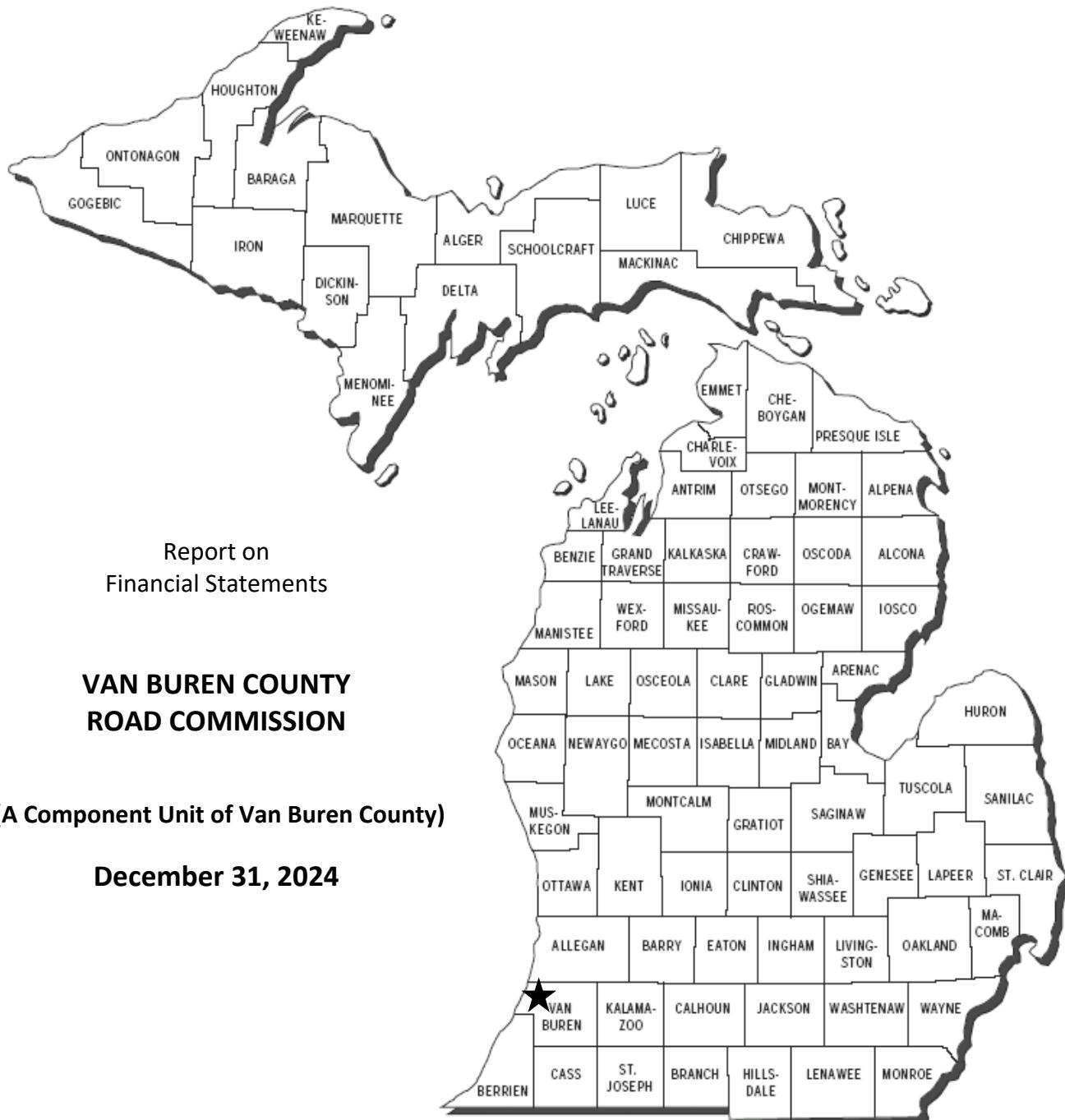


STATE OF MICHIGAN

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, 2024

VAN BUREN COUNTY ROAD COMMISSION

BOARD OF COUNTY ROAD COMMISSIONERS

May 29, 2025

W. C. Askew, Sr.
Chairman

Doug Burleson
Vice Chairman

Reginald "Rick" D. Boze
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--2024
\$6,250,368,907



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

INDEPENDENT AUDITOR'S REPORT

May 29, 2025

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, 2024, 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, 2024, 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 2024 the Road Commission adopted new accounting guidance, GASBS No. 101, *Compensated Absences*. 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 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 eight, the budgetary comparison information, pension trend data, and other postemployment benefits trend data in Exhibits I through N 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 O through Q 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 O through Q 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 29, 2025, 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

TABLE OF CONTENTS

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
BASIC FINANCIAL STATEMENTS -- GOVERNMENT-WIDE/GOVERNMENTAL FUND FINANCIAL STATEMENTS	
EXHIBIT A - Statement of Net Position	9
EXHIBIT B - Statement of Activities	10
EXHIBIT C - Balance Sheet--Governmental Fund	11
EXHIBIT D - Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	12
EXHIBIT E - Statement of Revenues, Expenditures, and Changes in Fund Balance--Governmental Fund.....	13
EXHIBIT F - Reconciliation of the Governmental Fund--Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	14
EXHIBIT G - Statement of Net Position--Fiduciary Fund	15
EXHIBIT H - Statement of Changes in Net Position--Fiduciary Fund	16
NOTES TO FINANCIAL STATEMENTS.....	17
REQUIRED SUPPLEMENTARY INFORMATION	
EXHIBIT I - General Operating Fund--Schedule of Revenues-- Budgetary Comparison Schedule.....	40
EXHIBIT J - General Operating Fund--Schedule of Expenditures-- Budgetary Comparison Schedule.....	41
EXHIBIT K - Schedule of Changes in the Road Commission's Net Pension Liability and Related Ratios.....	42
EXHIBIT L - Schedule of Road Commission's Contributions-Pension Related	43

VAN BUREN COUNTY ROAD COMMISSION

TABLE OF CONTENTS
(CONTINUED)

	<u>Page</u>
EXHIBIT M - Schedule of Changes in the Road Commission's Total OPEB Liability and Related Ratios	44
EXHIBIT N - Schedule of Road Commission's Contributions-OPEB Related	45
SUPPLEMENTARY INFORMATION AND SCHEDULES	
EXHIBIT O - General Operating Fund--Analysis of Changes in Fund Balances.....	46
EXHIBIT P - General Operating Fund--Analysis of Revenues.....	47
EXHIBIT Q - General Operating Fund--Analysis of Expenditures.....	48
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49
Report to Those Charged with Governance	51

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2024

Our discussion and analysis of the Van Buren County Road Commission's financial performance provides an overview of the Road Commission's financial activities for the year ended December 31, 2024.

FINANCIAL HIGHLIGHTS

- The Road Commission spent over \$5.35 million on infrastructure projects (roads and bridges).
- The Road Commission contributed an additional \$374,241 towards its net OPEB benefit and the plan is now fully funded.

USING THIS ANNUAL REPORT

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. This report also contains supplementary information in addition to the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities on Exhibits A and B provide information about the activities of the Road Commission as a whole and present a longer-term view of the Road Commission's finances. Fund financial statements start with Exhibit C. The fund statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Road Commission's operations in more detail than the government-wide statements by providing information about the Road Commission's general operating fund.

Reporting the Road Commission as a Whole

The Statement of Net Position and the Statement of Activities

These statements include all assets and liabilities using accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the Road Commission's net position and changes in them. You can think of the Road Commission's net position, the difference between assets and liabilities, as one way to measure the Road Commission's financial health, or financial position. Over time, increases or decreases in the Road Commission's net position are one indicator of whether its financial health is improving or declining. You will need to consider other non-financial factors, however, such as changes in the Van Buren County's property tax base and the condition of the Road Commission's infrastructure, to assess the overall health of the Road Commission.

In the Statement of Net Position and the Statement of Activities, the Road Commission presents governmental activities. All the Road Commission's basic services are reported here. State and

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2024

Federal grants, including the Michigan Transportation Fund (MTF) along with Township contributions and the County wide millage finance most Road Commission activities.

Report the Road Commission's Major Fund

Fund Financial Statements

The Road Commission currently presents a general operating fund, which is a governmental fund and fiduciary funds for pension and OPEB trusts. The fund financial statements begin on Exhibit C. All the Road Commission's basic services are reported in this fund, which focuses on how money flows into and out of the fund and the balance left at year-end that is available for spending. The fund is reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The fund financial statements provide a detailed short-term view of the Road Commission's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Road Commission's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the financial statements as Exhibits D and F.

Additional Required Supplementary Information (RSI)

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes budgetary comparison schedules, as well as trend data for both pension and other postemployment benefits.

Other Supplementary Information

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.

The Road Commission as a Whole

The Road Commission's net position increased from \$91,858,147 to \$95,92,136 for the year ended December 31, 2024. This is similar to the previous year when the net position increased \$5,443,745. Our analysis focuses on the net position and changes in net position of the Road Commission's governmental activities.

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024

Net Position of Governmental Activities

	12/31/2023	12/31/2024	Variance
	Governmental	Governmental	
	Activities	Activities	
Current and Other Assets	\$ 13,136,344	\$ 17,030,703	\$ 3,894,359
Net Capital Assets	<u>86,644,583</u>	<u>86,834,375</u>	<u>189,792</u>
Total Assets	<u>99,780,927</u>	<u>103,865,078</u>	<u>4,084,151</u>
Deferred Outflow of Resources	<u>3,328,857</u>	<u>2,677,927</u>	<u>(650,930)</u>
Current Liabilities	761,381	790,708	29,327
Non-current Liabilities	<u>2,299,064</u>	<u>210,593</u>	<u>(2,088,471)</u>
Total Liabilities	<u>3,060,445</u>	<u>1,001,301</u>	<u>(2,059,144)</u>
Deferred Inflow of Resources	<u>8,191,192</u>	<u>9,549,568</u>	<u>1,358,376</u>
Net Position			
Investment in Capital Assets	86,644,583	86,834,375	189,792
Restricted	<u>5,213,564</u>	<u>9,157,761</u>	<u>3,944,197</u>
Total Net Position	<u><u>\$ 91,858,147</u></u>	<u><u>\$ 95,992,136</u></u>	<u><u>\$ 4,133,989</u></u>

The Road Commission's governmental activities total net position increased by 5% or \$4,133,989. The restricted net position that can be used to fund the day-to-day operations within the provisions of 1951 PA 51 increased \$3,944,197 (\$9,157,761 compared to \$5,213,564). This increase was due to a decrease in the net pension liability from \$2,111,779 to \$93,941 (or \$2,017,838), a decrease of a net OPEB liability of \$91,303 to a net OPEB asset of \$834,183 (or \$925,486) and an increase in the transportation funds received. The \$189,792 increase in investment in capital assets is due to a \$7,620,818 increase in capital assets and infrastructure offset by continued depreciation.

In 2024 the Road Commission invested \$5.35 million in preservation and structural improvements on the Van Buren County Road system and continued replacing capital assets at a reasonable rate. Even with these accomplishments, there is an overall inability of road funding to keep pace with road preservation and structural improvement and capital asset demands. These demands do not allow for local agencies to invest in infrastructure or capital assets at a rate equal to or greater than the asset's life cycle. Road and bridge systems throughout Michigan continue to deteriorate and the state's funding (phased in from 2017-2021) is inadequate and necessitates a more extensive and expensive corrective action.

Studies have proven that the State of Michigan's road and bridge network is deteriorating at a rate far greater than current funding levels can offset. A 2023 County Road Association of Michigan (CRA) Road Investment Plan report finds the county road and bridge systems around

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024

the state need an additional annual investment of \$4.1 billion. This necessary investment is in addition to the funds being phased in through the 2015 Transportation Funding package.

Changes in Net Position of Governmental Activities

	2023	2024	Difference
Program Revenue			
Licenses and Permits	\$ 148,968	\$ 138,482	\$ (10,486)
Federal Grants	1,517,152	1,268,375	(248,777)
State Grants	12,641,042	12,751,938	110,896
Contributions From Local Units	6,676,448	5,772,712	(903,736)
Charges for Services	22,174	55,833	33,659
Investment Earnings	130,969	218,874	87,905
Other Contributions	15,258	27,575	12,317
General Revenue			
Taxes	2,770,282	2,964,535	194,253
Gain on Equipment Disposal	66,858	23,300	(43,558)
Total Revenue	23,989,151	23,221,624	(767,527)
Expenses			
Primary Road Maintenance	4,031,594	4,886,081	854,487
Local Road Maintenance	7,068,824	8,744,688	1,675,864
Net Equipment Expense	1,225,517	(478,597)	(1,704,114)
Net Administrative Expense	1,881,744	1,426,604	(455,140)
Infrastructure Depreciation Expense	5,353,207	5,593,202	239,995
Compensated Absences	(8,658)	51,675	60,333
Other Postemployment Benefit Expense	(1,208,909)	(1,170,576)	38,333
Pension Expense	202,087	34,558	(167,529)
Total Expenses	18,545,406	19,087,635	542,229
Change in Net Position	5,443,745	4,133,989	(1,309,756)
Ending Net Position	\$ 91,858,147	\$ 95,992,136	\$ 4,133,989

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2024

Governmental Activities

The Road Commission's governmental activities revenues decreased by 3% or \$767,527, while expenses increased 3% or \$542,229 as compared with the prior fiscal year. Federal and state grants decreased as less funds were received towards road projects. Contributions from townships also decreased as less was contributed towards projects this year. The taxable value of Van Buren County did increase which increased the tax revenue. Total expenses increased due to increased maintenance performed during the year.

THE ROAD COMMISSION'S FUND

As the Road Commission completed the year, its general operating fund (as presented in the balance sheet on Exhibit C) reported a fund balance of \$12,213,366 which is more than last year's \$9,093,536. The primary reasons for the General Operating Fund's increase in fund balance mirror the governmental activities analysis highlighted in the prior paragraph.

GENERAL OPERATING FUND BUDGETARY HIGHLIGHT

Over the course of the year, the Board of County Road Commissioners revised the budget several times. These budget amendments fall into two categories. The first category includes amendments based on the Federal and State grants received or not received for road and bridge projects. The second category includes year-end adjustments to account for accruals and then the spread of the distributive and non-distributive expenses incurred by the Road Commission.

The Road Commission amended its budget during the year to reflect changes in revenues and expenditures from the time of the original planning and budgeting. Examples include securing federal and state revenue sources for specific road and bridge projects, township revenues, corresponding requests for maintenance projects, and winter operations related to weather (ice and snow).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2024, the Road Commission had \$86,834,375 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 \$189,792.

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024

Capital Assets at Year-End

	<u>12/31/2023</u>	<u>12/31/2024</u>
Capital Assets Not Being Depreciated		
Land and Improvements	\$ 549,570	\$ 549,570
Infrastructure--Right of Ways	44,646	44,646
Infrastructure--Land and Improvements	<u>11,856,421</u>	<u>11,856,421</u>
Subtotal	<u>12,450,637</u>	<u>12,450,637</u>
Capital Assets Being Depreciated		
Land Improvements	561,495	561,495
Buildings	7,460,922	7,654,190
Road Equipment	17,019,617	18,764,739
Shop Equipment	213,022	213,022
Office Equipment	167,643	188,050
Engineer's Equipment	129,999	133,318
Yard and Storage	256,358	256,358
Depletable Assets	146,078	146,078
Infrastructure--Traffic Signals	287,452	287,452
Infrastructure--Bridges	17,013,178	17,117,557
Infrastructure--Roads	<u>96,684,114</u>	<u>98,574,290</u>
Subtotal	<u>139,939,878</u>	<u>143,896,549</u>
Total Capital Assets	152,390,515	156,347,186
Total Accumulated Depreciation	<u>(65,745,932)</u>	<u>(69,512,811)</u>
Total Net Capital Assets	<u>\$ 86,644,583</u>	<u>\$ 86,834,375</u>

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

Various Resurfacing Projects and Related Land/Right-of-Way	\$ 5,249,431
Bridge Projects	104,379
Road Equipment	2,050,014
Buildings and Building Improvements	193,268
Office and Engineer Equipment	<u>23,726</u>
Total Additions	<u>\$ 7,620,818</u>

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2024

The Road Commission's fiscal year 2025 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.

Debt

Debt the Road Commission is considered to have is employee vested benefits that are presented in more detail in Note E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Michigan Transportation Fund (MTF) Revenues

In fiscal year 2024 MTF funding levels rose just 1.72% or \$211,368.39 compared to the 5.39% (\$629,095) increase in 2023. The MTF remains the foundation of the Road Commission's operating revenues. The MTF provides funding for infrastructure and equipment needs that were delayed during the many years of declining and stagnant revenues (2004-2015). Unfortunately, the 2015 funding package falls short of fully funding the estimated \$4.1 billion of annual funding needed for the deteriorating infrastructure across the state.

Township Revenues--Revenue Sharing

In fiscal year 2024, contributions from townships decreased by approximately 6.3% from \$6.3 to \$5.9 million for preservation and structural improvement projects. The level of township contributions for road work will fluctuate from year to year but is directly offset by increases or decreases in project expenses. Township revenues are anticipated to be \$5 million for 2025. The need for additional infrastructure funding has led to 17 of the 18 Townships within Van Buren County to have approved special local millages dedicated for road improvements.

Tax Revenues

A substantial source of funding for the Road Commission has been the collection of a county-wide road millage over the last 50 years. The current millage is distributed by the County Treasurer to cities, villages, and the Road Commission. The four-year levy was renewed in 2024 and is effective for years 2025 through 2029, with the 2023 levy, for the 2024 budget year. The Road Commission's share of millage revenues for 2024 collections was \$3.07 million or approximately 13% of 2024 revenues. Any change of future tax revenue is dependent on taxable property value adjustments, the real estate market, and the overall economy during the tax levy period. Fiscal year 2024 was 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

VAN BUREN COUNTY ROAD COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2024

Commission's ability to fund structural improvement projects and drastically reduce local matching funds necessary to acquire other federal and state revenue sources.

Federal and State Aid

Federal aid for 2024 decreased to \$68 thousand from \$1.5 million in 2023, and State aid remained flat at \$0. The Road Commission expects these funding sources to be approximately \$2.5 million in 2025. Federal and State aid will provide the major source of funds for three structural improvement projects in 2025. 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 un-available 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 the efficiency and productivity within the organization. The Road Commission will balance routine operations, special maintenance (preservation) and structural improvement expenditures with budgetary constraints.

CONTACTING THE ROAD COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Road Commission's finances for all those with an interest in the component unit's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Finance and Human Resources Director, Linnea Rader, Van Buren County Road Commission, 325 West James Street, Post Office Box 156, Lawrence, Michigan 49064.

VAN BUREN COUNTY ROAD COMMISSION
 STATEMENT OF NET POSITION
 December 31, 2024

EXHIBIT A

<u>ASSETS</u>		
Cash	\$	7,078,489
Investments		924,663
Receivables		
Taxes		3,142,000
Sundry Accounts		20,902
Due From State		2,441,120
Due From Townships--Road Agreements		560,975
Inventories		
Road Materials		1,513,879
Equipment Parts and Materials		514,492
Other Postemployment Benefit Asset		834,183
Capital Assets--Non-Depreciating		12,450,637
Capital Assets--Net of Accumulated Depreciation		74,383,738
Total Assets		103,865,078
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Change in Experience-Pension		453,964
Change in Assumptions-Pension		1,979,229
Change in Investments-OPEB		65,589
Change in Experience-OPEB		12,530
Change in Assumptions-OPEB		166,615
Total Deferred Outflow of Resources		2,677,927
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable		408,402
Due to State		16,598
Township Advances		559
Accrued Liabilities		153,341
Other Accrued Liabilities		36,830
Vested Employee Benefits Payable-Due Within One Year		174,978
Non-Current Liabilities		
Vested Employee Benefits Payable-Due In More Than One Year		116,652
Net Pension Liability		93,941
Total Liabilities		1,001,301
<u>DEFERRED INFLOW OF RESOURCES</u>		
Unavailable Revenue--Property Taxes Levied for Subsequent Period		3,142,000
Change in Investments-Pension		246,199
Change in Experience-Pension		589,331
Change in Assumptions-Pension		1,867,746
Change in Experience-OPEB		2,807,624
Change in Assumptions-OPEB		896,668
Total Deferred Inflow of Resources		9,549,568
<u>NET POSITION</u>		
Investment in Capital Assets		86,834,375
Restricted		9,157,761
Total Net Position	\$	95,992,136

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, 2024

EXHIBIT B

Program Expenses		
Primary Road Maintenance	\$	4,886,081
Local Road Maintenance		8,744,688
Net Equipment Expense		(478,597)
Net Administrative Expense		1,426,604
Infrastructure Depreciation		5,593,202
Compensated Absences		51,675
Other Postemployment Benefit Expenses		(1,170,576)
Pension Expense		34,558
		<hr/>
Total Program Expenses		19,087,635
Program Revenue		
Charges for Services		
Licenses and Permits		138,482
Charges for Services		41,283
Rents and Royalties		14,550
Operating Grants and Contributions		
Michigan Transportation Funds		12,635,968
Other State Grants		115,942
Investment Earnings		218,874
Contributions From Local Units		3,982,989
Contributions From Private Sources		12,434
Reimbursements		15,141
Capital Grants and Contributions		
Federal Grants		1,268,375
State Grants		28
Contributions From Local Units		1,789,723
		<hr/>
Total Program Revenue		20,233,789
Net Program Revenue		
		<hr/>
		1,146,154
General Revenue		
Property Taxes		2,964,535
Gain on Equipment Disposal		23,300
		<hr/>
Total General Revenues		2,987,835
Change in Net Position		
		<hr/>
		4,133,989
Net Position		
Beginning of Year		91,858,147
		<hr/>
End of Year	\$	95,992,136
		<hr/>

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

VAN BUREN COUNTY ROAD COMMISSION
 BALANCE SHEET--GOVERNMENTAL FUND
 December 31, 2024

EXHIBIT C

	General Operating Fund
<u>ASSETS</u>	
Cash	\$ 7,078,489
Investments	924,663
Receivables	
Taxes	3,142,000
Sundry Accounts	20,902
Due From State	
Michigan Transportation Fund	2,441,120
Due From Townships--Road Agreements	560,975
Inventories	
Road Materials	1,513,879
Equipment Parts and Materials	<u>514,492</u>
Total Assets	<u>\$ 16,196,520</u>

LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE

Liabilities	
Accounts Payable	\$ 408,402
Due to State	16,598
Township Advances	559
Accrued Liabilities	153,341
Other Accrued Liabilities	<u>36,830</u>
Total Liabilities	<u>615,730</u>

DEFERRED INFLOW OF RESOURCES

Unavailable Revenue	<u>3,367,424</u>
Total Deferred Inflow of Resources	<u>3,367,424</u>

Fund Balance

Fund Balance	
Non-Spendable	2,028,371
Restricted	<u>10,184,995</u>
Total Fund Balance	<u>12,213,366</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 16,196,520</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, 2024

EXHIBIT D

Total Governmental Fund Balance	\$ 12,213,366
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.	86,834,375
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.	225,424
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as financial resources; therefore, they are not reported as fund liabilities.	(291,630)
Other postemployment benefit obligations do not present a claim on current financial resources and are not reported as fund liabilities.	834,183
Net pension liability is not reported in the funds as it is a long-term liability and only associated with the government-wide statements.	(93,941)
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 as expenses in the governmental funds.	<u>(3,729,641)</u>
Net Position of Governmental Activities	<u>\$ 95,992,136</u>

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, 2024

EXHIBIT E

	General Operating Fund
Revenues	
Taxes	\$ 3,073,603
Licenses and Permits	138,482
Federal Grants	1,268,375
State Grants	12,751,938
Contributions From Local Units	5,923,620
Charges for Services	41,283
Interest and Rents	233,424
Other Revenue	12,434
	<hr/>
Total Revenues	<hr/> 23,443,159
Expenditures	
Public Works	19,932,586
Capital Outlay (Net)	<hr/> 429,184
	<hr/>
Total Expenditures	<hr/> 20,361,770
Excess of Revenues Over (Under) Expenditures	3,081,389
Other Financing Sources	
Insurance Recoveries	15,141
Gain on Equipment Disposal	<hr/> 23,300
	<hr/>
Total Other Financing Sources	<hr/> 38,441
Net Change in Fund Balance	3,119,830
Fund Balance--Beginning	<hr/> 9,093,536
Fund Balance--Ending	<hr/> \$ 12,213,366

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, 2024

EXHIBIT F

Net Change in Fund Balance--Total Governmental Funds \$ 3,119,830

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	7,620,818
Deduct--Depreciation Expense	(7,431,026)

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.	(259,976)
---	-----------

(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.	(51,675)
--	----------

(Increase)/Decrease in other postemployment benefit obligation expense is recognized in the Statement of Activities, but not in the governmental funds.	1,170,576
--	-----------

(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.	(34,558)
---	----------

Change in Net Position of Governmental Activities	\$ 4,133,989
---	--------------

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

VAN BUREN COUNTY ROAD COMMISSION
 STATEMENT OF NET POSITION--
 FIDUCIARY FUND
 December 31, 2024

EXHIBIT G

	Pension Trust	Retiree Health Care Trust	Total
<u>ASSETS</u>			
Investments at Fair Market Value			
Cash and Equivalents	\$ 769,039	\$ -	\$ 769,039
US Government, Agencies, and Corporate Securities	2,772,959	-	2,772,959
Equity Funds	7,613,634	-	7,613,634
Real Estate Investments	885,792	-	885,792
Alternative Investments	216,757	-	216,757
Other Accrued Income	2,485	-	2,485
MERS Total Market Funds	-	3,841,761	3,841,761
 Total Assets	 12,260,666	 3,841,761	 16,102,427
<u>LIABILITIES</u>			
Total Liabilities	-	-	-
<u>NET POSITION</u>			
Restricted for Pension/Retiree Health Care Benefits	<u>\$ 12,260,666</u>	<u>\$ 3,841,761</u>	<u>\$ 16,102,427</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 FUND
 For the Year Ended December 31, 2024

EXHIBIT H

	Pension Trust	Retiree Health Care Trust	Total
Additions			
Contributions			
Employer Contributions	\$ 669,203	\$ 443,813	\$ 1,113,016
Other Receipts	<u>420</u>	<u>-</u>	<u>420</u>
Total Contributions	<u>669,623</u>	<u>443,813</u>	<u>1,113,436</u>
Investment Income			
Interest and Dividends	380,404	268,460	648,864
Realized Gain (Loss) From Sale of Investments	20,781	-	20,781
Net Appreciation (Depreciation) in Fair Value of Investments	<u>891,542</u>	<u>-</u>	<u>891,542</u>
Net Investment Income (Loss)	<u>1,292,727</u>	<u>268,460</u>	<u>1,561,187</u>
Total Additions	<u>1,962,350</u>	<u>712,273</u>	<u>2,674,623</u>
Deductions			
Benefit Payments	544,652	123,813	668,465
Administrative and Other Expenses	<u>50,970</u>	<u>7,780</u>	<u>58,750</u>
Total Deductions	<u>595,622</u>	<u>131,593</u>	<u>727,215</u>
Change in Net Position	1,366,728	580,680	1,947,408
Net Position Restricted for Retirement Benefits			
Beginning of Year	<u>10,893,938</u>	<u>3,261,081</u>	<u>14,155,019</u>
End of Year	<u>\$ 12,260,666</u>	<u>\$ 3,841,761</u>	<u>\$ 16,102,427</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, 2024

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 Law (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. There is only one fund reported in the government-wide financial statements.

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

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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

provided by a given function or segment; and 2) grants and contributions that are restricted to 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 customer 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 insurance and health care plans.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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

Measurement Focus/Basis of Accounting--Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Measurable refers to the ability to quantify in monetary terms the amount of the revenue. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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. Revenues are recorded when they are measurable and earned, and expenditures 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, 2024

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

Property Taxes Receivable

The Road Commission's tax is levied and collectible on December 1, 2024; and is recognized as revenue in the year ended December 31, 2025, when the proceeds of the levy are budgeted and available for the financing of operations. The 2024 taxable valuation of Van Buren County amounted to \$4,270,909,358, less the cities' and villages' share and other adjustments on which ad valorem taxes of .9721 mills were levied for the Road Commission for road construction purposes for a total receivable of \$3,142,000.

The county's 2024 ad valorem tax is levied and collectible on December 1, 2024, and is reported as taxes receivable and is offset by (deferred inflow of resources) unavailable revenue as of December 31, 2024.

Inventories

Inventories are priced at cost as determined on 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 General Operating Fund 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, 2024

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 2023 taxable valuation of Van Buren County amounted to \$3,936,703,228, less \$755,390 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 \$3,073,603.

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 \$3,142,000 during the year that are intended to finance future periods as unavailable.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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.

Non-Spendable Fund Balances

Non-spendable 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 non-spendable amount reported on Exhibit C is related to the inventory on hand of \$2,028,371.

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, 2024

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, 2024

NOTE C--CASH DEPOSITS AND INVESTMENTS (Continued)

The Road Commission has designated one 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	\$ 7,078,489	\$ -	\$ 7,078,489
Investments	924,663	16,102,427	17,027,090
	<u>\$ 8,003,152</u>	<u>\$ 16,102,427</u>	<u>\$ 24,105,579</u>

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 bank balance of the road commission's deposits is \$7,194,706 of which \$1,000,000 is NCUA insured. The remaining \$6,194,706 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 limited its investments to certificates of deposits (CDs) purchased in the name of the Road Commission.

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 lengths of the Road Commission's CDs are 18 months. Additionally, the Road Commission manages its exposure to interest rate risk is 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, 2024

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 Road Commission's CDs are not rated. 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. On December 31, 2024, the bank balance of the Road Commission's certificates of deposit is \$924,663, of which none is covered by federal depository insurance. The amount is uninsured and uncollateralized. Custodial credit risk does not apply to the Road Commission's indirect investment in securities through the use of mutual funds or government investment pools. All of the investments are through the use of mutual funds and are therefore not rated.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs. There are three (3) levels of inputs that may be used to measure fair value. Level 1 is quoted prices in active markets for identical securities; Level 2 is prices determined using other significant observable inputs; and Level 3 is prices determined using significant unobservable inputs. The Road Commission's CDs uses a cost approach for its valuing methodology.

Investments in Entities that Calculate Net Asset Value per Share

The Road Commission holds \$12,260,666 in shares or interests in the Fifth Third investment account and \$3,841,761 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, 2024

NOTE D--CAPITAL ASSETS

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

	Account			Account Balances Ending	
	Balances		Deductions		
	Beginning	Additions			
Capital Assets Not Being Depreciated					
Land and Improvements	\$ 549,570	\$ -	\$ -	\$ 549,570	
Infrastructure Right of Ways	44,646	-	-	44,646	
Infrastructure Land Improvements	11,856,421	-	-	11,856,421	
Subtotal	12,450,637	-	-	12,450,637	
Capital Assets Being Depreciated					
Land Improvements	561,495	-	-	561,495	
Buildings and Improvements	7,460,922	193,268	-	7,654,190	
Road Equipment	17,019,617	2,050,014	304,892	18,764,739	
Shop Equipment	213,022	-	-	213,022	
Office Equipment	167,643	20,407	-	188,050	
Engineers' Equipment	129,999	3,319	-	133,318	
Yard and Storage	256,358	-	-	256,358	
Depletable Assets	146,078	-	-	146,078	
Infrastructure--Traffic Signals	287,452	-	-	287,452	
Infrastructure--Bridges	17,013,178	104,379	-	17,117,557	
Infrastructure--Roads	96,684,114	5,249,431	3,359,255	98,574,290	
Total	139,939,878	7,620,818	3,664,147	143,896,549	
Less Accumulated Depreciation					
Land Improvements	375,377	20,656	-	396,033	
Buildings	3,085,091	169,530	-	3,254,621	
Road Equipment	13,291,298	1,622,447	304,892	14,608,853	
Shop Equipment	202,876	3,966	-	206,842	
Office Equipment	128,957	8,308	-	137,265	
Engineers' Equipment	117,778	6,600	-	124,378	
Yard and Storage	197,636	6,128	-	203,764	
Depletable Assets	108,869	189	-	109,058	
Infrastructure--Traffic Signals	255,930	15,761	-	271,691	
Infrastructure--Bridges	8,566,317	656,920	-	9,223,237	
Infrastructure--Roads	39,415,803	4,920,521	3,359,255	40,977,069	
Total	65,745,932	7,431,026	3,664,147	69,512,811	
Net Capital Assets Being Depreciated	74,193,946	189,792	-	74,383,738	
Total Net Capital Assets	\$ 86,644,583	\$ 189,792	\$ -	\$ 86,834,375	

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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
Vested Employee Benefits					
Vacation and Sick Leave*	\$ 239,955	\$ 51,675	\$ -	\$ 291,630	\$ 174,978
Totals	<u>\$ 239,955</u>	<u>\$ 51,675</u>	<u>\$ -</u>	<u>\$ 291,630</u>	<u>\$ 174,978</u>

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

Vested Employee Benefits

Vacation is earned based on the following schedule.

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 is 100% payable to the employee when employment is severed. As of December 31, 2024, there was \$171,248 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.

As of December 31, 2024, there was a total of \$120,382 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, 2024

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, 2024, Retirement Plan membership consisted of the following:

Inactive Plan Members Receiving Benefits	43
Inactive Members Entitled To, Not Yet Receiving Benefits	9
Active Plan Members	58
Total Participants	<u>110</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, 2024

NOTE F--EMPLOYEES' RETIREMENT SYSTEM (Continued)

NET PENSION LIABILITY

The Road Commission's pension liability was measured as of January 1, 2025.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2025, and the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	2.90%
Investment rate of return	6.24%

The mortality tables used were the Pub-2010 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, 2025 (see the discussion of the retirement plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	42%	8.87%
International Equity	18%	4.35%
Fixed Income	23%	3.84%
Real Estate	8%	6.47%
Cash	3%	3.41%
Alternative Funds	6%	3.85%

The sum of each target allocation times its long-term expected real rate is 6.24%. The long-term expected rate of return is 6.24%.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE F--EMPLOYEES' RETIREMENT SYSTEM(Continued)

Discount Rate: The discount rate used to measure the total pension liability was 6.24%. The projection of cash flows used to determine the discount rate assumed that plan member 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 5.54%.

Changes in the Net Pension Liability/Asset

	Total Pension Liability (a)	Plan Fiduciary Net Postion (b)	Net Pension Liability/ (Asset) (a)-(b)
Balance--Beginning	\$ 13,005,717	\$ 10,893,938	\$ 2,111,779
Changes for the Year			
Service Cost	550,839	-	550,839
Interest	735,946	-	735,946
Experience (Gains)/Losses	157,771	-	157,771
Change in actuarial assumptions	(1,551,014)	-	(1,551,014)
Contributions-Employer	-	484,428	(484,428)
Contributions-Employee	-	184,775	(184,775)
Net Investment Income	-	1,293,147	(1,293,147)
Benefit Payments, Including Refunds			
of Employee Contributions	(544,652)	(544,652)	-
Administration Expense	-	(50,970)	50,970
Net Changes	<u>(651,110)</u>	<u>1,366,728</u>	<u>(2,017,838)</u>
Balance--Ending	<u>\$ 12,354,607</u>	<u>\$ 12,260,666</u>	<u>\$ 93,941</u>

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 6.24%, 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:

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE F--EMPLOYEES' RETIREMENT SYSTEM(Continued)

	1% Decrease, 5.24%	Current Discount Rate, 6.24%	1% Increase, 7.24%
Total Pension Liability	\$ 13,954,377	\$ 12,354,607	\$ 11,020,186
Plan Fiduciary Net Position	<u>(12,260,666)</u>	<u>(12,260,666)</u>	<u>(12,260,666)</u>
Net Pension Liability	<u><u>\$ 1,693,711</u></u>	<u><u>\$ 93,941</u></u>	<u><u>\$ (1,240,480)</u></u>

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, 2024, the Road Commission recognized pension expense of \$518,986. At December 31, 2024, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Experience (Gains)/Losses	\$ 453,964	\$ 589,331
Changes in Assumptions	1,979,229	1,867,746
Investment Earnings (Gains)/Losses	<u>-</u>	<u>246,199</u>
Total	<u><u>\$ 2,433,193</u></u>	<u><u>\$ 2,703,276</u></u>

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

Year Ended 31-Dec	Amount Recognized
2025	\$ 65,951
2026	222,794
2027	(311,723)
2028	(228,140)
2029	30,928
Thereafter	(49,893)

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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.

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

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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

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).

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, 2024, 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 \$320,000 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 \$123,813 for the benefit. In addition to the "pay-as-you-go" amount, the Road Commission also contributed \$320,000 to a MERS OPEB Trust Fund.

Net OPEB Liability. The Road Commission's net OPEB liability was measured as of December 31, 2024.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2024, and 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	4.28%
Mortality	Public General 2010 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, 2023, was 7.00%.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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

Changes in Net OPEB Liability

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Beginning Balance	\$ 3,352,384	\$ 3,261,081	91,303
Changes for the Year:			
Service Cost	59,065	-	59,065
Interest	234,469	-	234,469
Experience (Gains)/Losses	(623,984)	-	(623,984)
Change in Actuarial Assumptions	109,457	-	109,457
Contributions - Employer	-	443,813	(443,813)
Net Investment Income	-	268,461	(268,461)
Benefit Payments, Including Refunds	(123,813)	(123,813)	-
Administrative Expenses	-	(7,781)	7,781
Net Changes	<u>(344,806)</u>	<u>580,680</u>	<u>(925,486)</u>
Ending Balance	<u>\$ 3,007,578</u>	<u>\$ 3,841,761</u>	<u>\$ (834,183)</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:

	Current Discount		
	1% Decrease	Current Discount	1% Increase
Total OPEB Liability	\$ 3,266,024	\$ 3,007,578	\$ 2,780,134
Plan Fiduciary Net Position	<u>(3,841,761)</u>	<u>(3,841,761)</u>	<u>(3,841,761)</u>
Net OPEB Liability	<u>\$ (575,737)</u>	<u>\$ (834,183)</u>	<u>\$ (1,061,627)</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, 2024

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

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$ 2,879,743	\$ 3,007,578	\$ 3,135,661
Plan Fiduciary Net Position	<u>(3,841,761)</u>	<u>(3,841,761)</u>	<u>(3,841,761)</u>
Net OPEB Liability	<u><u>\$ (962,018)</u></u>	<u><u>\$ (834,183)</u></u>	<u><u>\$ (706,100)</u></u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2024, the Road Commission recognized OPEB expense of (\$726,763). At December 31, 2024, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Experience	\$ 12,530	\$ 2,807,624
Differences in Assumptions	166,615	896,668
Excess (Deficit) Investment Returns	<u>65,589</u>	<u>-</u>
Total	<u><u>\$ 244,734</u></u>	<u><u>\$ 3,704,292</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:

31-Dec	Recognized
2025	\$ (760,621)
2026	(734,771)
2027	(790,140)
2028	(653,373)
2029	(179,342)
Thereafter	(341,311)

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, 2024, the Federal grants received and expended by the Road Commission was \$68,228 for contracted projects and \$1,200,147 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, 2024

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 \$750,000 or more. However, a single audit was not performed during the fiscal year ended December 31, 2024, as the funds received were from the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program and an alternative compliance examination is allowed and was performed instead of the single audit.

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 information 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, 2024, 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, 2024

NOTE J--CHANGES IN ACCOUNTING PRINCIPLES

GASB Statement No. 101, *Compensated Absences* was implemented during the year. This statement replaces GASB Statement No. 16, *Accounting for Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The statement also requires a liability to be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

NOTE K--UPCOMING ACCOUNTING AND REPORTING CHANGES

GASB Statement No. 102 - Certain Risk Disclosures – This statement requires a government to assess whether a concentration or constraint makes the reporting unit report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The Road Commission is currently evaluating the impact this standard will have on the financial statements when adopted during the December 31, 2025, fiscal year.

GASB Statement No. 103 - Financial Reporting Model Improvements - 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; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement is effective for the Road Commission's fiscal year ending December 31, 2026.

VAN BUREN COUNTY ROAD COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE K--UPCOMING ACCOUNTING AND REPORTING CHANGES

GASB 104 - Disclosure of Certain Capital Assets - This statement requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale. This statement is effective for the Road Commission's fiscal year ending December 31, 2026.

VAN BUREN COUNTY ROAD COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL OPERATING FUND--
 SCHEDULE OF REVENUES--
 BUDGETARY COMPARISON SCHEDULE
 For the Year Ended December 31, 2024

EXHIBIT I

	Original Adopted Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Taxes				
Property Taxes	\$ 2,767,000	\$ 3,073,603	\$ 3,073,603	\$ -
Licenses and Permits				
Weight Permits	138,000	138,000	138,482	482
Federal Grants				
Surface Transportation Program	750,000	65,682	65,682	-
American Recovery Plan Act	1,150,147	1,150,147	1,200,147	50,000
Other Federal Grants	-	2,546	2,546	-
State Grants				
Michigan Transportation Fund				
Engineering	10,000	10,000	10,000	-
Primary Road	7,000,000	7,100,000	7,208,090	108,090
Local Road	4,400,000	4,435,000	4,516,052	81,052
Primary Urban Road	540,000	540,000	558,374	18,374
Local Urban Road	230,000	232,000	238,414	6,414
Snow Removal	95,000	105,038	105,038	-
Local Community Stabilization Funds	111,900	115,942	115,942	-
Other State Grants	-	68	28	(40)
Contributions--Local Units				
Townships	3,720,000	5,962,564	5,923,620	(38,944)
Charges for Services				
Salvage Sales	40,000	40,000	40,164	164
Other Charges for Services	-	-	1,119	1,119
Interest and Rents				
Interest Earned	152,000	207,000	218,874	11,874
Rents and Royalties	-	-	14,550	14,550
Other Revenue				
Contributions From Private Sources	-	-	12,434	12,434
Total Revenue	21,104,047	23,177,590	23,443,159	265,569
Other Financing Sources				
Insurance Recoveries	-	-	15,141	15,141
Gain on Equipment Disposal	-	-	23,300	23,300
Total Other Financing Sources	-	-	38,441	38,441
Total Revenues and Other Financing Sources	21,104,047	23,177,590	\$ 23,481,600	\$ 304,010
Fund Balance--Beginning	6,304,527	9,093,536		
Total Budget	\$ 27,408,574	\$ 32,271,126		

VAN BUREN COUNTY ROAD COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL OPERATING FUND--
 SCHEDULE OF EXPENDITURES--
 BUDGETARY COMPARISON SCHEDULE
 For the Year Ended December 31, 2024

EXHIBIT J

	Original Adopted Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Primary Road				
Preservation/Structural Improvements	\$ 4,162,883	\$ 3,300,000	\$ 3,187,659	\$ 112,341
Routine and Preventive Maintenance	4,426,000	5,325,000	4,884,335	440,665
Local Road				
Preservation/Structural Improvements	2,100,000	2,400,000	2,061,772	338,228
Routine and Preventive Maintenance	5,445,000	9,366,457	8,744,688	621,769
Primary Road Structure				
Preservation/Structural Improvements	-	62,536	51,514	11,022
Routine and Preventive Maintenance	6,100	6,100	1,746	4,354
Local Road Structure				
Preservation/Structural Improvements	-	76,958	52,865	24,093
Routine and Preventive Maintenance	9,200	9,200	-	9,200
Equipment Expense--Net	500,000	500,000		
Direct			\$ 3,050,160	
Indirect			1,075,663	
Operating			388,196	
Less: Equipment Rentals			(4,992,616)	(478,597) 978,597
Distributive Expense	3,434,000	-	-	-
Administrative Expense--Net	1,100,000	2,000,000		
Administrative Expense			1,427,114	
Less: Purchase Discounts			(510)	1,426,604 573,396
Capital Outlay--Net	534,000	1,232,110		
Capital Outlay			2,267,008	
Less: Depreciation Credits			(1,837,824)	429,184 802,926
Total Expenditures	21,717,183	24,278,361		\$ 20,361,770 \$ 3,916,591
Fund Balance--Ending	5,691,391	7,992,765		
Total Budget	<u>\$ 27,408,574</u>	<u>\$ 32,271,126</u>		

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, 2024

EXHIBIT K

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 550,839	\$ 593,699	\$ 288,907	\$ 299,434	\$ 223,989	\$ 201,728	\$ 135,102	\$ 198,661	\$ 148,764	\$ 153,672
Interest	735,946	744,555	651,187	645,958	618,866	586,616	580,070	565,279	617,922	578,498
Difference Between Expected and Actual Experience	157,771	(88,613)	302,940	(275,623)	147,521	(236,041)	(41,430)	(338,245)	(267,451)	88,508
Change of Assumptions	(1,551,014)	305,311	1,320,601	-	303,364	481,021	(40,247)	(924,433)	1,910,047	(657,908)
Benefit Payments Including Refunds	(544,652)	(565,215)	(554,030)	(603,566)	(595,941)	(559,646)	(646,673)	(500,302)	(484,893)	(555,112)
Net Change in Total Pension Liability	(651,110)	989,737	2,009,605	66,203	697,799	473,678	(13,178)	(999,040)	1,924,389	(392,342)
Total Pension Liability Beginning	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	8,248,866
Total Pension Liability Ending	\$ 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
Plan Fiduciary Net Position										
Contributions-Employer	\$ 484,428	\$ 515,495	\$ 275,000	\$ 277,064	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 279,235	\$ 256,819
Contributions-Employee	184,775	169,353	153,443	121,860	105,843	106,656	96,622	94,985	92,207	88,433
Net Investment Income	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	81,295
Benefit Payments Including Refunds	(544,652)	(565,215)	(554,030)	(603,566)	(595,941)	(559,646)	(646,673)	(500,302)	(484,893)	(555,112)
Administrative Expense	(50,970)	(46,247)	(45,911)	(48,226)	(42,242)	(40,716)	(40,894)	(39,756)	(34,898)	(34,416)
Net Change in Plan Fiduciary Net Position	1,366,728	1,465,283	(1,827,483)	1,178,187	830,119	1,436,745	(815,002)	1,019,000	287,661	(162,981)
Plan Fiduciary Net Position Beginning	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	7,482,409
Plan Fiduciary Net Position Ending	\$ 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
Employer Net Pension Liability/(Asset)	\$ 93,941	\$ 2,111,779	\$ 2,587,325	\$ (1,249,763)	\$ (137,779)	\$ (5,459)	\$ 957,608	\$ 155,784	\$ 2,173,824	\$ 537,096
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99%	84%	78%	112%	101%	100%	89%	98%	78%	93%
Covered Employee Payroll	\$ 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	\$ 2,105,542
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	2%	60%	75%	-48%	-5%	0%	42%	8%	104%	26%

Notes to Schedule:

Benefit Changes: There were no benefit changes affecting the 2024 valuation.

VAN BUREN COUNTY ROAD COMMISSION
 SCHEDULE OF ROAD COMMISSION'S CONTRIBUTIONS
 For the Year Ended December 31, 2024

EXHIBIT L

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial Determined										
Contributions	\$ 477,268	\$ 507,251	\$ 193,852	\$ 272,634	\$ 204,501	\$ 169,120	\$ 137,237	\$ 215,978	\$ 274,432	\$ 256,819
Contributions in Relation to the Actuarially Determined Contribution	484,428	515,495	275,000	277,064	275,000	275,000	275,000	275,000	279,235	256,819
Contribution Deficiency (excess)	\$ (7,160)	\$ (8,244)	\$ (81,148)	\$ (4,430)	\$ (70,499)	\$ (105,880)	\$ (137,763)	\$ (59,022)	\$ (4,803)	\$ -
Covered Employee Payroll	\$ 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	\$ 2,105,542
Contributions as a Percentage of Covered Employee Payroll	13%	15%	8%	11%	11%	12%	12%	15%	13%	12%
Notes to Schedule										
Methods and Assumptions Used to Determine Contribution Rates:										
Valuation Date	January 1, 2024									
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	6.00% per annum, compounded annually									
Salary Scale	4.32% per annum, compounded annually									
Mortality Table	Pub-2010 Public Retirement Plans Mortality Tables for General Employees; annuitant and non-annuitant, sex-distinct with modified MP-2021 improvement factors.									
Changes in Assumptions	Mortality table updated with 2021 Improvement Scale; interest rate changed from 6.5%; salary scale changed from 5.60%									

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, 2024

EXHIBIT M

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	\$ 59,065	\$ 63,457	\$ 56,698	\$ 64,297	\$ 56,702	\$ 94,095	\$ 338,446
Interest	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	(623,984)	(104,409)	17,993	(25,592)	(1,391,781)	(137,925)	(3,755,304)
Change of Assumptions	109,457	12,334	15,853	(53,989)	86,875	(824,016)	(1,718,338)
Benefit Payments Including Employee Refunds	(123,813)	(169,413)	(207,466)	(177,938)	(154,377)	(227,641)	(270,055)
Net Change in Total OPEB Liability	(344,806)	32,849	(186,959)	58,400	(1,077,154)	(814,586)	(9,315,700)
Total OPEB Liability Beginning	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	\$ 3,007,578	\$ 3,352,384	\$ 3,319,535	\$ 3,506,494	\$ 3,448,094	\$ 4,525,248	\$ 5,339,834
Plan Fiduciary Net Position							
Contributions-Employer	\$ 443,813	\$ 569,413	\$ 607,466	\$ 577,938	\$ 583,377	\$ 547,641	\$ 590,055
Net Investment Income	268,461	324,541	(275,822)	272,731	244,437	111,434	(24,551)
Benefit Payments Including Employee Refunds	(123,813)	(169,413)	(207,466)	(177,938)	(154,377)	(227,641)	(270,055)
Administrative Expense	(7,781)	(5,939)	(4,515)	(3,932)	(2,488)	(1,692)	(1,264)
Net Change in Plan Fiduciary Net Position	580,680	718,602	119,663	668,799	670,949	429,742	294,185
Plan Fiduciary Net Position Beginning	3,261,081	2,542,479	2,422,816	1,754,017	1,083,068	653,326	359,141
Plan Fiduciary Net Position Ending	\$ 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)	\$ (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	128%	97%	77%	69%	51%	24%	12%
Covered Employee Payroll	\$ 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	-17%	2%	18%	30%	60%	106%	155%

Notes to Schedule:

Benefit Changes: There were no benefit changes affecting the 2024 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, 2024

EXHIBIT N

	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	443,813	569,413	607,466	577,938	583,377	547,641	590,055
Contribution Deficiency (excess)	\$ (374,241)	\$ (449,971)	\$ (452,324)	\$ (361,534)	\$ (235,990)	\$ (132,953)	\$ 1,904,184
Covered Employee Payroll	\$ 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	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, 2024

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	7% for 2024 contribution; 6.93% for 2024 liability and 2025 contribution
20-year Aa Municipal Bond Rate	4.28% (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 2010 Employee and Healthy Retiree, Headcount weighted, IRS 2024 adjusted scale MP-2021
Change in Assumptions	Mortality Improvement scale updated from MP-2021 Salary scale changed from 5.6% Discount rate changed from 7.0% Medical trend updated such that the initial trend does not decrease 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, 2024

EXHIBIT O

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Total Revenues	\$ 9,463,639	\$ 11,455,605	\$ 2,523,915	\$ 23,443,159
Total Expenditures	<u>8,600,488</u>	<u>11,376,705</u>	<u>384,577</u>	<u>20,361,770</u>
Excess of Revenues Over (Under) Expenditures	<u>863,151</u>	<u>78,900</u>	<u>2,139,338</u>	<u>3,081,389</u>
Other Financing Sources (Uses)				
Insurance Recoveries	-	-	15,141	15,141
Gain on Equipment Disposal	<u>-</u>	<u>-</u>	<u>23,300</u>	<u>23,300</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>38,441</u>	<u>38,441</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources and (Uses)	863,151	78,900	2,177,779	3,119,830
Fund Balance--Beginning	<u>-</u>	<u>-</u>	<u>9,093,536</u>	<u>9,093,536</u>
Fund Balance--Ending	<u>\$ 863,151</u>	<u>\$ 78,900</u>	<u>\$ 11,271,315</u>	<u>\$ 12,213,366</u>

VAN BUREN COUNTY ROAD COMMISSION
 GENERAL OPERATING FUND--
 ANALYSIS OF REVENUES
 For the Year Ended December 31, 2024

EXHIBIT P

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Taxes				
Property Taxes	\$ -	\$ 1,080,000	\$ 1,993,603	\$ 3,073,603
Licenses and Permits				
Weight Permits	-	-	138,482	138,482
Federal Grants				
Surface Transportation Program	65,682	-	-	65,682
American Recovery Plan Act	1,200,147	-	-	1,200,147
Other Federal Grants	2,546	-	-	2,546
State Grants				
Michigan Transportation Fund				
Engineering	6,148	3,852	-	10,000
Allocation	7,208,090	4,516,052	-	11,724,142
Urban	558,374	238,414	-	796,788
Snow Removal	63,023	42,015	-	105,038
Local Community Stabilization Funds	-	-	115,942	115,942
Other State Grants	(6)	34	-	28
Contributions--Local Units				
Townships	348,382	5,575,238	-	5,923,620
Charges for Services				
Salvage Sales	-	-	40,164	40,164
Other Charges for Services	-	-	1,119	1,119
Interest and Rents				
Interest Earned	-	-	218,874	218,874
Rents and Royalties	-	-	14,550	14,550
Other Revenue				
Contributions From Private Sources	11,253	-	1,181	12,434
Refunds	-	-	-	-
Total Revenue	9,463,639	11,455,605	2,523,915	23,443,159
Other Financing Sources				
Insurance Recoveries	-	-	15,141	15,141
Gain on Equipment Disposal	-	-	23,300	23,300
Total Other Financing Sources	-	-	38,441	38,441
Total Revenue and Other Financing Sources	\$ 9,463,639	\$ 11,455,605	\$ 2,562,356	\$ 23,481,600

VAN BUREN COUNTY ROAD COMMISSION
 GENERAL OPERATING FUND--
 ANALYSIS OF EXPENDITURES
 For the Year Ended December 31, 2024

EXHIBIT Q

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Primary Road				
Preservation/Structural Improvements	\$ 3,187,659	\$ -	\$ -	\$ 3,187,659
Routine and Preventive Maintenance	4,884,335	-	-	4,884,335
Local Road				
Preservation/Structural Improvements	-	2,061,772	-	2,061,772
Routine and Preventive Maintenance	-	8,744,688	-	8,744,688
Primary Road Structures				
Preservation/Structural Improvements	51,514	-	-	51,514
Routine and Preventive Maintenance	1,746	-	-	1,746
Local Road Structures				
Preservation/Structural Improvements	-	52,865	-	52,865
Equipment Expense--Net				
(Per Exhibit J)	(135,342)	(298,648)	(44,607)	(478,597)
Administrative Expense--Net				
(Per Exhibit J)	610,576	816,028	-	1,426,604
Capital Outlay--Net				
(Per Exhibit J)	-	-	429,184	429,184
Total Expenditures	<u>\$ 8,600,488</u>	<u>\$ 11,376,705</u>	<u>\$ 384,577</u>	<u>\$ 20,361,770</u>



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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 29, 2025

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, 2024, 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 29, 2025.

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

Van Buren County Road Commission

Page 2

May 29, 2025

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



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

INDEPENDENT AUDITOR'S COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

May 29, 2025

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, 2024. 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 February 19, 2025. 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 Van Buren Road Commission changed accounting policies related to compensated absences by adopting Governmental Accounting Standard (GASB Statement) No. 101, *Compensated Absences* in fiscal year 2024. 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 29, 2025.

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 N, 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 O through Q, 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.

Van Buren County Road Commission

Page 4

May 29, 2025

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,



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