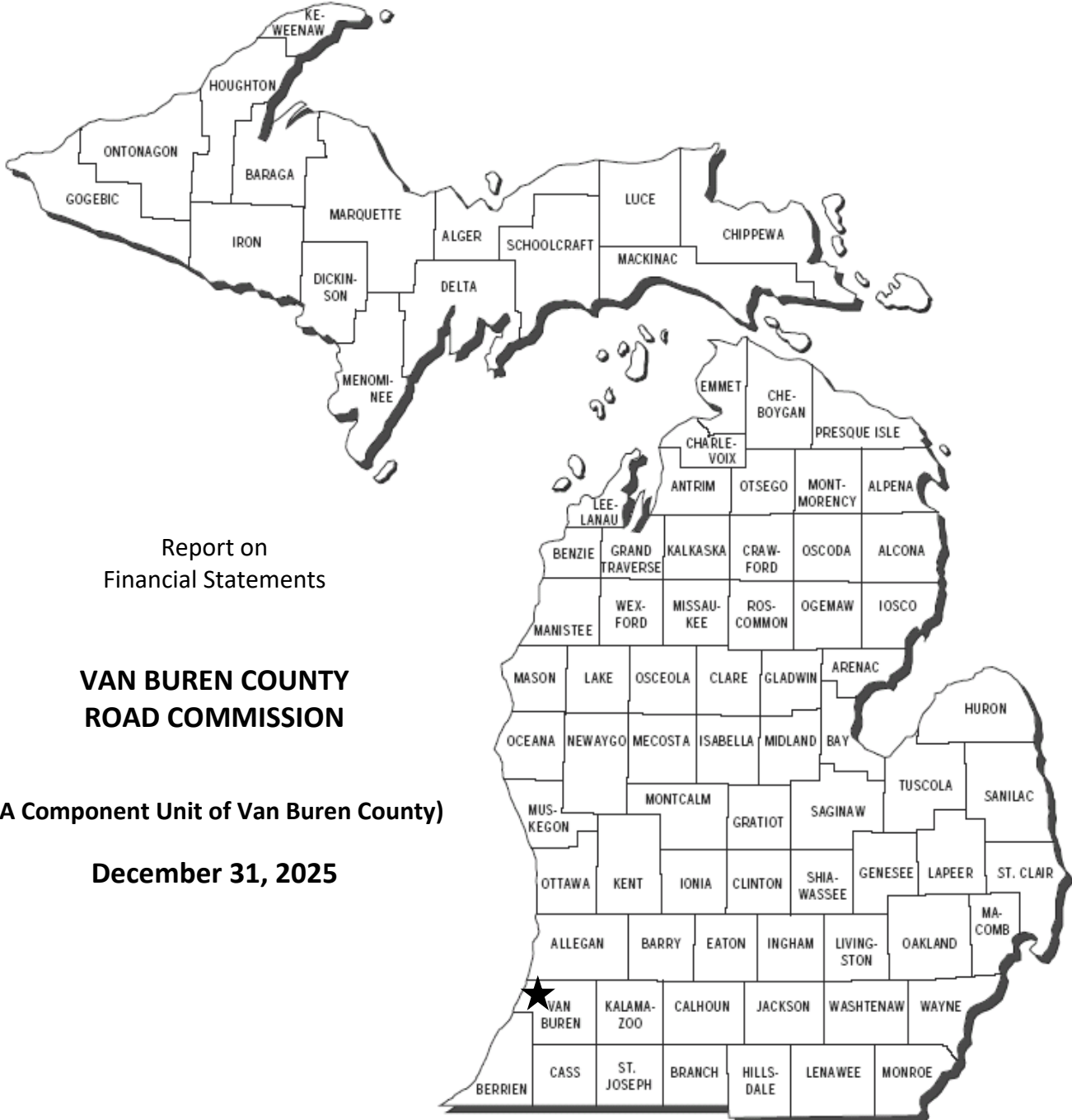


# STATE OF MICHIGAN

Gretchen Whitmer, Governor

## DEPARTMENT OF TREASURY

Rachael Eubanks, State Treasurer



Report on  
Financial Statements

### VAN BUREN COUNTY ROAD COMMISSION

(A Component Unit of Van Buren County)

December 31, 2025

VAN BUREN COUNTY ROAD COMMISSION  
BOARD OF COUNTY ROAD COMMISSIONERS

May 6, 2026

Doug Burlison  
Chairman

Reginald "Rick" D. Boze  
Vice Chairman

W. C. Askew, Sr.  
Member

Gregory H. Kinney  
Member

Wayne Nelson  
Member

Bret Witkowski  
Managing Director

Linnea Rader  
Finance/HR Director

COUNTY POPULATION--2020  
75,587

STATE EQUALIZED VALUATION--2025  
\$6,841,973,915



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

INDEPENDENT AUDITOR'S REPORT

May 6, 2026

Board of County Road Commissioners  
Van Buren County Road Commission  
325 West James Street  
Post Office Box 156  
Lawrence, Michigan 49064

Report on the Audit of the Financial Statements

*Opinions*

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Van Buren County Road Commission, a component unit of Van Buren County, Michigan, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Van Buren County Road Commission'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, major fund, and the aggregate remaining fund information of the Van Buren County Road Commission, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Change in Accounting Principle*

As discussed in Note J to the financial statements, in 2025 the Road Commission adopted new accounting guidance GASBS No. 103, Financial Reporting Model Improvements. Our opinions are not modified with respect to this matter.

*Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Van Buren County Road Commission, 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 these 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 Van Buren County Road Commission's ability to continue as a going concern for twelve 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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards 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 Van Buren County Road Commission'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 Van Buren County Road Commission'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 on pages one through nine, the budgetary comparison information, pension trend data, and other postemployment benefits trend data in Exhibits I through O 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 who 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.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Van Buren County Road Commission's basic financial statements. The accompanying supplementary and related information presented in Exhibits P through R is presented for purposes 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 accompanying supplementary and related information

presented in Exhibits P through R is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2026, on our consideration of the Van Buren County Road Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Van Buren County Road Commission'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 Van Buren County Road Commission's internal control over financial reporting and compliance.

Sincerely,



Cary Jay Vaughn, CPA, CGFM  
Administrator  
Local Audit and Finance Division

VAN BUREN COUNTY ROAD COMMISSION

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VAN BUREN COUNTY ROAD COMMISSION

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## VAN BUREN COUNTY ROAD COMMISSION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

The purpose of management's discussion and analysis (MD&A) is to help the Van Buren County Road Commission (Road Commission), residents and other readers understand what the financial statements and notes in this financial report say about the Road Commission's financial health and why it has changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the management's knowledge of the Road Commission's finances.

If you have questions about this report or require further information, contact the Van Buren County Road Commission, 325 West James Street, Post Office Box 156, Lawrence, Michigan 49064.

#### Overview of the Financial Statements

The Road Commission's financial report contains basic financial statements. Those financial statements present the Road Commission's finances at both an overall and a detailed level. The financial statements cover the Road Commission's governmental activities (Statement of Net Position and Statement of Activities). Governmental activities comprise the Road Commission's functions for maintaining the county road and bridge system and is funded by state and Federal grants, including the Michigan Transportation Fund (MTF) along with Township contributions and the countywide millage finances most Road Commission activities.

Additionally, the basic financial statements include the fund financial statements and the fiduciary fund statements. The fund financial statements present the Commission's governmental fund in greater detail and disaggregate financial information by fund to show the specific purposes for which resources are used or restricted, while the fiduciary fund statements report pension and retiree health care trust activities that are excluded from the government-wide statements because those resources are not available to finance the Commission's operations. The Road Commission reports two groups of funds:

- *Governmental fund financial statements* report all the governmental activities of the Road Commission to maintain and improve the county road and bridges.
- *Fiduciary fund financial statements* report on resources for which the Road Commission acts as a trustee or custodian, including the Road Commission's Pension and Health Care Trust funds. The resources in those funds do not belong to the Road Commission and cannot be used to provide services, which is why they are not included in the government-wide financial statements.

The next section of this financial report contains *notes to financial statements*, which delve deeper into the Road Commission's finances as reported in the financial statements. The information in the notes is as important to understanding the Road Commission's finances as the information in the financial statements. The Road Commission uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2)

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. Governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items.

The Road Commission's fiduciary activities use the *economic resources measurement focus and accrual basis of accounting*. In other words, they comprehensively report all types of financial statement elements:

- *Assets*—resources the Road Commission controls, from short-term assets like cash to long-term assets like land, land improvements, buildings, equipment, and infrastructure.
- *Liabilities*—amounts the Road Commission owes, from short-term liabilities such as salaries payable to long-term liabilities such as compensated absences.
- *Revenues and expenses*—inflows and outflows of economic resources, respectively, related to the current year.

The other supplementary information section combines the financial statements of the individual funds of the Road Commission's General Operating Fund, which is split between Primary Road, Local Road, and County Road Commission funds to comply with reporting provisions issued by the Michigan Department of Transportation under 1951 Public Act (PA) 51.

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2025

Financial Summary

Road Commission's Net Position

	Governmental Activities		Variance
	2024	2025	
Current and Other Assets	\$ 17,030,703	\$ 21,141,718	\$ 4,111,015
Net Capital Assets	86,834,375	88,324,820	1,490,445
Total Assets	103,865,078	109,466,538	5,601,460
Deferred Outflow of Resources	2,677,927	2,373,154	(304,773)
Current Liabilities	790,708	269,894	(520,814)
Non-current Liabilities	210,593	300,888	90,295
Total Liabilities	1,001,301	570,782	(430,519)
Deferred Inflow of Resources	9,549,568	9,590,755	41,187
Net Position			
Investment in Capital Assets	86,834,375	88,324,820	1,490,445
Restricted	9,157,761	13,353,335	4,195,574
Total Net Position	\$ 95,992,136	\$ 101,678,155	\$ 5,686,019

The Road Commission’s governmental-type activities total net position increased by 6%, or \$5,686,019. Investment in capital assets increased \$1,490,445 and will be addressed in the capital asset section. The increase in the restricted net position of \$4,195,574 was due to combination of a \$687,346 change from a net pension liability to a fully funded asset, a \$640,130 increase in the net OPEB asset, and an increase in tax and MTF revenues. These items will be discussed in more detail later in the document.

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

Changes in Road Commission's Net Position

	Governmental Activities		Difference
	2024	2025	
Program Revenue			
Licenses and Permits	\$ 138,482	\$ 202,498	\$ 64,016
Federal Grants	1,268,375	2,135,173	866,798
State Grants	12,751,938	13,702,107	950,169
Contributions From Local Units	5,772,712	5,619,989	(152,723)
Charges for Services	55,833	30,835	(24,998)
Investment Earnings	218,874	418,194	199,320
Other Contributions	27,575	25,014	(2,561)
General Revenue			
Taxes	2,964,535	3,180,150	215,615
Gain on Equipment Disposal	23,300	18,909	(4,391)
Total Revenue	<u>23,221,624</u>	<u>25,332,869</u>	<u>2,111,245</u>
Expenses			
Primary Road Maintenance	4,886,081	4,812,426	(73,655)
Local Road Maintenance	8,744,688	8,432,391	(312,297)
Nonroad Projects	-	800,000	800,000
Net Equipment Expense	(478,597)	(459,686)	18,911
Net Administrative Expense	1,426,604	1,517,983	91,379
Infrastructure Depreciation Expense	5,593,202	5,713,994	120,792
Compensated Absences	51,675	9,258	(42,417)
Other Postemployment Benefit Expense	(1,170,576)	(1,084,950)	85,626
Pension Expense	34,558	(94,566)	(129,124)
Total Expenses	<u>19,087,635</u>	<u>19,646,850</u>	<u>559,215</u>
Change in Net Position	<u>4,133,989</u>	<u>5,686,019</u>	<u>1,552,030</u>
Ending Net Position	<u>\$ 95,992,136</u>	<u>\$ 101,678,155</u>	<u>\$ 5,686,019</u>

Detailed Analyses

*Intergovernmental Revenue*

MTF provided under Public Act 51 is a primary funding source for the Road Commission. For the year, MTF revenues decreased by \$166,910 compared to the prior fiscal year, resulting in less funding available for maintaining the road system due to the sales tax component being removed from the funding mechanism that is to be replaced eventually by the increased marijuana taxes.

## VAN BUREN COUNTY ROAD COMMISSION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

In addition to MTF funding, the Road Commission receives Federal and state capital grants to support road and bridge improvement projects. This fiscal year, Federal grant revenue increased by \$866,798 and state capital grant revenue increased by \$321,726, as increased funding was available for the four bridge and four road projects being funded by these grants. These increases also offset the \$1.2 million decrease from ARPA federal funds not being received this year.

The Road Commission also received an \$800,000 wetland mitigation state grant, which was passed through to a local wetland authority to support wetland creation in the area. The corresponding \$800,000 nonroad project expense is reflected in the expense comparison section. The remaining \$4,647 decrease in state grants is from a reduction in local community stabilization funds received.

#### *Contributions From Local Units*

Local units within the county, primarily townships, contract with the Road Commission to complete road improvement and maintenance projects funded by their contributions. The size and scope of these projects vary each year based on the number and significance of projects requested. For the current year, revenue decreased by \$152,723 compared to the prior year due to fewer projects being performed.

#### *Interest Revenue*

The Road Commission invests available funds in accounts that offer the highest potential return. This fiscal year, funds were shifted from long-term certificates of deposit to a higher-yielding money market account, resulting in a \$199,320 increase in interest revenue.

#### *Taxes*

Residents of Van Buren County have approved a countywide extra-voted tax millage to help fund Road Commission operations. The county's taxable value increased by 5.46% from the prior year, contributing to a \$215,615 increase in tax revenue.

#### *Primary and Local Road Maintenance*

Primary and local road maintenance includes routine road and bridge upkeep, winter maintenance, and traffic control throughout the county's road system. These expenses fluctuate each year based on the volume of township-requested maintenance projects and the severity of winter weather. For the current year, these factors contributed to decreases of \$73,655 in primary road maintenance expenses and \$312,297 in local road maintenance expenses.

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

*Infrastructure Depreciation*

Depreciation expense continues to rise as the Road Commission invests in new road and bridge infrastructure. With the addition of new assets during the fiscal year, infrastructure depreciation increased by \$120,792.

*Other Postemployment Benefit (OPEB) and Pension Expenses*

The Road Commission provides both OPEB and pension benefits to its employees. Annual expense amounts for these benefits vary based on investment performance and actuarial assumptions used to estimate future obligations. Both plans are currently fully funded, which contributed to a \$129,124 decrease in pension expenses for the year. Although OPEB expense increased by \$85,626, it remained a net negative expense due to the plan’s fully funded status.

Governmental Fund

The Road Commission reports its operating fund in the governmental fund financial statements. Most of the discussion regarding governmental activities are equally applicable to the finances of that governmental fund. However, certain factors that are relevant to the Road Commission’s current financial health are more apparent in the fund financial statements than in the government-wide financial statements.

Revenues, Expenditures, and Changes in Fund Balance

	Operating Fund		Difference
	2024	2025	
Total Revenue	\$ 23,443,159	\$ 25,479,747	\$ 2,036,588
Total Expenditures	20,361,770	22,307,553	1,945,783
Excess of Revenue Over (Under) Expenditures	3,081,389	3,172,194	90,805
Other Financing Sources			
Insurance Recoveries	15,141	23,419	8,278
Gain on Equipment Disposal	23,300	18,909	(4,391)
Total Other Financing Sources	38,441	42,328	3,887
Net Change in Fund Balance	3,119,830	3,214,522	94,692
Beginning Fund Balance	9,093,536	12,213,366	3,119,830
Ending Fund Balance	\$ 12,213,366	\$ 15,427,888	\$ 3,214,522

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

Operating Fund

The Road Commission’s fund balance increased by 26%. This growth is primarily attributable to the revenue increases discussed above, along with disciplined expenditure management that allowed the Commission to maintain road and bridge operations without negatively affecting the ending fund balance.

Significant Capital Asset and Long-Term Financing Activity

*Capital Assets*

The discussion thus far has only touched upon certain significant transactions and events during 2025 with respect to capital assets. As of December 31, 2025, the Road Commission had \$88,324,820 invested in a broad range of capital assets, including land, buildings, equipment, roads, and bridges. This amount represents a net increase (including additions and deductions) of \$1,490,445.

Capital Assets

	2024	2025
Capital Assets Not Being Depreciated		
Land and Improvements	\$ 549,570	\$ 549,570
Infrastructure--Rights-of-Way	44,646	44,646
Infrastructure--Land and Improvements	11,856,421	11,856,421
Subtotal	<u>12,450,637</u>	<u>12,450,637</u>
Capital Assets Being Depreciated		
Land Improvements	561,495	561,495
Buildings	7,654,190	7,654,190
Road Equipment	18,764,739	20,101,683
Shop Equipment	213,022	213,022
Office Equipment	188,050	193,239
Engineering Equipment	133,318	149,084
Yard and Storage	256,358	256,358
Depletable Assets	146,078	146,078
Infrastructure--Traffic Signals	287,452	287,452
Infrastructure--Bridges	17,117,557	18,161,747
Infrastructure--Roads	98,574,290	101,543,442
Subtotal	<u>143,896,549</u>	<u>149,267,790</u>
Total Capital Assets	156,347,186	161,718,427
Total Accumulated Depreciation	<u>(69,512,811)</u>	<u>(73,393,607)</u>
Total Net Capital Assets	<u>\$ 86,834,375</u>	<u>\$ 88,324,820</u>

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

This year’s major capital asset additions included the following:

Various Resurfacing Projects and Related Land/Right-of-Way	\$ 6,599,070
Bridge Projects	1,044,190
Road Equipment	1,671,481
Office and Engineer Equipment	<u>21,705</u>
Total Additions	<u>\$ 9,336,446</u>

The Road Commission’s fiscal year 2026 capital budget calls for it to continue to spend funds for equipment purchases and on road and bridge projects. The Road Commission has no plans to issue additional debt to finance these projects. More detailed information about the Road Commission’s capital assets is presented in Note D to the financial statements.

Long-Term Financing Activity

The Road Commission has no long-term debt other than compensated absences that are presented in more detail in Note E to the financial statements.

Currently Known Facts, Decisions, or Conditions

MTF Revenues

The MTF remains the foundation of the Road Commission’s operating revenues, providing funding for infrastructure and equipment needs of the agency. In October of 2025, the State of Michigan adopted a budget including additional funding for the MTF. Unfortunately, with a delay in implementation and a reallocation of funding, MTF revenues decreased for the remaining revenues in 2025 as well as the first three months of revenues in 2026.

Based on the funding package passed in 2025, the Road Commission is anticipating increased MTF revenue in the future, unfortunately the timeframe for increased revenues is unknown at this time.

Tax Revenues

Voters in Van Buren County have approved a countywide road millage since 1978. Most recently, in 2024, the current four-year levy was renewed and is effective for years 2025 through 2029. The December 2025 levy funds the fiscal year 2026 budget. The millage is distributed by the County Treasurer to cities, villages, and the Road Commission.

The Road Commission’s share of millage revenues for 2025 was \$3.18 million or approximately 12.5% of 2025 revenues. Any change of future tax revenue is dependent on taxable property

## VAN BUREN COUNTY ROAD COMMISSION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

value adjustments, the real estate market, and the overall economy during the tax levy period. Each renewal period is critical in renewing the road millage for another four (4) year period. Failure to renew this revenue source would have had a negative impact on the Road Commission's ability to fund structural improvement projects and drastically reduce local matching funds necessary to acquire other Federal and State revenue sources.

The funding source provides a substantial increase in available funds for road improvement projects throughout the County. The Road Commission provides revenue sharing funds to each township within Van Buren County to assist in the funding of projects within all 18 Townships.

#### Township Revenues-Revenue Sharing

In addition to revenue sharing funds, the 18 Townships within Van Buren County are dedicated to improving roads and bridges within their areas. Of the 18 Townships, 17 have voter approved local road millages dedicated to road improvements. In 2025, Township contributions totaled \$5.8 million dollars, accounting for a substantial level of funding for road and bridge improvements. This revenue source varies from year to year and is directly offset by expenditures relating to the Township selected maintenance and improvement projects.

#### Federal and State Aid

Federal and state aid funding sources are limited and can be lost if the Road Commission does not have projects in the planning "pipeline" or should funds become unavailable for local participating costs. Primary and Local Road preservation and structural improvement expenditures change in direct relation to these aid funds.

#### Expenditures

Expenditures are driven by available Federal, state, and local revenues which may vary significantly from year to year. Continued emphasis will be placed on efficiency and productivity within the organization. The Road Commission will balance routine operations, special maintenance (preservation) and structural improvement expenditures with budgetary constraints.

VAN BUREN COUNTY ROAD COMMISSION  
STATEMENT OF NET POSITION  
December 31, 2025

EXHIBIT A

ASSETS

Cash	\$ 10,781,913
Receivables	
Taxes	3,340,000
Sundry Accounts	32,036
Due From State	2,014,489
Due From Townships--Road Agreements	865,576
Inventories	
Road Materials	1,606,709
Equipment Parts and Materials	433,277
Net Other Postemployment Benefit Asset	1,474,313
Net Pension Asset	593,405
Capital Assets--Non-Depreciating	12,450,637
Capital Assets--Net of Accumulated Depreciation	75,874,183
Total Assets	<u>109,466,538</u>

DEFERRED OUTFLOW OF RESOURCES

Change in Experience-Pension	386,628
Change in Assumptions-Pension	1,805,147
Change in Experience-OPEB	10,709
Change in Assumptions-OPEB	170,670
Total Deferred Outflow of Resources	<u>2,373,154</u>

LIABILITIES

Accounts Payable	24,038
Due to State	29,548
Accrued Liabilities	180,121
Other Accrued Liabilities	36,187
Compensated Absences Payable-Due Within One Year	180,533
Compensated Absences Payable-Due In More Than One Year	120,355
Total Liabilities	<u>570,782</u>

DEFERRED INFLOW OF RESOURCES

Property Taxes Levied for Subsequent Period	3,340,000
Change in Investments-Pension	1,039,784
Change in Experience-Pension	486,565
Change in Assumptions-Pension	1,528,289
Change in Investments-OPEB	241,960
Change in Experience-OPEB	2,316,718
Change in Assumptions-OPEB	637,439
Total Deferred Inflow of Resources	<u>9,590,755</u>

NET POSITION

Investment in Capital Assets	88,324,820
Restricted	13,353,335
Total Net Position	<u>\$ 101,678,155</u>

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY ROAD COMMISSION  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2025

EXHIBIT B

Program Expenses	
Primary Road Maintenance	\$ 4,812,426
Local Road Maintenance	8,432,391
Nonroad Projects	800,000
Net Equipment Expense	(459,686)
Net Administrative Expense	1,517,983
Infrastructure Depreciation	5,713,994
Compensated Absences	9,258
Other Postemployment Benefit Expenses	(1,084,950)
Pension Expense	(94,566)
	<hr/>
Total Program Expenses	19,646,850
Program Revenue	
Charges for Services	
Licenses and Permits	202,498
Other Charges for Services	13,611
Rents and Royalties	17,224
Operating Grants and Contributions	
Michigan Transportation Funds	12,469,059
Other State Grants	911,294
Investment Earnings	418,194
Contributions From Local Units	3,377,750
Contributions From Private Sources	1,595
Reimbursements	23,419
Capital Grants and Contributions	
Federal Grants	2,135,173
State Grants	321,754
Contributions From Local Units	2,242,239
	<hr/>
Total Program Revenue	22,133,810
	<hr/>
Net Program Revenue	2,486,960
	<hr/>
General Revenue	
Property Taxes	3,180,150
Gain on Equipment Disposal	18,909
	<hr/>
Total General Revenues	3,199,059
	<hr/>
Change in Net Position	5,686,019
Net Position	
Beginning of Year	95,992,136
	<hr/>
End of Year	\$ 101,678,155
	<hr/> <hr/>

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY ROAD COMMISSION  
 BALANCE SHEET--GOVERNMENTAL FUND  
 December 31, 2025

EXHIBIT C

	General Operating Fund
<u>ASSETS</u>	
Cash	\$ 10,781,913
Receivables	
Taxes	3,340,000
Sundry Accounts	32,036
Due From State	
Michigan Transportation Fund	2,014,489
Due From Townships--Road Agreements	865,576
Inventories	
Road Materials	1,606,709
Equipment Parts and Materials	433,277
Total Assets	<u>\$ 19,074,000</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	\$ 24,038
Due to State	29,548
Accrued Liabilities	180,121
Other Accrued Liabilities	36,187
Total Liabilities	<u>269,894</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	
Property Taxes Levied for Subsequent Period	3,340,000
Unavailable Revenue-Township Contributions	36,218
Total Deferred Inflow of Resources	<u>3,376,218</u>
Fund Balance	
Fund Balance	
Nonspendable	2,039,986
Restricted	13,387,902
Total Fund Balance	<u>15,427,888</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 19,074,000</u>

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY ROAD COMMISSION  
 RECONCILIATION OF THE GOVERNMENTAL FUND  
 BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 December 31, 2025

EXHIBIT D

Total Governmental Fund Balance \$ 15,427,888

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, therefore, are not reported in the fund. 88,324,820

Long-term revenues are recorded in the Statement of Activities when the revenue is earned. They are not reported in the funds if collected 60 days after year end. 36,218

Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources. (300,888)

Other postemployment benefit assets do not present a claim on current financial resources and are not reported as fund assets. 1,474,313

Net pension assets are not reported in the funds as it is an asset and only associated with the government-wide statements. 593,405

Certain changes in pension and OPEB plan net position are reported as deferred outflows/inflows of resources in the Statement of Net Position, but are reported at the government-wide level. (3,877,601)

Net Position of Governmental Activities \$ 101,678,155

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY ROAD COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE--  
GOVERNMENTAL FUND  
For the Year Ended December 31, 2025

EXHIBIT E

	General Operating Fund
	<u>                    </u>
Revenues	
Taxes	\$ 3,180,150
Licenses and Permits	202,498
Federal Grants	2,135,173
State Grants	13,702,107
Contributions From Local Units	5,809,195
Charges for Services	13,611
Interest and Rents	435,418
Other Revenue	<u>1,595</u>
Total Revenues	<u>25,479,747</u>
Expenditures	
Public Works	22,746,374
Capital Outlay (Net)	<u>(438,821)</u>
Total Expenditures	<u>22,307,553</u>
Excess of Revenues Over (Under) Expenditures	3,172,194
Other Financing Sources	
Insurance Recoveries	23,419
Gain on Equipment Disposal	<u>18,909</u>
Total Other Financing Sources	<u>42,328</u>
Net Change in Fund Balance	3,214,522
Fund Balance--Beginning	<u>12,213,366</u>
Fund Balance--Ending	<u>\$ 15,427,888</u>

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY ROAD COMMISSION  
 RECONCILIATION OF THE GOVERNMENTAL FUND--  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended December 31, 2025

EXHIBIT F

Net Change in Fund Balance--Total Governmental Funds \$ 3,214,522

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, the cost of those assets is allocated over their estimated  
 useful lives and reported as depreciation expense.

Add--Capital Outlay	9,336,446
Deduct--Depreciation Expense	(7,831,480)
Deduct--Equipment Retirements	(14,521)

Long-term revenues are recorded in the Statement of Activities when the revenue is  
 earned. They are not reported in the funds if collected 60 days after year end. (189,206)

(Increase)/Decrease in accumulated employee sick and vacation pay and other  
 similar expenses reported in the Statement of Activities do not require the use  
 of current resources, and therefore, are not reported in the fund financial  
 statements until they come due for payment. (9,258)

(Increase)/Decrease in other postemployment benefit obligation expense is recognized  
 in the Statement of Activities, but not in the governmental funds. 1,084,950

(Increase)/Decrease in pension liability reported in the Statement of Activities does not  
 require the use of resources, and therefore, is not reported in the fund statements  
 until it comes due for payment. 94,566

Change in Net Position of Governmental Activities \$ 5,686,019

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY ROAD COMMISSION  
STATEMENT OF NET POSITION--  
FIDUCIARY FUNDS  
December 31, 2025

EXHIBIT G

	Pension Trust	Retiree Health Care Trust	Total
<u>ASSETS</u>			
Investments at Fair Market Value			
Cash and Equivalents	\$ 497,108	\$ -	\$ 497,108
US Government, Agencies, and Corporate Securities	3,384,575	-	3,384,575
Equity Funds	8,656,955	-	8,656,955
Real Estate Investments	201,145	-	201,145
Alternative Investments	1,095,434	-	1,095,434
Other Accrued Income	606	-	606
MERS Money Market Funds	-	4,564,794	4,564,794
Total Assets	<u>13,835,823</u>	<u>4,564,794</u>	<u>18,400,617</u>
<u>LIABILITIES</u>			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>			
Restricted for Pension/Retiree Health Care Benefits	<u>\$ 13,835,823</u>	<u>\$ 4,564,794</u>	<u>\$ 18,400,617</u>

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY ROAD COMMISSION  
STATEMENT OF CHANGES IN NET POSITION--  
FIDUCIARY FUNDS  
For the Year Ended December 31, 2025

EXHIBIT H

	Pension Trust	Retiree Health Care Trust	Total
<b>Additions</b>			
Contributions			
Employer/Employee Contributions	\$ 481,221	\$ 258,548	\$ 739,769
Other Receipts	5,349	-	5,349
<b>Total Contributions</b>	<b>486,570</b>	<b>258,548</b>	<b>745,118</b>
Investment Income			
Interest and Dividends	383,041	606,823	989,864
Realized Gain (Loss) From Sale of Investments	638,138	-	638,138
Net Appreciation (Depreciation) in Fair Value of Investments	717,381	-	717,381
<b>Net Investment Income (Loss)</b>	<b>1,738,560</b>	<b>606,823</b>	<b>2,345,383</b>
<b>Total Additions</b>	<b>2,225,130</b>	<b>865,371</b>	<b>3,090,501</b>
<b>Deductions</b>			
Benefit Payments	595,575	133,548	729,123
Administrative and Other Expenses	54,398	8,790	63,188
<b>Total Deductions</b>	<b>649,973</b>	<b>142,338</b>	<b>792,311</b>
<b>Change in Net Position</b>	<b>1,575,157</b>	<b>723,033</b>	<b>2,298,190</b>
<b>Net Position Restricted for Retirement Benefits</b>			
Beginning of Year	12,260,666	3,841,761	16,102,427
End of Year	<u>\$ 13,835,823</u>	<u>\$ 4,564,794</u>	<u>\$ 18,400,617</u>

The Notes to Financial Statements are an integral part of this statement.

## VAN BUREN COUNTY ROAD COMMISSION

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2025

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Van Buren County Road Commission (Road Commission) 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 Road Commission.

#### Reporting Entity

The Road Commission, which was established pursuant to the County Road Law, Michigan Compiled Laws (MCL) 224.1, is governed by an appointed 5-member Board of County Road Commissioners. The Road Commission may not issue debt without the county's approval and the property tax levy for road purposes is subject to County Board of Commissioners' approval. If approval is granted, Road Commission taxes are levied under the taxing authority of the county, as approved by the county electors, and would be included as part of the county's total tax levy as well as reported in the County Road Fund.

The criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*, for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if the component unit data were not included. Based on the above criteria, these financial statements present the Road Commission, a discretely presented component unit of Van Buren County.

The Road Commission General Operating Fund is used to control the expenditures of Michigan Transportation Fund (MTF) monies distributed to the county, which are earmarked by law for road and highway purposes. The Board of County Road Commissioners is responsible for the administration of the Road Commission General Operating Fund.

#### Basis of Presentation--Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the Road Commission.

The Statement of Net Position presents the Road Commission's assets, deferred outflows, liabilities, and deferred inflows of resources with the difference being reported as either net investment in capital assets or restricted net position. The net position not related to capital assets is classified as restricted due to legal constraints.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Basis of Presentation--Fund Financial Statements

Separate financial statements are provided for the General Operating Fund (governmental fund). The General Operating Fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Measurement Focus/Basis of Accounting-Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the 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. 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.

Amounts reported as program revenue include: 1) charges to customers or applicants for goods or services or privileges provided; 2) Michigan Transportation Funds, state/Federal contracts, and township contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the Road Commission's policy to use restricted resources first, then unrestricted resources as needed.

The Road Commission reports the following major governmental fund:

The Operating Fund is the general operating fund of the Commission. It is used to account for all financial resources, except those required to be accounted for in another fund.

Additionally, the Road Commission reports the following fund type:

Fiduciary Funds--The Pension Trust and Other Postemployment Benefit Trust Fund are used to account for assets held in a trustee capacity on behalf of retirees for postretirement pension and health care plans.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting--Fund Financial Statements

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis, revenues are recognized when both measurable and available. Measurable means the amount can be reasonably estimated in monetary terms. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period; for the Road Commission, revenues are considered available if received within 60 days after fiscal year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Michigan Transportation Funds, grants, permits, township contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Road Commission.

Pension Trust and Retiree Health Care Funds

The Pension Trust and Retiree Health Care Funds are accounted for on the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Operating statements present increases and decreases in net position. These funds follow the accrual basis of accounting. Additions are recorded when they are measurable and earned, and deductions when the related liability is incurred.

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, based on quoted market prices.

Receivables

Receivables consist primarily of the balance of fuel tax fees due from the State of Michigan and the balances due from local units of government and individuals for goods and services provided. These balances are reported net of estimated uncollectible balances (though estimated uncollectible balances were zero at year-end).

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes Receivable

The Road Commission's tax is levied and collectible on December 1, 2025; and is recognized as revenue in the year ended December 31, 2026, when the proceeds of the levy are budgeted and available for the financing of operations. The 2025 taxable valuation of Van Buren County amounted to \$4,504,472,564, less the cities' and villages' share and other adjustments on which ad valorem taxes of .9703 mills were levied for the Road Commission for road construction purposes for a total receivable of \$3,340,000.

The county's 2025 ad valorem tax is levied and collectible on December 1, 2025, and is reported as taxes receivable and is offset by deferred inflow of resources - property taxes levied for subsequent period as of December 31, 2025.

Inventories

Inventories are priced at cost as determined by the average cost method. Inventory items are charged to road construction and equipment maintenance and repairs and operations as used.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Road Commission as assets with an initial individual cost of more than \$1,500. Such assets are recorded at cost or estimated historical cost of purchase or construction. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation

Depreciation on Road Commission capital assets is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The Uniform Accounting Procedures Manual for Michigan County Road Commissions provides for recording depreciation in the General Operating Fund as a charge to various expense accounts and a credit to a depreciation account for non-infrastructure related assets. Accordingly, the annual depreciation expense does not affect the available fund balance of the General Operating Fund for the non-infrastructure related assets; the infrastructure asset depreciation is reported as a separate line-item in the Statement of Activities.

The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Buildings and Improvements	30-50 years
Road Equipment	5-8 years
Shop Equipment	5-10 years
Office Equipment	3-10 years
Engineering Equipment	4-10 years
Infrastructure-Roads	8-30 years
Infrastructure-Bridges	12-50 years
Infrastructure-Traffic Signals	15 years

Property Taxes

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The 2024 taxable valuation of Van Buren County amounted to \$4,270,909,358, less \$813,754 for cities, villages, and other adjustments on which ad valorem taxes of .9721 mills were levied for the Road Commission for road construction purposes for total revenue of \$3,180,150.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In this category, deferred outflows of resources are related to the defined benefit pension and OPEB plans.

In addition to liabilities, the Statement of Financial Position and/or governmental fund balance sheet will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources are reported related to the defined benefit pension and OPEB plans.

Additionally, the deferred inflows of resources reported in the government-wide Exhibit A and governmental fund financial statements Exhibit C for property taxes levied in the amount of \$3,340,000 during the year that are intended to finance future periods.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position

Compensated Absences

Under the Road Commission's personnel policy and contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused leave under formulas and conditions specified in the policy and contracts. Accumulated leave of the Operating Fund is recorded on the statement of net position and not on the Operating Fund balance sheet because it is not expected to be liquidated with expendable available financial resources.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund Balance Classifications

In the fund financial statements, governmental funds report the following components of fund balance which comprise a hierarchy based on the extent to which the Road Commission is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable Fund Balances

Nonspendable fund balances include amounts in governmental funds to designate amounts which are not available for spending or are legally or contractually required to be maintained. The nonspendable amount reported on Exhibit C is related to the inventory on hand of \$2,039,986.

Restricted Fund Balances

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The remaining Road Commission Funds are restricted as they can only be used in accordance with 1951 PA 51.

The Van Buren County Road Commission does not have a formal minimum fund balance policy.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Procedures

Budgetary procedures are established pursuant to 1968 PA 2, MCL 141.421, which requires the Board of County Road Commissioners to approve a budget for the County Road Fund. Pursuant to the Act, the Road Commission's chief administrative officer (manager) prepares and submits a proposed operating budget to the Board for its review and consideration. The Board of County Road Commissioners conducts a public budget hearing and, subsequently, adopts the operating budget. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the fund financial statements.

NOTE C--CASH DEPOSITS AND INVESTMENTS

Deposits are carried at cost. Deposits of the Road Commission are made in banks in the name of the Van Buren County Treasurer. MCL 129.91, as amended by 1997 PA 196, authorizes the county treasurer to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States (U.S.), or any agency or instrumentality of the U.S. in which the principal and interest is fully guaranteed by the U.S., including securities issued or guaranteed by the Government National Mortgage Association; U.S. government or Federal agency obligation repurchase agreements; bankers' acceptance of U.S. banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; commercial paper rated by two standard rating agencies within the two highest classifications, which matures not more than 270 days after the date of purchase; and obligations of the State of Michigan or its political subdivisions which are rated investment grade. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Pension Trust Fund is also authorized by 1965 PA 314, 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 assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The Retiree Health Care Trust (the "Trust") is 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, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The Act places percentage limitations on certain investments. The Trust's deposits and investment policies are in accordance with statutory authority.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE C--CASH DEPOSITS AND INVESTMENTS (Continued)

The Road Commission has designated a credit union for the deposit of Road Commission funds. The investment policy adopted by the Board in accordance with 1943 PA 20, has authorized investment in the instruments described in the preceding paragraph. The Road Commission's deposits and investment policy are in accordance with statutory authority.

At year end, the Road Commission's deposits and investments were reported in the basic financial statements in the following categories:

	Operating Fund	Fiduciary Funds	Total
Cash	\$ 10,781,913	\$ -	\$ 10,781,913
Investments	-	18,400,617	18,400,617
	\$ 10,781,913	\$ 18,400,617	\$ 29,182,530

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Road Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. The credit union balance of the road commission's deposits is \$11,503,975 of which \$1,000,000 is NCUA insured/collateralized. The remaining \$10,503,975 is uncollateralized. The Road Commission also maintains \$600 in imprest cash.

Investments Authorized by the Road Commission's Investment Policy

The Road Commission's investment policy only authorizes investment in all those that are authorized by law. The Road Commission has investments related to the pension trust funds and MERS Money Market Funds.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Road Commission manages its exposure to interest rate risk by participating in mutual funds which hold diverse investments that are authorized by law for direct investment. Due to the investment in the pension trust funds and MERS Money Market Funds, there are no maturity dates for these investments.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE C--CASH DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The mutual funds and pension trust funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Road Commission contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to the Road Commission's indirect investment in securities using mutual funds or government investment pools. All the investments are using mutual funds and are therefore not rated.

Investments in Entities that Calculate Net Asset Value per Share

The Road Commission holds \$13,835,823 in shares or interests in the Fifth Third investment account and \$4,564,794 in the MERS total market fund 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. MERS invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE D--CAPITAL ASSETS

A summary of changes in the Road Commission's capital assets is as follows:

	Beginning Balances	Additions	Deductions	Ending Balances
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 549,570	\$ -	\$ -	\$ 549,570
Intangible Assets-Rights-of-Way	44,646	-	-	44,646
Infrastructure Land Improvements	11,856,421	-	-	11,856,421
Subtotal	12,450,637	-	-	12,450,637
<b>Capital Assets Being Depreciated</b>				
Land Improvements	561,495	-	-	561,495
Buildings and Improvements	7,654,190	-	-	7,654,190
Road Equipment	18,764,739	1,671,481	334,537	20,101,683
Shop Equipment	213,022	-	-	213,022
Office Equipment	188,050	5,939	750	193,239
Engineering Equipment	133,318	15,766	-	149,084
Yard and Storage	256,358	-	-	256,358
Depletable Assets	146,078	-	-	146,078
Infrastructure--Traffic Signals	287,452	-	-	287,452
Infrastructure--Bridges	17,117,557	1,044,190	-	18,161,747
Infrastructure--Roads	98,574,290	6,599,070	3,629,918	101,543,442
Total	143,896,549	9,336,446	3,965,205	149,267,790
<b>Less Accumulated Depreciation</b>				
Land Improvements	396,033	20,784	-	416,817
Buildings	3,254,621	175,228	-	3,429,849
Road Equipment	14,608,853	1,890,777	320,016	16,179,614
Shop Equipment	206,842	3,281	-	210,123
Office Equipment	137,265	12,151	750	148,666
Engineering Equipment	124,378	8,755	-	133,133
Yard and Storage	203,764	6,504	-	210,268
Depletable Assets	109,058	6	-	109,064
Infrastructure--Traffic Signals	271,691	15,761	-	287,452
Infrastructure--Bridges	9,223,237	677,124	-	9,900,361
Infrastructure--Roads	40,977,069	5,021,109	3,629,918	42,368,260
Total	69,512,811	7,831,480	3,950,684	73,393,607
Net Capital Assets Being Depreciated	74,383,738	1,504,966	14,521	75,874,183
Total Net Capital Assets	\$ 86,834,375	\$ 1,504,966	\$ 14,521	\$ 88,324,820

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE D--CAPITAL ASSETS

In accordance with accounting standards, the Road Commission evaluated whether any capital assets subject to separate disclosure were present at December 31, 2025. Those categories are Lease assets (by major class of underlying asset); Intangible right-to-use assets recognized, Public–Private and Public–Public Partnerships and Availability Payment Arrangements (by major class); Subscription-based information technology arrangement (SBITA) assets; and Other intangible assets (by major class).

The Road Commission’s intangible assets related to rights-of-way had been properly separated in prior years. The Road Commission did not have lease assets, intangible right-to-use assets, or SBITA assets as of December 31, 2025. Therefore, no amounts are reported in these categories, and no separate disclosure by major class is required for the current year.

Accounting standards also require separate disclosures for capital assets classified as held for sale when (a) the Road Commission has decided to pursue sale of the asset and (b) it is probable the sale will be finalized within one year of the financial statement date. The Road Commission evaluated its capital assets and concluded no assets met the held-for-sale criteria at December 31, 2025; accordingly, no amounts are reported as held for sale and no additional disclosures apply for the current year. If any capital assets are classified as held for sale in future periods, the Road Commission will disclose historical cost and accumulated depreciation by major class and the carrying amount of debt for which the assets are pledged as collateral, in accordance with accounting standards.

NOTE E--LONG-TERM DEBT

The long-term debt of the Road Commission may be summarized as follows:

	Balance Beginning	Additions	(Reductions)	Balance Ending	Due Within One Year
Compensated Absences*	\$ 291,630	\$ 9,258	\$ -	\$ 300,888	\$ 180,533
Totals	<u>\$ 291,630</u>	<u>\$ 9,258</u>	<u>\$ -</u>	<u>\$ 300,888</u>	<u>\$ 180,533</u>

\*The change in compensated absence liability is presented as a net change.

Vested Employee Benefits

Vacation is earned based on the following schedule.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE E--LONG-TERM DEBT (Continued)

Bargaining Unit		Non-Union Employees	
Years of Service	Hours Per Pay Period	Years of Service	Hours Per Pay Period
0-5	3.5 hours	0-5	3.75 hours
6-10	5 hours	6-10	5.75 hours
11-15	6.75 hours	11-15	7.5 hours
16-20	7.5 hours	16-20	8 hours
21+	8 hours	21+	8.5 hours

Vacation pay at 100% is payable to the employee when employment is severed. As of December 31, 2025, there was \$185,320 recorded as vacation liability.

Bargaining Unit-Sick leave is accumulated at the rate of three (3) hours per pay period, up to two times per month, of active service up to 72 hours per year, with a maximum bank of 432 hours. Hours in excess of 360 will be paid out annually at a rate of 50%. Upon retirement or death of an employee, the employee or their estate shall receive an amount equal to 50% of the sick leave credits at the hourly rate they were paid on the last day worked.

Non-Union Employees-Sick leave is earned at a rate of six (6) hours per month to a maximum of 432 hours. Hours in excess of 360 will be paid off at a rate of 50% annually. Upon retirement or death of an employee with less than 15 years of service, the employee or their estate shall receive an amount equal to 50% of the employee’s unused sick leave credits at the rate paid on the last day worked. For employees with 15 or more years of service, the employee or their estate shall receive an amount equal to 60% of the employee’s unused sick leave credits at the rate paid on the last day worked to a maximum of 432 hours.

In accordance with GASB Statement No. 101, *Compensated Absences*, the Authority recognizes a liability for unused sick leave when (1) the leave is attributable to services already rendered, (2) the leave accumulates, and (3) it is more likely than not that the leave will be used or otherwise settled. The Road Commission evaluates historical usage patterns, employee tenure, and eligibility for retirement-related payouts to determine the portion of accumulated sick leave that meets the “more likely than not” threshold.

As of December 31, 2025, there was a total of \$115,568 recorded as sick leave liability for both the bargaining unit and administrative employees.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE F--EMPLOYEES' RETIREMENT SYSTEM

PLAN DESCRIPTION

*Summary of Significant Accounting Policies:* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, pension expenses and information about the fiduciary net position of the Van Buren County Road Commission Pension Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Van Buren County Road Commission. For these purposes, 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.

*Plan Description:* Van Buren County Road Commission administers the Van Buren County Road Commission Pension Plan – a single-employer defined benefit pension plan that provides pensions for participants as defined by the plan document. Management of the plan is the responsibility of the Road Commission.

*Benefits Provided:* For active participants in the plan: 1.7% of average monthly compensation multiplied by years of credited benefit service.

*Employees Covered by Benefit Terms:* As of December 31, 2025, Retirement Plan membership consisted of the following:

Inactive Plan Members Receiving Benefits	43
Inactive Members Entitled To, Not Yet Receiving Benefits	7
Active Plan Members	<u>57</u>
Total Participants	<u><u>107</u></u>

*Contributions:* The Van Buren County Road Commission Pension Plan was established and is being funded under the authority of the County Road Commission and under agreement with the union representing various employees. The plan's funding policy is that employees will contribute a fixed portion of their pay at rates specified in the plan document, and the employer will contribute any remaining required amounts as determined by an annual actuarial valuation. Current rates of employee contributions are 5% of compensation for union employees and 4% of compensation for non-union employees. The plan also calls for the Road Commission to contribute amounts sufficient to fund the plan in accordance with minimum funding standards of the Internal Revenue Code. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE F--EMPLOYEES' RETIREMENT SYSTEM (Continued)

NET PENSION LIABILITY

The Road Commission's pension liability was measured as of January 1, 2026.

*Actuarial Assumptions:* The total pension liability was determined by an actuarial valuation as of January 1, 2026, and the following actuarial assumptions applied to all periods included in the measurement:

Salary increases	3.60%
Investment rate of return	6.18%

The mortality tables used were the Pub-2016 Public Retirement Plans Mortality Tables for General Employees; annuitant and non-annuitant, sex-distinct with 2024 updated MP-2021 improvement factors.

The long-term expected rate of return on retirement 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 retirement 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 by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of January 1, 2026 (see the discussion of the retirement plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	43%	7.00%
International Equity	17%	7.00%
Fixed Income	23%	4.09%
Real Estate	8%	9.69%
Cash	3%	4.09%
Alternative Funds	6%	2.40%

The sum of each target allocation times its long-term expected real rate is 6.18%. The long-term expected rate of return is 6.18%.

*Discount Rate:* The discount rate used to measure the total pension liability was 6.18%. The projection of cash flows used to determine the discount rate assumed that plan member

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE F--EMPLOYEES' RETIREMENT SYSTEM(Continued)

contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll. Based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. The discount rate used last year was 6.24%.

Changes in the Net Pension Liability/Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a)-(b)
Balance--Beginning	\$ 12,354,607	\$ 12,260,666	\$ 93,941
Changes for the Year			
Service Cost	414,557	-	414,557
Interest	778,213	-	778,213
Experience (Gains)/Losses	7,907	-	7,907
Change in actuarial assumptions	282,709	-	282,709
Contributions-Employer	-	311,316	(311,316)
Contributions-Employee	-	184,107	(184,107)
Net Investment Income	-	1,729,707	(1,729,707)
Benefit Payments, Including Refunds of Employee Contributions	(595,575)	(595,575)	-
Administration Expense	-	(54,398)	54,398
Net Changes	887,811	1,575,157	(687,346)
Balance--Ending	\$ 13,242,418	\$ 13,835,823	\$ (593,405)

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the net pension liability/(asset) (NPL) of the Road Commission, calculated using the discount rate of 6.18%, as well as what the net pension liability/(asset) 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% Decrease, 5.18%	Current Discount Rate, 6.18%	1% Increase, 7.18%
Total Pension Liability	\$ 14,964,122	\$ 13,242,418	\$ 11,804,105
Plan Fiduciary Net Position	(13,835,823)	(13,835,823)	(13,835,823)
Net Pension Liability	\$ 1,128,299	\$ (593,405)	\$ (2,031,718)

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE F--EMPLOYEES' RETIREMENT SYSTEM(Continued)

*Pension Plan Fiduciary Net Position:* Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report. A summary of that report’s activity is provided in Exhibits G and H.

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

For the year ended December 31, 2025, the Road Commission recognized pension expense of \$216,750. At December 31, 2025, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Experience (Gains)/Losses	\$ 386,628	\$ 486,565
Changes in Assumptions	1,805,147	1,528,289
Investment Earnings (Gains)/Losses	-	1,039,784
Total	<u>\$ 2,191,775</u>	<u>\$ 3,054,638</u>

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

<u>Year Ended 31-Dec</u>	<u>Amount Recognized</u>
2026	\$ 70,776
2027	(463,741)
2028	(380,158)
2029	(121,088)
2030	(14,190)
Thereafter	45,538

NOTE G--POSTEMPLOYMENT BENEFITS--HEALTHCARE INSURANCE

*Plan Description.* In addition to the pension benefits described in Note F, the Road Commission administers a single-employer defined benefit healthcare plan. The Road Commission provides postemployment healthcare insurance benefits to certain retired union and administrative employees through the Road Commission’s group health insurance plan which covers both active and retired members. Benefit provisions are established through negotiations between the Road Commission and the union in accordance with the labor contract and personnel policy which is negotiated every three-year bargaining period.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE G--POSTEMPLOYMENT BENEFITS--HEALTHCARE INSURANCE (Continued)

*Benefits Provided.* Effective January 1, 2009, bargaining unit employees who retire after having attained the age of 62, and after completing 20 years of service, the Road Commission will pay on behalf of such retiring employee or his widow up to the same amount toward health, dental, and vision insurance premiums paid on behalf of current employees. Retirees will be billed at the 80/20% rate as long as any person covered by their policy is covered in an active suffix. The Road Commission will pay up to \$675 per covered person, per month, toward the cost of the provided health insurance plan(s). Once employees become Medicare eligible, they will be moved to a Medicare enhanced plan and the Road Commission will pay up to \$375 per covered person, per month, towards the cost of the provided health insurance plan(s).

For bargaining unit employees whose last date of hire is on or after January 1, 2008, and who retire from the Road Commission after having attained the age of 62 and after completing 25 years of service, the Road Commission will pay on behalf of such retiring employee only, 80% of the single subscriber rate paid on behalf of current employees up to a maximum of \$675 per month, and the retiring employee may elect to pay the additional premium to provide coverage for his/her spouse. Once employees become Medicare eligible, they will be moved to a Medicare enhanced plan and the Road Commission will pay on behalf of such retiring employee only, up to \$375 per month towards the cost of the provided health insurance plan(s).

For bargaining unit employees hired after January 1, 2015, who retire with 20 or more years of service are eligible for up to 60 months of coverage starting no earlier than age 60 and ending when they become eligible for Medicare. The Road Commission will pay on behalf of such retiring employee only, 80% of the single subscriber rate paid on behalf of current employees, up to a maximum of \$675 per month. This benefit does not include coverage or payment for the retired employee's spouse, dependents, or other eligible individuals. The retired employee shall be responsible for their health insurance premium at the time of becoming eligible for Medicare.

For administrative employees who retire after having attained the age of 62 and have completed a minimum of 15 years of service, the Road Commission will pay its portion of the personal premium or subscription rate for the continuance of the medical, dental, and vision coverage for the employee and then eligible dependents. The Road Commission will also continue the medical, dental, and vision coverage for widows/widowers of employees who have had 15 or more years of service with the Road Commission or widows/widowers of employees who are killed on the job. The premium for retirees will be billed 20% retiree/80% Road Commission as long as any person covered by their policy is covered in an active suffix. The Road Commission's contribution is capped at \$675 per covered person, per month, towards the cost of the provided active health insurance plan(s). Once retirees become Medicare eligible, they will be moved to a Medicare enhanced plan and the Road Commission will pay up to \$375 per covered person, per month towards the cost of the provided health insurance plan(s).

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE G--POSTEMPLOYMENT BENEFITS--HEALTHCARE INSURANCE (Continued)

Administrative employees hired after November 1, 2009, who retire with 20 or more years of service will be eligible for up to 60 months of coverage, starting no earlier than age 55, and ending at age 65. The Road Commission will pay on behalf of such retiring employee only 80% of the single subscriber rate of such insurance coverage up to \$675 per month. This benefit does not include payment for retired employee's spouse or eligible dependents; however, the retired employee may elect to pay additional premiums to provide coverage for his/her spouse or eligible dependents. The retired employee shall be responsible for his/her health insurance premium at age 65 and beyond.

*Employees covered by benefit terms.* As of December 31, 2025, the following employees were covered by the benefit terms:

Active Plan Participants	58
Retirees and Beneficiaries	<u>27</u>
Total Participants	<u><u>85</u></u>

*Contributions.* The Van Buren County Road Commission Retiree Health Care Plan was established and is being funded under the authority of the Road Commission. The plan's funding policy is that the Road Commission will contribute \$125,000 per year in addition to paying retiree healthcare benefits from general operating funds until the OPEB trust is sufficient to pay benefits. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves. The Road Commission had no obligation to make contributions in advance of when the insurance premiums were due for payment (in other words, this was financed on a "pay-as-you go" basis). During the year, the Road Commission contributed \$133,548 for the benefit. In addition to the "pay-as-you-go" amount, the Road Commission also contributed \$125,000 to a MERS OPEB Trust Fund.

*Net OPEB Liability.* The Road Commission's net OPEB liability was measured as of December 31, 2025.

*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of December 31, 2024, rolled forward to December 31, 2025. The following actuarial assumptions were used in the measurement:

Inflation	2.5%
Salary Increases	2.9%
Investment Rate of Return	6.93% (including inflation)
20 Year Aa Municipal Bond Rate	4.43%

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE G--POSTEMPLOYMENT BENEFITS--HEALTHCARE INSURANCE (Continued)

Mortality	Public General 2016 Employee and Healthy Retiree, Headcount weighted
Improvement Scale	IRS 2024 Adjusted Scale MP-2021

The long-term expected rate of return on retirement 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 retirement 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 by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60%	4.50%
Global Fixed Income	20%	2.16%
Private Assets	20%	6.50%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 6.93%.

*Discount Rate.* The discount rate used to measure the total OPEB liability was 6.93%. The projection of cash flows used to determine the discount rate assumed that Road Commission contributions will make contributions as needed to fully fund the plan. Based on this assumption, the retirement plan’s fiduciary net position was projected to be sufficient to make all projected future benefit payments of the current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date”), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. The discount rate used as of December 31, 2024, was 6.93%.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE G--POSTEMPLOYMENT BENEFITS--HEALTHCARE INSURANCE (Continued)

Changes in Net OPEB Liability

<u>Changes in Net OPEB Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability/(Asset)</u>
Beginning Balance	\$ 3,007,578	\$ 3,841,761	\$ (834,183)
Changes for the Year:			
Service Cost	60,394	-	60,394
Interest	207,983	-	207,983
Experience (Gains)/Losses	(80,830)	-	(80,830)
Change in Actuarial Assumptions	28,904	-	28,904
Contributions - Employer	-	258,548	(258,548)
Net Investment Income	-	606,823	(606,823)
Benefit Payments, Including Refunds	(133,548)	(133,548)	-
Administrative Expenses	-	(8,790)	8,790
Net Changes	<u>82,903</u>	<u>723,033</u>	<u>(640,130)</u>
Ending Balance	<u>\$ 3,090,481</u>	<u>\$ 4,564,794</u>	<u>\$ (1,474,313)</u>

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the Road Commission, as well as what the Road Commission'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 discount rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 3,351,061	\$ 3,090,481	\$ 2,860,417
Plan Fiduciary Net Position	<u>(4,564,794)</u>	<u>(4,564,794)</u>	<u>(4,564,794)</u>
Net OPEB Liability	<u>\$ (1,213,733)</u>	<u>\$ (1,474,313)</u>	<u>\$ (1,704,377)</u>

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the Road Commission, as well as what the Road Commission's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE G--POSTEMPLOYMENT BENEFITS--HEALTHCARE INSURANCE (Continued)

	Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,958,305	\$ 3,090,481	\$ 3,219,241
Plan Fiduciary Net Position	<u>(4,564,794)</u>	<u>(4,564,794)</u>	<u>(4,564,794)</u>
 Net OPEB Liability	 <u><u>\$(1,606,489)</u></u>	 <u><u>\$(1,474,313)</u></u>	 <u><u>\$(1,345,553)</u></u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the year ended December 31, 2025, the Road Commission recognized OPEB expense of (\$826,402). At December 31, 2025, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in Experience	\$ 10,709	\$ 2,316,718
Differences in Assumptions	170,670	637,439
Excess (Deficit) Investment Returns	-	241,960
Total	<u><u>\$ 181,379</u></u>	<u><u>\$ 3,196,117</u></u>

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

<u>Year Ended 31-Dec</u>	<u>Amount Recognized</u>
2026	\$ (807,459)
2027	(862,828)
2028	(726,061)
2029	(252,028)
2030	(346,686)
Thereafter	(19,676)

NOTE H--FEDERAL GRANTS

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and state grants pertaining to their county. During the year ended December 31, 2025, the Federal grants received and expended by the Road Commission were \$2,135,173 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted Federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE H--FEDERAL GRANTS (Continued)

Negotiated projects are defined as projects performed by Road Commission employees or private contractors paid for and administered by the Road Commission which are subject to single audit requirements, if the amount expended is \$1,000,000 or more. A single audit was not performed during the fiscal year December 31, 2025.

NOTE I--RISK MANAGEMENT

The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The county road commissions in the State of Michigan established and created a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (Pool) pursuant to the provisions of 1982 PA 138. The Pool is to provide for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities with the state.

The Pool operates as a common risk-sharing management program for road commissions in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. If for any reason the Pool's resources available to pay losses are depleted, the payment of all unpaid losses of the member is the sole obligation of the member.

The Road Commission pays an annual premium to the Pool for automobile and equipment liability, trunkline liability, errors and omissions, bodily injury, property damage, and personal injury liability. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board. Commercial insurance was purchased for property coverage (buildings and contents). Commercial insurance was also purchased for healthcare benefits and workers compensation insurance through the County Road Association Self Insurance Fund.

At December 31, 2025, there were no claims which exceeded insurance coverage. The Road Commission did not have any significant reduction in insurance coverage from previous years. Settled claims for the Road Commission have not exceeded the amount of insurance coverage in any of the past 3 years.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2025

NOTE J--CHANGES IN ACCOUNTING PRINCIPLES

During the year ended December 31, 2025, the Road Commission early implemented GASB Statement No. 103. GASB Statement No. 103 is effective for fiscal years beginning after June 15, 2025; early implementation is permitted, and if a primary government elects early implementation, component units that are presented in the same ACFR should also be implemented in that year. The Road Commission elected early implementation to align with the Van Buren County's September 30, 2026, financial report. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; and budgetary comparison information.

Implementation of GASB Statement No. 103 changed the presentation of the Road Commission's Budgetary Comparison Schedules to include a new comparison between the original and final amended budgets and added a new exhibit titled "Note to the Budgetary Comparison Schedules" to provide explanations of significant changes between the original and final amended budgets and explanations for differences between the final amended budget and actual revenues and expenditures. The adoption did not change beginning fund balance/net position or total change in fund balance/net position; it only affected the presentation of the budgetary schedules.

During the year ending December 31, 2025, the Road Commission also early implemented GASB Statement No. 104 (effective for fiscal years beginning after June 15, 2025; earlier application encouraged) to align with the County's financial report timing. GASB Statement No. 104 requires separate disclosures, within the capital asset note, for: (a) lease assets (GASB 87), (b) intangible right-to-use assets (GASB 94), (c) SBITA assets (GASB 96), and (d) other intangible assets, each by major class of underlying asset; and adds disclosures for capital assets held for sale.

The Road Commission's evaluation concluded that while intangible assets related to rights-of-way existed, the balance for these assets were already reported separately in the note. The Road Commission did not have any other capital assets in the other categories, and no capital assets met the held-for-sale criteria on December 31, 2025; therefore, adoption of GASB Statement No. 104 did not affect the capital asset balances or line items presented for the current year, and no retroactive restatement was necessary. (See Note D for the required GASB Statement No. 104 assertions.)

VAN BUREN COUNTY ROAD COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL OPERATING FUND--  
 SCHEDULE OF REVENUES--  
 For the Year Ended December 31, 2025

EXHIBIT I

	Budgeted Amounts		Variance With Original Budget- Over (Under)	Actual	Variance With Final Budget- Over (Under)
	Original	Final	Final Budget		Actual Amounts
Taxes					
Property Taxes	\$ 3,142,000	\$ 3,180,150	\$ 38,150	\$ 3,180,150	\$ -
Licenses and Permits					
Weight Permits	150,000	202,000	52,000	202,498	498
Federal Grants					
Surface Transportation Program	556,422	693,900	137,478	691,359	(2,541)
Critical Bridge	743,166	691,819	(51,347)	693,994	2,175
Other Federal Grants	750,000	750,000	-	749,820	(180)
State Grants					
Michigan Transportation Fund					
Engineering	10,000	10,000	-	10,000	-
Primary Road	7,155,600	6,991,847	(163,753)	7,175,771	183,924
Local Road	4,472,250	4,380,570	(91,680)	4,487,316	106,746
Primary Urban Road	552,750	547,207	(5,543)	478,608	(68,599)
Local Urban Road	235,170	233,646	(1,524)	210,072	(23,574)
Snow Removal	95,000	107,292	12,292	107,292	-
Critical Bridge	-	83,934	83,934	83,934	-
Rural "D" Funds	261,032	237,000	(24,032)	237,820	820
Local Community Stabilization Funds	75,000	111,294	36,294	111,294	-
Other State Grants	-	800,000	800,000	800,000	-
Contributions--Local Units					
Townships	3,767,825	5,800,000	2,032,175	5,809,195	9,195
Charges for Services					
Salvage Sales	-	-	-	12,683	12,683
Other Charges for Services	-	-	-	928	928
Interest and Rents					
Interest Earned	180,000	348,000	168,000	418,194	70,194
Rents and Royalties	-	-	-	17,224	17,224
Other Revenue					
Contributions From Private Sources	-	-	-	1,595	1,595
<b>Total Revenue</b>	<b>22,146,215</b>	<b>25,168,659</b>	<b>3,022,444</b>	<b>25,479,747</b>	<b>311,088</b>
Other Financing Sources					
Insurance Recoveries	-	-	-	23,419	23,419
Gain on Equipment Disposal	-	-	-	18,909	18,909
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,328</b>	<b>42,328</b>
<b>Total Revenues and Other Financing Sources</b>	<b>22,146,215</b>	<b>25,168,659</b>	<b>3,022,444</b>	<b>\$ 25,522,075</b>	<b>\$ 353,416</b>
Fund Balance--Beginning	7,992,765	12,213,366	4,220,601		
<b>Total Budget</b>	<b>\$ 30,138,980</b>	<b>\$ 37,382,025</b>	<b>\$ 7,243,045</b>		

VAN BUREN COUNTY ROAD COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL OPERATING FUND--  
 SCHEDULE OF EXPENDITURES--  
 For the Year Ended December 31, 2025

EXHIBIT J

	Budgeted Amounts		Variance With Original Budget- Over (Under)	Actual	Variance With Final Budget- Over (Under)
	Original	Final	Final Budget		Actual Amounts
Primary Road					
Preservation/Structural Improvements	\$ 4,101,984	\$ 4,400,000	298,016	\$ 4,075,559	\$ 324,441
Routine and Preventive Maintenance	5,040,000	6,000,000	960,000	4,806,806	1,193,194
Local Road					
Preservation/Structural Improvements	2,196,200	3,000,000	803,800	2,523,511	476,489
Routine and Preventive Maintenance	5,745,000	9,255,000	3,510,000	8,432,391	822,609
Primary Road Structure					
Preservation/Structural Improvements	518,280	670,000	151,720	611,932	58,068
Routine and Preventive Maintenance	6,100	6,100	-	5,620	480
Local Road Structure					
Preservation/Structural Improvements	394,000	479,000	85,000	432,258	46,742
Routine and Preventive Maintenance	9,200	9,200	-	-	9,200
Nonroad Projects	-	800,000	800,000	800,000	-
Equipment Expense--Net	500,000	500,000	-	(459,686)	959,686
Distributive Expense	3,900,000	-	(3,900,000)	-	-
Administrative Expense--Net	1,400,000	1,700,000	300,000	1,517,983	182,017
Capital Outlay--Net	501,000	891,984	390,984	(438,821)	1,330,805
Total Expenditures	24,311,764	27,711,284	3,399,520	\$ 22,307,553	\$ 5,403,731
Fund Balance--Ending	5,827,216	9,670,741	3,843,525		
Total Budget	\$ 30,138,980	\$ 37,382,025	\$ 7,243,045		

VAN BUREN COUNTY ROAD COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTE TO BUDGETARY COMPARISON SCHEDULES  
 For the Year Ended December 31, 2025

EXHIBIT K

General  
 Operating  
 Fund

BUDGETARY REVENUES

Differences-Original Budget to Final Budget

Federal and state aid funding for infrastructure projects vary pending the timing of the approval of a project and when the project begins.

Federal Surface Transportation Program	\$ 137,478
Federal Critical Bridge	(51,347)
State Critical Bridge	83,934

Michigan Transportation Funds (MTF) are determined by the state and will vary based on funds projected versus actual amounts received.

MTF-Primary Road	(163,753)
MTF-Local Road	(91,680)

Other state grant was increased due to a wetland mitigation grant received that was not expected at start of year.

800,000

Township contributions are initial estimates of the number of projects expected to be requested by all townships and will vary as the year progresses as additional projects are requested.

2,032,175

An increase in interest rates from investments increased interest revenue.

168,000

REVENUES

Differences-Final Budget to Actual

Michigan Transportation Funds (MTF) are determined by the state and will vary based on funds projected versus actual amounts received.

MTF-Primary Road	183,924
MTF-Local Road	106,746

BUDGETARY EXPENDITURES

Differences-Original Budget to Final Budget

Beginning projects are estimated based on number of township projects requested and will increase as the number of projects requested increase.

Primary Road-Preservation/Structural Improvement	298,016
Local Road-Preservation/Structural Improvement	803,800

Maintenance projects and winter related expenses are estimated at the beginning of year and amended as actual expenditures are incurred.

Primary Road-Routine and Preventive Maintenance	960,000
Local Road-Routine and Preventive Maintenance	3,510,000

VAN BUREN COUNTY ROAD COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTE TO BUDGETARY COMPARISON SCHEDULES  
 For the Year Ended December 31, 2025

EXHIBIT K (Continued)

	General Operating Fund
Structure related expenditures are based on the federal and state grants received to perform bridge projects.	
Primary Road-Preservation/Structural Improvements	670,000
Local Road-Preservation/Structural Improvements	479,000
Nonroad projects was increased due to a wetland mitigation grant received for a nonroad project that was not expected at start of year.	800,000
Distributive expenses are estimated expenditures that cannot be directly assigned to road or structure projects until after the year has ended and actual expenditures are known and these costs can be distributed.	(3,900,000)
Administrative expenditures were increased to reflect the anticipated expenditures for the fiscal year.	300,000
Capital outlay expenditures increased with the increased heavy equipment purchased during the year.	390,984
<b>EXPENDITURES</b>	
<b>Differences-Final Budget to Actual</b>	
Beginning projects are estimated based on number of township projects requested and will increase as the number of projects requested increase.	
Primary Road-Preservation/Structural Improvement	324,441
Local Road-Preservation/Structural Improvement	476,489
Maintenance projects and winter related expenses are estimated at the beginning of year and amended as actual expenditures are incurred.	
Primary Road-Routine and Preventive Maintenance	1,193,194
Local Road-Routine and Preventive Maintenance	822,609
Net equipment expense variance occurred due to the increased amount of equipment rental credits charged.	959,686
Administrative expense variance occurred as administrative costs for services were less than anticipated.	182,017
Net capital outlay variance occurred due to the increased amount of depreciation credits charged.	1,330,805

VAN BUREN COUNTY ROAD COMMISSION  
SCHEDULE OF CHANGES IN THE ROAD COMMISSION'S  
NET PENSION LIABILITY AND RELATED RATIOS  
For the Year Ended December 31

EXHIBIT L

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	\$ 414,557	\$ 550,839	\$ 593,699	\$ 288,907	\$ 299,434	\$ 223,989	\$ 201,728	\$ 135,102	\$ 198,661	\$ 148,764
Interest	778,213	735,946	744,555	651,187	645,958	618,866	586,616	580,070	565,279	617,922
Difference Between Expected and Actual Experience	7,907	157,771	(88,613)	302,940	(275,623)	147,521	(236,041)	(41,430)	(338,245)	(267,451)
Change of Assumptions	282,709	(1,551,014)	305,311	1,320,601	-	303,364	481,021	(40,247)	(924,433)	1,910,047
Benefit Payments Including Refunds	(595,575)	(544,652)	(565,215)	(554,030)	(603,566)	(595,941)	(559,646)	(646,673)	(500,302)	(484,893)
Net Change in Total Pension Liability	887,811	(651,110)	989,737	2,009,605	66,203	697,799	473,678	(13,178)	(999,040)	1,924,389
Total Pension Liability Beginning	12,354,607	13,005,717	12,015,980	10,006,375	9,940,172	9,242,373	8,768,695	8,781,873	9,780,913	7,856,524
Total Pension Liability Ending	<u>\$ 13,242,418</u>	<u>\$ 12,354,607</u>	<u>\$ 13,005,717</u>	<u>\$ 12,015,980</u>	<u>\$ 10,006,375</u>	<u>\$ 9,940,172</u>	<u>\$ 9,242,373</u>	<u>\$ 8,768,695</u>	<u>\$ 8,781,873</u>	<u>\$ 9,780,913</u>
Plan Fiduciary Net Position										
Contributions-Employer	\$ 311,316	\$ 484,428	\$ 515,495	\$ 275,000	\$ 277,064	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 279,235
Contributions-Employee	184,107	184,775	169,353	153,443	121,860	105,843	106,656	96,622	94,985	92,207
Net Investment Income	1,729,707	1,293,147	1,391,897	(1,655,985)	1,431,055	1,087,459	1,655,451	(499,057)	1,189,073	436,010
Benefit Payments Including Refunds	(595,575)	(544,652)	(565,215)	(554,030)	(603,566)	(595,941)	(559,646)	(646,673)	(500,302)	(484,893)
Administrative Expense	(54,398)	(50,970)	(46,247)	(45,911)	(48,226)	(42,242)	(40,716)	(40,894)	(39,756)	(34,898)
Net Change in Plan Fiduciary Net Position	1,575,157	1,366,728	1,465,283	(1,827,483)	1,178,187	830,119	1,436,745	(815,002)	1,019,000	287,661
Plan Fiduciary Net Position Beginning	12,260,666	10,893,938	9,428,655	11,256,138	10,077,951	9,247,832	7,811,087	8,626,089	7,607,089	7,319,428
Plan Fiduciary Net Position Ending	<u>\$ 13,835,823</u>	<u>\$ 12,260,666</u>	<u>\$ 10,893,938</u>	<u>\$ 9,428,655</u>	<u>\$ 11,256,138</u>	<u>\$ 10,077,951</u>	<u>\$ 9,247,832</u>	<u>\$ 7,811,087</u>	<u>\$ 8,626,089</u>	<u>\$ 7,607,089</u>
Employer Net Pension Liability/(Asset)	<u>\$ (593,405)</u>	<u>\$ 93,941</u>	<u>\$ 2,111,779</u>	<u>\$ 2,587,325</u>	<u>\$ (1,249,763)</u>	<u>\$ (137,779)</u>	<u>\$ (5,459)</u>	<u>\$ 957,608</u>	<u>\$ 155,784</u>	<u>\$ 2,173,824</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104%	99%	84%	78%	112%	101%	100%	89%	98%	78%
Covered Employee Payroll	\$ 3,919,368	\$ 3,839,258	\$ 3,543,480	\$ 3,461,920	\$ 2,591,843	\$ 2,606,256	\$ 2,264,847	\$ 2,292,097	\$ 1,884,986	\$ 2,089,983
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	-15%	2%	60%	75%	-48%	-5%	0%	42%	8%	104%

Notes to Schedule:

*Benefit Changes:* There were no benefit changes affecting the 2025 valuation.

VAN BUREN COUNTY ROAD COMMISSION  
SCHEDULE OF ROAD COMMISSION'S CONTRIBUTIONS  
For the Year Ended December 31

EXHIBIT M

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial Determined Contributions	\$ 306,534	\$ 477,268	\$ 507,251	\$ 193,852	\$ 272,634	\$ 204,501	\$ 169,120	\$ 137,237	\$ 215,978	\$ 274,432
Contributions in Relation to the Actuarially Determined Contribution	311,316	484,428	515,495	275,000	277,064	275,000	275,000	275,000	275,000	279,235
Contribution Deficiency (excess)	\$ (4,782)	\$ (7,160)	\$ (8,244)	\$ (81,148)	\$ (4,430)	\$ (70,499)	\$ (105,880)	\$ (137,763)	\$ (59,022)	\$ (4,803)
Covered Employee Payroll	\$ 3,919,368	\$ 3,839,258	\$ 3,543,480	\$ 3,461,920	\$ 2,591,843	\$ 2,606,256	\$ 2,264,847	\$ 2,292,097	\$ 1,884,986	\$ 2,089,983
Contributions as a Percentage of Covered Employee Payroll	8%	13%	15%	8%	11%	11%	12%	12%	15%	13%

Notes to Schedule

Methods and Assumptions Used to Determine Contribution Rates:

Valuation Date	January 1, 2025
Actuarial Cost Method	Entry Age Normal (level percent)
Asset Valuation Method	5-year moving market average in accordance with Rev. proc. 2000-40 Approval (#15); that is, gains and losses (actual vs. expected) are recognized at the rate of 20% per year for 5 years; if necessary, the resulting actuarial value is adjusted to be within 80% - 120% of market value corridor
Retirement Age	Age 62
Interest Rate	6.24% per annum, compounded annually
Salary Scale	2.9% per annum, compounded annually
Mortality Table	Pub-2016 Public Retirement Plans Mortality Tables for General Employees; annuitant and non-annuitant, sex-distinct with 2024 modified MP-2021 improvement factors.
Changes in Assumptions	Interest rate changed from 6.0%; salary scale changed from 4.32%.

VAN BUREN COUNTY ROAD COMMISSION  
SCHEDULE OF CHANGES IN THE ROAD COMMISSION'S  
NET OPEB LIABILITY AND RELATED RATIOS\*  
For the Year Ended December 31

EXHIBIT N

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	\$ 60,394	\$ 59,065	\$ 63,457	\$ 56,698	\$ 64,297	\$ 56,702	\$ 94,095	\$ 338,446
Interest	207,983	234,469	230,880	254,270	251,622	325,427	280,901	476,973
Change in Benefit Terms	-	-	-	(324,307)	-	-	-	(4,387,422)
Difference between Expected and Actual Experience	(80,830)	(623,984)	(104,409)	17,993	(25,592)	(1,391,781)	(137,925)	(3,755,304)
Change of Assumptions	28,904	109,457	12,334	15,853	(53,989)	86,875	(824,016)	(1,718,338)
Benefit Payments Including								
Employee Refunds	(133,548)	(123,813)	(169,413)	(207,466)	(177,938)	(154,377)	(227,641)	(270,055)
Net Change in Total OPEB Liability	82,903	(344,806)	32,849	(186,959)	58,400	(1,077,154)	(814,586)	(9,315,700)
Total OPEB Liability Beginning	3,007,578	3,352,384	3,319,535	3,506,494	3,448,094	4,525,248	5,339,834	14,655,534
Total OPEB Liability Ending	\$ 3,090,481	\$ 3,007,578	\$ 3,352,384	\$ 3,319,535	\$ 3,506,494	\$ 3,448,094	\$ 4,525,248	\$ 5,339,834
Plan Fiduciary Net Position								
Contributions-Employer	\$ 258,548	\$ 443,813	\$ 569,413	\$ 607,466	\$ 577,938	\$ 583,377	\$ 547,641	\$ 590,055
Net Investment Income	606,823	268,461	324,541	(275,822)	272,731	244,437	111,434	(24,551)
Benefit Payments Including								
Employee Refunds	(133,548)	(123,813)	(169,413)	(207,466)	(177,938)	(154,377)	(227,641)	(270,055)
Administrative Expense	(8,790)	(7,781)	(5,939)	(4,515)	(3,932)	(2,488)	(1,692)	(1,264)
Net Change in Plan Fiduciary Net Position	723,033	580,680	718,602	119,663	668,799	670,949	429,742	294,185
Plan Fiduciary Net Position Beginning	3,841,761	3,261,081	2,542,479	2,422,816	1,754,017	1,083,068	653,326	359,141
Plan Fiduciary Net Position Ending	\$ 4,564,794	\$ 3,841,761	\$ 3,261,081	\$ 2,542,479	\$ 2,422,816	\$ 1,754,017	\$ 1,083,068	\$ 653,326
Employer Net OPEB Liability/(Asset)	\$ (1,474,313)	\$ (834,183)	\$ 91,303	\$ 777,056	\$ 1,083,678	\$ 1,694,077	\$ 3,442,180	\$ 4,686,508
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	148%	128%	97%	77%	69%	51%	24%	12%
Covered Employee Payroll	\$ 4,931,529	\$ 4,813,124	\$ 4,542,916	\$ 4,365,415	\$ 3,576,089	\$ 2,819,634	\$ 3,262,630	\$ 3,024,031
Employer's Net OPEB Liability as a Percentage of Covered Employee Payroll	-30%	-17%	2%	18%	30%	60%	106%	155%

Notes to Schedule:

*Benefit Changes:* There were no benefit changes affecting the 2025 valuation.

\*10-year schedule as required by GASB Statement No. 75 will be built prospectively upon implementation of the standard.

VAN BUREN COUNTY ROAD COMMISSION  
SCHEDULE OF ROAD COMMISSION'S CONTRIBUTIONS--OPEB  
For the Year Ended December 31

EXHIBIT O

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarial Determined Contributions	\$ -	\$ 69,572	\$ 119,442	\$ 155,142	\$ 216,404	\$ 347,387	\$ 414,688	\$ 2,494,239
Contributions in Relation to the Actuarially Determined Contribution	258,548	443,813	569,413	607,466	577,938	583,377	547,641	590,055
Contribution Deficiency (excess)	<u>\$ (258,548)</u>	<u>\$ (374,241)</u>	<u>\$ (449,971)</u>	<u>\$ (452,324)</u>	<u>\$ (361,534)</u>	<u>\$ (235,990)</u>	<u>\$ (132,953)</u>	<u>\$ 1,904,184</u>
Covered Employee Payroll	\$ 4,931,529	\$ 4,813,124	\$ 4,542,916	\$ 4,365,415	\$ 3,576,089	\$ 2,819,634	\$ 3,262,630	\$ 3,024,031
Contributions as a Percentage of Covered Employee Payroll	5%	9%	13%	14%	16%	21%	17%	20%

Notes to Schedule

10 Year Requirement for Disclosure      The ten year requirement of information will be built prospectively.

Actuarial Valuation Information Relative to the Determination of Contributions:

Valuation Date                                      December 31, 2024  
Measurement Date                                    December 31, 2025

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method                              Entry Age Normal (level of percentage of compensation)  
Asset Valuation Method                              Market value  
Discount Rate    6.93% for 2025 contribution, 2025 liability, and 2026 contribution  
20-year Aa Municipal Bond Rate                      4.43% (S&P Municipal Bond 20-Year High Grade Rate Index)  
Salary Scale    2.90% (for purpose of allocating liability)  
Return on Plan Assets                                  6.93% (including inflation)  
Mortality Rates    Public General 2016 Employee and Healthy Retiree, Headcount weighted, IRS 2024 adjusted scale MP-2021  
Change in Assumptions                                  Mortality rates changed from Public General 2010 Employee and Healthy Retiree, Headcount weighted  
Medical trend updated such that second-year trend increases by 0.25% rather than decreasing by the anticipated 0.25%

VAN BUREN COUNTY ROAD COMMISSION  
GENERAL OPERATING FUND--  
ANALYSIS OF CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2025

EXHIBIT P

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Total Revenues	\$ 10,256,602	\$ 11,613,557	\$ 3,609,588	\$ 25,479,747
Total Expenditures	10,049,857	11,938,363	319,333	22,307,553
Excess of Revenues Over (Under) Expenditures	206,745	(324,806)	3,290,255	3,172,194
Other Financing Sources (Uses)				
Insurance Recoveries	-	-	23,419	23,419
Gain on Equipment Disposal	-	-	18,909	18,909
Optional Transfers	(245,906)	245,906	-	-
Total Other Financing Sources (Uses)	(245,906)	245,906	42,328	42,328
Excess of Revenues Over (Under) Expenditures and Other Financing Sources and (Uses)	(39,161)	(78,900)	3,332,583	3,214,522
Fund Balance--Beginning	863,151	78,900	11,271,315	12,213,366
Fund Balance--Ending	\$ 823,990	\$ -	\$ 14,603,898	\$ 15,427,888

VAN BUREN COUNTY ROAD COMMISSION  
GENERAL OPERATING FUND--  
ANALYSIS OF REVENUES  
For the Year Ended December 31, 2025

EXHIBIT Q

	Primary Road Fund	Local Road Fund	County Road Commission	Total
<b>Taxes</b>				
Property Taxes	\$ -	\$ 1,101,600	\$ 2,078,550	\$ 3,180,150
<b>Licenses and Permits</b>				
Weight Permits	-	-	202,498	202,498
<b>Federal Grants</b>				
Surface Transportation Program	385,890	305,469	-	691,359
Critical Bridge	693,994	-	-	693,994
Other Federal Grants	749,820	-	-	749,820
<b>State Grants</b>				
Michigan Transportation Fund				
Engineering	6,153	3,847	-	10,000
Allocation	7,175,771	4,487,316	-	11,663,087
Urban	478,608	210,072	-	688,680
Snow Removal	64,375	42,917	-	107,292
Critical Bridge	72,849	11,085	-	83,934
Rural "D" Funds	237,820	-	-	237,820
Local Community Stabilization Funds	-	-	111,294	111,294
Other State Grants	-	-	800,000	800,000
<b>Contributions--Local Units</b>				
Townships	361,646	5,447,549	-	5,809,195
<b>Charges for Services</b>				
Salvage Sales	-	-	12,683	12,683
Other Charges for Services	-	-	928	928
<b>Interest and Rents</b>				
Interest Earned	29,274	2,509	386,411	418,194
Rents and Royalties	-	-	17,224	17,224
<b>Other Revenue</b>				
Contributions From Private Sources	402	1,193	-	1,595
<b>Total Revenue</b>	<u>10,256,602</u>	<u>11,613,557</u>	<u>3,609,588</u>	<u>25,479,747</u>
<b>Other Financing Sources</b>				
Insurance Recoveries	-	-	23,419	23,419
Gain on Equipment Disposal	-	-	18,909	18,909
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>42,328</u>	<u>42,328</u>
<b>Total Revenue and Other Financing Sources</b>	<u>\$ 10,256,602</u>	<u>\$ 11,613,557</u>	<u>\$ 3,651,916</u>	<u>\$ 25,522,075</u>

VAN BUREN COUNTY ROAD COMMISSION  
GENERAL OPERATING FUND--  
ANALYSIS OF EXPENDITURES  
For the Year Ended December 31, 2025

EXHIBIT R

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Primary Road				
Preservation/Structural Improvements	\$ 4,075,559	\$ -	\$ -	\$ 4,075,559
Routine and Preventive Maintenance	4,806,806	-	-	4,806,806
Local Road				
Preservation/Structural Improvements	-	2,523,511	-	2,523,511
Routine and Preventive Maintenance	-	8,432,391	-	8,432,391
Primary Road Structures				
Preservation/Structural Improvements	611,932	-	-	611,932
Routine and Preventive Maintenance	5,620	-	-	5,620
Local Road Structures				
Preservation/Structural Improvements	-	432,258	-	432,258
Nonroad Projects	-	-	800,000	800,000
Equipment Expense--Net	(140,440)	(277,400)	(41,846)	(459,686)
Administrative Expense--Net	690,380	827,603	-	1,517,983
Capital Outlay--Net	-	-	(438,821)	(438,821)
Total Expenditures	<u>\$ 10,049,857</u>	<u>\$ 11,938,363</u>	<u>\$ 319,333</u>	<u>\$ 22,307,553</u>



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 6, 2026

Board of County Road Commissioners  
Van Buren County Road Commission  
325 West James Street  
Post Office Box 156  
Lawrence, Michigan 49064

Dear Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Van Buren County Road Commission, Van Buren County, Michigan, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Van Buren County Road Commission's basic financial statements, and have issued our report thereon dated May 6, 2026.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Van Buren County Road Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in circumstance for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Van Buren County Road Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Van Buren County Road Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Van Buren County Road Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, not to provide an opinion on the effectiveness of the Van Buren County Road Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Van Buren County Road Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,



Cary Jay Vaughn, CPA, CGFM  
Administrator  
Local Audit and Finance Division



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

INDEPENDENT AUDITOR'S COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

May 6, 2026

Board of County Road Commissioners  
Van Buren County Road Commission  
325 West James Street  
Post Office Box 156  
Lawrence, Michigan 49064

Dear Commissioners:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Van Buren County Road Commission, Van Buren County, Michigan, for the fiscal year ended December 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 17, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Van Buren County Road Commission are described in Note A to the financial statements. As described in Note J to the financial statements, the Road Commission changed accounting policies and updated the reporting format by adopting GASB Statement No. 103, *Financial Reporting Model Improvements* and implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*. We noted no transactions entered into by the Van Buren County Road Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events

affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the governmental activities were:

Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. Management's estimate of the depreciation is based on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets.

Management's estimate of the compensated absences is based on current hourly rates and policies regarding payment of compensation banks. Management's calculation of the current and noncurrent compensated absence liability amounts was based on an estimate of the percentage of employees' use of compensated absences.

The calculation of the net pension asset and net other post-employment benefit liability and related deferred outflows and deferred inflows of resources is based on an actuarial study which utilized certain actuarial assumptions. The actuary's calculations are based on significant assumptions, including anticipated rate of return of investments, estimated future healthcare costs, employee eligibility rates, and project salary increases. Management is responsible for reviewing the assumptions used in the actuary's calculation for reasonableness.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statement taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the

financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 6, 2026.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Van Buren County Road Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Van Buren County Road Commission's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

#### Other Matters

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison information, pension trend data, and other postemployment benefit trend data in Exhibits I through O, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Exhibit P through R, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Van Buren County Road Commission's Board of County Road Commissioners and management of the Van Buren County Road Commission and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read 'CJ Vaughn', written in a cursive style.

Cary Jay Vaughn, CPA, CGFM  
Administrator  
Local Audit and Finance Division