Michigan Department of Treasury
5597 (08-18)

Protecting Local Government Retirement and Benefits Act Corrective Action Plan:

Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017.

1. MUNICIPALITY INFORMATION

Local Unit Name: Charter Township of Van Buren Six-Digit Muni Code: 821100

Retirement Health Benefit System Name: Charter Township of Van Buren Retiree Health Care Plan

Contact Name (Administrative Officer): Kevin McNamara

Title if not Administrative Officer: Supervisor

Email: kmcnamara@vanburen-mi.org Telephone: (734) 699-8910

2. GENERAL INFORMATION

Corrective Action Plan: An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of government with at least one retirement health benefit system that has been determined to have an underfunded status. Underfunded status for a retirement health system is defined as being less than 40% funded according to the most recent audited financial statements, and, if the local unit of government is a city, village, township, or county, the annual required contribution (ARC) for all of the retirement health systems of the local unit of government is greater than 12% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.

Due Date: The local unit of government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board. The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension.

Filing: Per Sec. 10(1) of the Act, this Corrective Action Plan must be approved by the local government's administrative officer and its governing body. ***You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document.*** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the retirement healthcare systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at LocalRetirementReporting@michigan.gov for review by the Board. **If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system.** Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System OPEB

Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

Municipal Stability Board: The Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

Considerations for Approval: A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status, as well as the date prospective actions will be taken. A local unit of government may also include in its corrective action plan a review of the local unit of government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local unit of government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

(i) Requiring cost sharing of premiums and sufficient copays.

(ii) Capping employer costs.

Implementation: The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance.

3. DESCRIPTION OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

- **Please Note:** If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Note: Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

Category of Prior Actions:

☒ **System Design Changes** - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee. On **January 1, 2017**, the local unit entered into new collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** that increased employee co-payments and deductibles for healthcare. These coverage changes resulted in an improvement to the retirement system's funded ratio. Please see page **12** of the attached actuarial analysis that indicates the system is **40%** funded as of **June 30, 2017**.*

• The Township recently passed a new policy where all new hires are now on a defined contribution retiree health care plan versus the existing defined benefit retiree health care plan. New hires as of ~~October~~ Sept 1, 2019 now get an annual contribution to a "retiree health care savings account".

☒ **Additional Funding** – Additional funding may include the following: paying the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit created a qualified trust to receive, invest, and accumulate assets for retirement healthcare on **June 23, 2016**. The local unit of government has adopted a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC). Additionally, the local unit has committed to contributing **$500,000** annually, in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40%** by **2022.** Please see page **10** of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional **$500,000** for the next five years.*

The Township Board recently approved the 2020 budget which increased the General Fund's annual contribution to the Township's Retiree Health Care qualified trust account from $100,000 to $125,000. Additionally, the Township Water Fund will continue to contribute $333,848 annually, which results in a 100% funded status for the Water Fund, by year 2024 (see attached actuarial valuation as supporting documentation).

☒ **Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *The information provided on the Form 5572 from the audit used actuarial data from **2015**. Attached is an updated actuarial valuation for **2017** that shows our funded ratio has improved to **42%** as indicated on page **13**.*

The Township will continue to pay for annual retiree health care premiums from operating budgets, without accessing the Retiree Health Care Trust. Per the attachment (2a), the Township will reach the required 40% funded threshold by 2042, which is within the 30 year requirement.

4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prospective actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Category of Prospective Actions:

☒ **System Design Changes** - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *The local unit will seek to align benefit levels for the retired membership with each class of active employees. Beginning with* ***summer 2018*** *contract negotiations, the local unit will seek revised collective bargaining agreements with the* ***Command Officers Association*** *and* ***Internal Association of Firefighters*** *to increase employee co-payments and deductibles for healthcare. These coverage changes would result in an improvement to the retirement system's funded ratio. Please see page* ***12*** *of the attached actuarial analysis that indicates the system would be* ***40%*** *funded by* ***fiscal year 2020*** *if these changes were adopted and implemented by* ***fiscal year 2019.***

The Township is in the process of evaluating the possibility of offering employee buyouts for those employees covered by the Retiree Health Care Plan. Any employees taking advantage of this buyout would relinquish any future claims to retiree health care in exchange for a monetary deposit into a retiree health care savings plan. The result of any employees "opting out" of the retiree health care benefit, would result in an overall lower OPEB liability for the Twp.

☒ **Additional Funding –** Additional funding may include the following: meeting the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit will create a qualified trust to receive, invest, and accumulate assets for retirement healthcare by* ***December 31, 2018****. The local unit of government will adopt a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC) by* ***December 31, 2018****. Additionally, beginning in fiscal year 2019, the local unit will contribute* ***$500,000*** *annually in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to* ***40%*** *by* ***2022.*** *Please see page* ***10*** *of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional* ***$500,000*** *for the next five years.*

The Township has a projected 12/31/19 fund balance in its Long Term Debt Fund of $14,473,060. This money has been allocated for the specific purpose of having savings for the OPEB obligation. This money has not been placed in the qualified trust account, to allow some flexibility with these funds, but this was specifically what these funds were set aside for. This should undoubtedly be taken into account when evaluating the Township's affordability criteria.

☐ **Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *Beginning in* ***fiscal year 2019****, the local unit will begin amortizing the unfunded portion of the healthcare liability using a* ***level-dollar amortization method over a closed period of 10 years****. This will allow the health system to reach a funded status of* ***42%*** *by* ***2022*** *as shown in the attached actuarial analysis on page* ***13****.*

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for *(insert local unit name)* Charter Township of Van Buren to make, at a minimum, the retiree premium payment, as well as the normal cost payments for all new hires (if applicable), for the retirement health benefit system according to your long-term budget forecast?

☒ **Yes**
☐ **No**
If No, Explain

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a .pdf to this corrective action plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

Naming convention: when attaching documents please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

Naming Convention	Type of Document
☒ Attachment – 1	**This Corrective Action Plan (Required)**
☒ Attachment – 1a	**Documentation from the governing body approving this Corrective Action Plan (Required)**
☒ Attachment – 2a	**An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 12% of governmental fund revenues, as defined by the Act. (Required)**
☐ Attachment – 3a	Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information).
☒ Attachment – 4a (Approved Budgets)	Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)
☐ Attachment – 5a	A separate corrective action plan that the local unit has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio
☒ Attachment – 6a (Union Contract)	Other documentation, not categorized above

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the four corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the Corrective Action Plan Development: Best Practices and Strategies document.

Corrective Action Plan Criteria	Description
☒ Underfunded Status	Is there a description and adequate supporting documentation of how and when the retirement system will reach the 40% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all retirement healthcare systems will be less than 12 percent of governmental fund revenues?
☒ Reasonable Timeframe	Do the corrective actions address the underfunded status in a reasonable timeframe (see CAP criteria issued by the Board)?
☒ Legal and Feasible	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
☒ Affordability	Do the corrective action(s) listed allow the local unit to make the retiree healthcare premium payment, as well as normal cost payment for new hires now and into the future without additional changes to this corrective action plan?

8. LOCAL UNIT OF GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN

I, Kevin McNamara, as the government's administrative officer (insert title) Township Supervisor (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

☒ The Van Buren Township Retiree Health Plan **(Insert Retirement Healthcare System Name)** will achieve a funded status of at least 40% by Fiscal Year 2042 as demonstrated by required supporting documentation listed in section 6.

OR, if the local unit is a city, village, township, or county:

☐ The ARC for all of the retirement healthcare systems of _____ **(Insert local unit name)** will be less than 12% of the local unit of government's annual governmental fund revenues by Fiscal Year _____ as demonstrated by required supporting documentation listed in section 6.

Signature K. McNamara Date 2/20/2020

CHARTER TOWNSHIP OF VAN BUREN

RESOLUTION #2020 – 05

WHEREAS the State of Michigan enacted Public Act 202 of 2017 – Protecting Local Government Retirement and Benefits Act;

WHEREAS Public Act 202 of 2017 determines that a local unit's retiree health care plan is "underfunded" if the funded status is less than 40%;

WHEREAS the Charter Township of Van Buren's retiree health care plan was 13.8% funded as of December 31, 2018, thus requiring a Corrective Action Plan;

WHEREAS the Corrective Action Plan requires a local government with an underfunded status to reach a funded ratio of 40% within 30 years;

WHEREAS the Charter Township of Van Buren requested an actuarial analysis by Watkins Ross to project the future funded status of the Township's retiree health care plan;

WHEREAS, based on a number of assumptions of future contribution amounts and plan revisions, the Charter Township of Van Buren will reach the required 40% funded threshold in 2042;

NOW THEREFORE, IT IS RESOLVED that the Charter Township of Van Buren Board of Trustees adopts the following as the Charter Township of Van Buren's Corrective Action Plan;

BE IT FURTHER RESOLVED that the Charter Township of Van Buren submits the Corrective Action Plan to the Michigan Department of Treasury for certification.

APPROVED ON:

Certified a true copy:

Leon Wright

Leon Wright, Clerk

Charter Township of Van Buren

To: Sean Bellingham, Deputy Treasurer – Van Buren Township

Fr: Watkins Ross; Christian Veenstra, FCA, ASA, MAAA, EA

Re: Revised projected funded status under current funding policy

Executive summary:

An analysis of the projected funded status given the proposed funding policy indicates attainment of 40% funded status by the year 2042. Of the three funds that make up the Total, General employees make up over 80% of the liability and funding obligation. Accordingly, the contribution policy for this group drives the year at which it is expected that the fund will be 40% funded.

Collectively and individually, under the proposed policy, 40% funding would be attained by the following years:

Fund	40% funding attained in X years or in year Y	Number of X years or until year Y to attain 40% or 100% funded lvl
Total	24 years (2042)	
General	28 years (2046)	37 years (2056) – 40%
Water	Immediate	6 years (2024) – 100%
DDA	Immediate	8 years (2027) – 100%

Funding policy

In addition to continuing to pay retiree healthcare benefits from general operating funds, the following contribution policy was provided by Van Buren Township and evaluated for reasonableness for attaining and maintaining a funded status of at least 40% within a reasonable number of years

- General fund - $100,000 contributed in 2019; $125,000 is budgeted to be contributed in 2020 and assumed to continue
- Water fund - $333,848 contributed annually
- DDA fund – while the latest contribution was sufficient to fund close to 100%, additional benefit accruals by current active employees are such that benefit payments from general operating funds will be required for 8 years until the plan can maintain 100% funded status without additional support

Illustrations

The Total and General Fund liabilities and projected assets are shown until year 2042 when 40% funded status is anticipated. The Water and DDA Fund liabilities projections are shown through the period when contributions (either directly or via benefit payments made from general operating funds) are needed to maintain 100% funded status – 2024 and 2027 for Water and DDA respectively.

Three columns illustrate potential plan contributions – employer contributions to the OPEB Trust, projected benefit payments and a total contribution that includes the contribution to the trust plus retiree benefit payments made from general operating funds.

For protection of use and interpretation of work product, only beginning years and years in which the targeted funded status occurs are shown in the illustrations.

Method and Assumptions

This study is considered a companion to the December 31, 2018 Actuarial report issued March 28, 2019 in compliance with Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75. Plan

provisions valued, actuarial assumptions and methods are those used for and summarized in that report unless otherwise indicated. An updated fund balance projection as of December 31, 2019 was provided by the Township on October 31, 2019.

No new hire profiles were developed for this projection because new hires will be moved to a Defined Contribution plan in lieu of this retiree health care plan.

Data exceptions and other considerations

All data was provided as of December 31, 2018 via spreadsheet from the Charter Township of Van Buren on February 11, 2019. No audit of the data beyond a reasonability review was performed by Watkins Ross and it was generally accepted as complete and accurate.

Return on plan investments, actual claim and other actuarial experience is key in whether or not the projections of funded status are attained in the anticipated periods.

Certification

The actuary certifying this report represents himself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

Christian R. Veenstra, FCA, ASA, MAAA
Enrolled Actuary #17-05668

Charter Township of Van Buren

2019 funding projection (based on December 31, 2018 actuarial valuation)

	Discount	Return
	6.54%	6.54%

31-Dec	liability	Assets	Contribution	+Benefit payments	=total contribution	funded percent
2019	25,594,837	4,294,123	433,848	547,920	981,768	16.8%
2020			458,848	651,417	1,110,265	18.3%
2021			458,848	758,887	1,217,735	19.9%
2022			458,848	886,547	1,345,395	21.5%
2023			458,848	1,017,576	1,476,424	23.1%
2024			458,848	1,127,949	1,586,797	24.8%
2025			125,000	1,277,550	1,402,550	25.1%
2026			125,000	1,417,818	1,542,818	25.4%
2027			125,000	1,556,594	1,681,594	25.8%
2028			125,000	1,708,750	1,833,750	26.1%
2029			125,000	1,856,864	1,981,864	26.6%
2030			125,000	2,002,930	2,127,930	27.0%
2031			125,000	2,166,283	2,291,283	27.5%
2032			125,000	2,289,689	2,414,689	28.1%
2033			125,000	2,437,184	2,562,184	28.8%
2034			125,000	2,546,698	2,671,698	29.6%
2035			125,000	2,650,468	2,775,468	30.4%
2036			125,000	2,773,146	2,898,146	32.3%
2037			125,000	2,850,009	2,975,009	33.4%
2038			125,000	2,909,135	3,034,135	34.7%
2039			125,000	3,000,170	3,125,170	36.0%
2040			125,000	3,104,384	3,229,384	37.5%
2041			125,000	3,152,675	3,277,675	39.1%
2042	45,366,088	18,573,371	125,000	3,233,234	3,358,234	40.9%

Charter Township of Van Buren - General

2019 funding projection (based on December 31, 2018 actuarial valuation)

	Discount	Return
	6.54%	6.54%

31-Dec	liability	Assets	Contribution	+Benefit payments	=total contribution	funded percent
2019	21,139,388	1,167,404	100,000	456,112	556,112	5.5%
2020			125,000	545,929	670,929	6.0%
2021			125,000	634,829	759,829	6.5%
2022			125,000	733,867	858,867	7.1%
2023			125,000	838,739	963,739	7.6%
2024			125,000	924,221	1,049,221	8.1%
2025			125,000	1,044,007	1,169,007	8.7%
2026			125,000	1,149,219	1,274,219	9.3%
2027			125,000	1,257,394	1,382,394	10.0%
2028			125,000	1,375,817	1,500,817	10.6%
2029			125,000	1,500,288	1,625,288	11.3%
2030			125,000	1,617,372	1,742,372	12.1%
2031			125,000	1,756,613	1,881,613	13.0%
2032			125,000	1,872,663	1,997,663	13.9%
2033			125,000	1,997,518	2,122,518	14.9%
2034			125,000	2,084,038	2,209,038	16.0%
2035			125,000	2,186,295	2,311,295	17.2%
2036			125,000	2,290,141	2,415,141	18.5%
2037			125,000	2,348,032	2,473,032	20.0%
2038			125,000	2,397,079	2,522,079	21.5%
2039			125,000	2,470,326	2,595,326	23.2%
2040			125,000	2,556,736	2,681,736	25.0%
2041			125,000	2,593,850	2,718,850	27.1%
2042			125,000	2,661,911	2,786,911	29.3%
2043			125,000	2,729,032	2,854,032	31.8%
2044			125,000	2,755,711	2,880,711	34.5%
2045			125,000	2,806,818	2,931,818	37.5%
2046	37,008,584	15,118,610	125,000	2,841,462	2,966,462	40.9%

Charter Township of Van Buren - Water

2019 funding projection (based on December 31, 2018 actuarial valuation)

Discount	Return
6.54%	6.54%

31-Dec	liability	Assets	Contribution	+Benefit payments	=total contribution	funded percent
2019	3,919,232	2,593,031	333,848	84,297	418,145	66.2%
2020	4,173,357	3,096,463	333,848	94,739	428,587	74.2%
2021	4,426,820	3,632,820	333,848	110,071	443,919	82.1%
2022	4,677,168	4,204,254	333,848	134,523	468,371	89.9%
2023	4,912,405	4,813,061	333,848	157,892	491,740	98.0%
2024	5,133,136	5,461,683	333,848	180,338	514,186	106.4%

Charter Township of Van Buren - DDA

2019 funding projection (based on December 31, 2018 actuarial valuation)

Discount	Return
6.54%	6.54%

31-Dec	liability	Assets	Contribution	+Benefit payments	=total contribution	funded percent
2019	536,217	533,688	0	7,511	7,511	99.5%
2020	582,233	568,591	0	10,749	10,749	97.7%
2021	627,341	605,777	0	13,987	13,987	96.6%
2022	671,557	645,395	0	18,157	18,157	96.1%
2023	713,853	687,604	0	20,945	20,945	96.3%
2024	755,788	732,573	0	23,390	23,390	96.9%
2025	797,759	780,483	0	25,560	25,560	97.8%
2026	840,099	831,527	0	32,104	32,104	99.0%
2027	878,200	885,909	0	39,842	39,842	100.9%

Charter Township Of Van Buren
Long Term Debt Fund

		2018 Actual	2019 Budget	2019 Amended	2020 Approved
Revenue:					
301-000-664-000	Interest Income	155,400	247,244	250,000	277,910
301-000-687-000	Miscellaneous (WM pmts)	8,322,677	-	-	-
301-000-688-000	Transfer from Landfill	2,500,000	1,750,000	1,750,000	1,750,000
301-000-689-001	Transfer from General Fund	1,500,000	-	-	-
	Total Revenue	12,478,076	1,997,244	2,000,000	2,027,910
Expenditures:					
301-000-996-000	Handling Fees	2,267	500	2,750	2,750
	Total Expenditures	2,267	500	2,750	2,750
	Net Income (Expense)	12,475,810	1,996,744	1,997,250	2,025,160
Beginning Fund Balance		-	12,362,177	12,475,810	14,473,060
Excess of revenues over expenses		12,475,810	1,996,744	1,997,250	2,025,160
Fund Balance		12,475,810	14,358,921	14,473,060	16,498,220

VAN BUREN TOWNSHIP

WATER AND SEWER OPERATING BUDGET

General Ledger Account	Description	2017 Actual	2018 Actual	2019 Budget	2019 Amended	2020 Approved	Notes
592-536-477-000	Water Tap Fees	343,380	104,889	85,000	125,000	112,000	
592-536-478-000	Hydrant Rental Permits	2,990	12,100	4,000	4,000	4,000	
592-536-607-000	Debt Service	-	-	-	-	-	
592-536-608-000	Water Meter Charges	544,970	574,069	600,830	600,830	630,000	
592-536-609-000	Construction Administration	6,328	17,981	5,000	7,500	7,500	
592-536-626-000	Finals, Turn On/Off, Other	17,634	15,430	25,000	20,000	20,000	
592-536-627-000	Inspection Fees	9,095	11,559	5,000	5,000	5,000	
592-536-643-001	Water Sales	3,267,552	3,322,400	3,602,477	3,500,000	3,660,000	
592-536-650-000	Meter/Materials Sales	44,635	55,616	30,000	45,000	50,000	
592-536-662-000	Late Penalties	103,585	82,477	50,000	65,000	65,000	
592-536-664-000	Interest Income	376,213	558,051	400,000	500,000	500,000	
592-536-693-000	Sale of Fixed Assets	-	(344,232)	-	-	-	
592-536-694-000	Miscellaneous Revenue	24,626	14,517	30,000	20,000	20,000	
592-536-699-000	Bond Proceeds						
	DWRF Loan Proceeds						
	Water Revenues	**4,741,009**	**4,424,856**	**4,837,307**	**4,892,330**	**5,073,500**	
592-537-411-000	Sewer Assessments	232	149	50	50	50	
592-537-477-000	Sewer Tap Fees	811,202	382,137	240,000	350,000	358,000	
592-537-607-000	Debt Service	127	76	400	100	100	
592-537-608-000	Sewer Maintenance Charges	741,638	782,754	817,655	817,655	863,000	
592-537-609-000	Construction Administration	-	-	-	-	-	
592-537-626-000	Finals, Turn On/Off, Other	-	-	-	-	-	
592-537-537-000	Inspections Fees	5,167	475	-	500	500	
592-537-643-001	Sewage Disposal	3,219,889	3,318,772	3,549,927	3,485,000	3,660,000	
592-537-643-002	Non-Res. User Fees	73,091	81,898	70,000	75,000	75,000	
592-537-662-000	Late Penalties	103,490	88,384	50,000	65,000	65,000	
592-537-694-000	Miscellaneous Revenue	3,862	18,307	5,000	7,500	7,500	
	Sewer Revenues	**4,958,698**	**4,672,951**	**4,733,032**	**4,800,805**	**5,029,150**	
592-538-694-000	Miscellaneous Revenue	-	-				
	Water/Sewer Tax Levy Revenues	**-**	**-**	**-**	**-**	**-**	
	Total Revenues	**9,699,707**	**9,097,807**	**9,570,339**	**9,693,135**	**10,102,650**	
592-536-701-000	Salary - Director of Public Works	-	41,276	41,310	42,899	42,136	Projected 2% increase
592-536-702-000	Salary-Director of Water/Sewer	74,243	76,132	77,659	77,659	79,212	Projected 2% increase
592-536-703-000	Salary-Field Superintendent	59,415	60,907	62,128	62,128	63,371	Projected 2% increase
592-536-704-000	Salary - Deputy Treasurer	5,000	5,000	5,000	5,000	5,000	
592-536-705-000	Wages-Office	139,410	113,910	150,000	100,000	100,000	Projected 2% increase

VAN BUREN TOWNSHIP

WATER AND SEWER OPERATING BUDGET

General Ledger Account	Description	2017 Actual	2018 Actual	2019 Budget	2019 Amended	2020 Approved	Notes
592-536-706-000	Wages-Field Operations	407,078	436,416	471,000	471,000	490,000	Projected 2% increase
592-536-707-000	Wages - Overtime	90,084	102,195	100,000	100,000	100,000	
592-536-708-000	Executive Asst. to Public Service Director	-	-	-	9,000	17,503	new position
592-536-719-000	Allocated Fringes	411,574	404,021	462,000	400,000	440,000	
* 592-536-719-001	Fringes-Retiree/Cobra	341,763	171,716	345,000	390,000	390,000	$334k OPEB trust contribution / remainder retiree health care premiums
592-536-719-002	Compensated Absences	(2,525)	(1,636)	3,000	3,000	3,000	
592-536-720-000	Workers Comp	76,780	91,617	80,000	95,100	96,000	
592-536-721-000	MESC	-	-	-	-	-	
592-536-727-000	Office Supplies	3,304	2,099	4,500	4,500	4,500	
592-536-728-000	Postage	12,129	11,000	20,000	20,000	20,000	
592-536-740-000	Operating Supplies	67,538	63,135	50,000	40,000	40,000	
592-536-741-000	Uniforms	6,968	3,839	5,000	5,000	5,000	
592-536-751-000	Gas & Diesel Fuel	22,667	25,142	25,000	25,000	25,000	
592-536-801-001	Accounting & Auditing	31,730	33,340	32,000	32,000	32,000	
592-536-801-002	Attorney	77,591	101,721	100,000	80,000	80,000	
592-536-802-000	Administrative Fee	620,634	621,225	625,667	625,667	625,667	
592-536-810-000	Membership & Dues	14,445	23,048	24,000	30,000	30,000	AWWA, MWEA, APWA, MRWA (added ARC, ADW)
592-536-816-000	GIS Implementation	-	-	-	-	-	
592-536-818-000	Commissions	1,127	1,273	1,000	1,000	1,000	
592-536-819-000	Contracted Services	119,397	164,389	100,000	260,000	95,000	2019 - Flow study / 2020 SAW Grant TV sewers & rate study (12.5k)
592-536-819-001	Contracted Services - Saw Grant Reimburse	-	(50,655)	-	-	(11,250)	SAW Grant Reimbursement (90%) for rate study
592-536-820-000	Engineering Fees	22,694	207,730	50,000	250,000	230,000	Increase for SAW Grant - FTCH expenses
592-536-820-003	Engineering Fees - SAW Grant Reimburse	(12,776)	(127,743)	-	(130,000)	(130,000)	SAW Grant Reimbursement (90%)
592-536-860-000	Transportation	91	4,820	500	500	500	
592-536-861-000	Training	3,926	6,401	5,000	5,000	5,000	
592-536-900-000	Printing & Publishing	5,541	3,292	2,500	2,500	2,500	
592-536-910-000	Insurance & Bonds	187,167	96,944	185,000	185,000	185,000	
592-536-920-000	Utilities	70,100	70,602	80,000	80,000	80,000	
592-536-927-000	Water Purchases	2,886,664	3,155,948	3,480,000	3,440,000	3,570,000	
592-536-931-000	Building Maintenance	16,540	1,764	3,000	3,000	3,000	
592-536-931-001	Building Maintenance - Water Tower	11,901	9,790	10,000	20,000	5,000	
592-536-932-000	Vehicle Maintenance	28,307	30,677	30,000	30,000	25,000	
592-536-933-000	Equipment Maintenance	17,652	26,628	30,000	20,000	15,000	20k - refurbishing small dump truck
592-536-934-000	Repairs To Meters	-	-	-	-	-	
592-536-936-000	System Repairs	-	-	-	-	-	
592-536-937-000	Office Equipment Maint	5,945	2,896	5,000	6,000	4,000	
592-536-940-000	Rental	462	392	1,000	1,000	1,000	
592-536-956-000	Other	3,953	4,222	5,000	10,000	3,500	Hennessey Meter Review
592-536-967-000	Amortization	-	13,538	-	-	-	
592-536-968-000	Depreciation	2,271,701	2,276,496	2,300,000	2,300,000	2,300,000	
592-536-969-000	Asset Contribution to Gov.	-	-	-			
592-536-970-000	Water Capital Outlay-Veh & Equip	13,090	1,347			56,000	2 new pickups / 1 riding mower

VAN BUREN TOWNSHIP

WATER AND SEWER OPERATING BUDGET

General Ledger Account	Description	2017 Actual	2018 Actual	2019 Budget	2019 Amended	2020 Approved	Notes
592-536-970-001	Capital Outlay-System Improvements	7,551	37,980	250,000	250,000	50,000	2019 - Water main loop (belleville Rd) / 2020 - Asset Mgt plan
592-536-970-002	Capital Outlay-Office Equip/Comp	-	(13,088)		-	5,000	
592-536-970-003	Capital Outlay-Metering System	(39,417)	-	-	200,000	200,000	Township wide meter replacement program - 2018
592-536-970-004	Capital Outlay-Facilities Improvement	-	-	650,000	490,000	-	2019 - bypass valve - / valves, water lines for Splash Pad
592-536-996-000	Bond Handling Fees	5,217	3,954		4,000	4,000	
	Water Expenses	**8,086,662**	**8,315,699**	**9,871,264**	**10,045,953**	**9,387,639**	
592-537-740-000	Operating Supplies	-	-	25,000	15,000	25,000	
592-537-924-000	Sewage Treatment	*1,900,408*	2,100,415	2,375,000	2,315,000	2,665,000	
592-537-925-000	Infiltration	114,936	117,222	118,000	135,000	159,111	
592-537-930-000	Maintenance - Lift Station	44,222	8,889	15,000	9,000	10,000	
592-537-931-001	Maintenance - EQ Basin	1,358	141	15,000	10,000	10,000	
592-537-931-002	Maintenance - Sanitary Lines	-	9,325	5,000	18,000	20,000	
592-537-935-000	Sewer Line Maintenance	-	-	-			
592-537-970-000	Capital Outlay	81,026	139,609	55,000	55,000	25,900	2020 Sanitary Asset Mgt Plan ($259k) - Net of 90% SAW Grant reimbursement
592-537-970-001	Capital Outlay - Ecorse Road	-	-	-			
592-537-970-002	Capital Outlay - EQ Basin	-	-	-		300,000	Shovel ready design for EQ Basin expansion
592-537-970-003	Capital Outlay - Sewer Clean/Reline	-	-	340,000	340,000		2019 Briarwood repair / Southport project
592-537-970-004	Capital Outlay - Lift Station	-	1,368	50,000	50,000		Harmony Lane
592-537-970-005	Capital Outlay - SHVUA						
592-537-991-000	Bond Principal						
592-537-996-000	Excess Downriver Bond Interest	7,798	20,691				
	Sewer Expenses	**2,149,747**	**2,397,659**	**2,998,000**	**2,947,000**	**3,215,011**	
	Total Expenses	**10,236,409**	**10,713,357**	**12,869,264**	**12,992,953**	**12,602,650**	
	Revenues over (under) expenses	(536,703)	(1,615,550)	(3,298,925)	(3,299,818)	(2,500,000)	
	One time balance sheet "clean up" entries	*(247,217)*					2017 Wayne County Bond reserve adjustments to sewage exp
	Add back restricted cash funded capital		-	-	-	200,000	
	Add back depreciation expense	2,271,701	2,276,496	2,300,000	2,300,000	2,300,000	
	Subtotal:	1,487,781	660,946	(998,925)	(999,818)	-	
	Less: Capital paid via operating budget	114,384	239,718				
	Operating Gain/(Loss)	**1,373,397**	**421,227**	**(998,925)**	**(999,818)**	**-**	Non-Restricted Fund Balance to be used for 2019 "shortfall"

Charter Township of Van Buren

General Fund Expenditures

		2017 Actual	2018 Actual	2019 Budget	2019 Amended	2020 Approved
General Fund Expenditures:						
101-101-702-000	Township Board Salaries	62,498	64,828	66,125	66,125	67,448
101-101-706-000	REAL Wages	(8,009)	47,673	52,000	28,000	-
101-101-706-001	REAL Wage Reimbursement	-	(63,274)	(52,000)	(28,000)	-
101-101-719-000	Allocated Fringes	49,093	47,021	43,386	43,386	44,130
101-101-810-000	Memberships and Dues	12,273	12,393	13,000	13,000	13,000
101-101-860-000	Transportation	379	1,582	2,000	2,000	2,000
101-101-956-000	Other	39,259	45,570	50,000	50,000	50,000
101-101-956-001	REAL Expenses	3,472	22,013	32,000	27,000	-
101-101-956-002	REAL Expense Reimbursement	(4,079)	(7,036)	(32,000)	(27,000)	-
101-101-957-000	Museum Contribution	39,000	44,114	59,000	50,245	62,345
101-101-958-000	Transfer, Retiree Health Care Fund	100,000	100,000	100,000	100,000	125,000
101-101-959-000	Transfer to Debt Service Fund	-	1,500,000	-	-	-
	Total Township Board	**293,886**	**1,814,884**	**333,511**	**324,756**	**363,923**

COLLECTIVE BARGAINING AGREEMENT

BETWEEN THE

CHARTER TOWNSHIP OF VAN BUREN

AND

LOCAL UNION 236

AFFILIATED WITH COUNCIL 25

OF THE

AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES

* **JANUARY 1, 2019 through DECEMBER 31, 2022**

Section 2. **Dental**

Dental benefits shall be afforded to eligible employees participating in Blue Cross Blue Shield of Michigan. For purposes of clarification, Class I benefits 100%, Level II 75%, Level III 50%, and Level IV 50%. Annual maximum for Class I, II, and III services $1,500 per member and a lifetime maximum for Class IV services $1,500 per member with no age limit. Dependents are eligible until the end of the calendar year of their 26th birthdate for dental benefits.

Section 3. **Life Insurance**

The Township will provide life insurance coverage in the amount of Fifty Thousand Dollars ($50,000.00).

Section 4. **Retiree Medical Coverage**

For employees hired before 9/1/19:

Employees who retire at the age of 60 or over with at least 15 years of service or with 10 or more years of service and a total of 70 points based on the combination of age and years of service, shall be entitled to such coverage as is offered by the carrier for retirees.

The coverage is provided for employees only. Any employee wishing to continue group coverage for a spouse or other dependent may do so as follows:

A. The seven (7) retirees prior to August 21, 2007, whose prescription drug co-payment is either $5.00 or $10.00 will be enrolled in the plans with the new prescription co-pays of $10.00 for generic drugs and $20.00 for name grand drugs as set forth in Section 4A or 4B. However, as to those employees and their spouses only, the Township will reimburse the difference between the $5.00 and $10.00 co-pay of the plan the retiree is utilizing and the new co-pay of $10/$20 upon presentation of sufficient evidence of payment for a prescription by the retirees sufficient evidence shall consist of the requirements dictated by the Township's flexible spending medical account.

B. All changes in premium sharing, co-pays, deductibles or other employee shared costs of health and or dental care applicable to active employees shall automatically be applicable on the same date to all current and future retirees except those listed in paragraph A above, effective August 21, 2007.

C. All current retirees will be moved from a traditional BCBS to BCBS PPO. The Township agrees to take whatever action is necessary in order to ensure a smooth transition for current retirees from the traditional BCBS to BCBS PPO. This shall include a meeting with the current retirees, the employer and union.

D. The prescription co-pay for all retirees participating in the Blue Care Network (HMO) or Community Blue Plan I (PPO) shall be a $10.00 co-pay for generic drugs and a $40.00 co-

pay for brand name drugs shall apply to all retirees when the same co-pays are implemented for Township non-union employees and elected officials.

E. Dental coverage shall be afforded to eligible retirees in conjunction with health coverage through Blue Cross Blue Shield of Michigan. For purposes of clarification, Class I benefits 100%, Level II 75%, Level III 50% and Level IV 50%. Annual maximum for Class I, II, and III services $1500 per member and a Lifetime maximum for Class IV services $1500 per member with no age limit. Dependents are eligible until the end of the calendar year of their 26th birthdate for dental benefits.

F. To provide health insurance which includes prescription and dental coverage for the spouses of these employees that retired before August 21, 2007. The retirees co-pay on monthly premium costs for insuring spouses shall be:

1.	Retiree and spouse both under age 65:	$250.00 per month
2.	Retiree and spouse, one age 65 or over & One under age 65:	$200.00 per month
3.	Retiree and spouse both over age 65:	$100.00 per month

G. In the event of a retiree's death, the spouse and dependents are offered COBRA continuation coverage for a period of 18 months. The COBRA coverage is a continuation of plan coverage when it would otherwise end because of a life event. The Spouse of the employee becomes a qualified beneficiary when coverage is lost under the retiree's health insurance plan. Any dependent children will also become qualified beneficiaries if they lose coverage under the retiree's plan due to death of the parent-employee. This is also a "qualifying event".

H Retiree healthcare benefits shall survive the expiration of this Collective Bargaining Agreement and shall be "vested and unalterable for the life of the employee". This language shall not prevent the Employer to change health care provider(s) as long as the new healthcare provider(s) will provide equal or better coverage.

For Employees hired on or after 9/1/19:

A. These employees shall instead have $2500 a year deposited into an IRS Section 115 account by the Employer.

B. Only participants who complete a year of service during the plan year shall be eligible to receive an annual employer contribution. Notwithstanding the foregoing, a participant who has completed a year of service but whose employment terminates prior to the last day of the plan year will receive an allocation of annual employer contribution if termination results of disability, death or retirement.

C. The account shall originally be administered by Burnham and Flower's Insurance Group. The administrator may be changed in the future upon agreement by both parties.

D. Beginning on January 1, 2021, the $2500 a year shall be increased at the same percentage as the "medical care component" as determined by the State pursuant to MCL 15.563 and amended by 2018 Public Act 477. The parties shall meet to negotiate further increases if this act is changed in the future.

E. The Account shall be dedicated for the purpose of paying for healthcare for the employee upon separation from the Employer.

F. The Employee shall not be taxed for the Employer's contribution into the account nor taxed when taking money out of the account if used for qualified medical expenses. The account shall be governed by all applicable IRS rules.

G. Employees shall be vested immediately.

Section 5. Optical

The Township will provide optical insurance coverage for employees and eligible dependents.

No employee with dependents will be allowed coverage as a single person.

The Township reserves the right to determine carrier for this type of insurance. Employee may decline coverage if they so desire. Dependents are eligible until the end of the calendar year of their 26th birthdate for optical benefits.

ARTICLE XIX – RETIREMENT

Employees are mandated to contribute five percent (5%) of their gross earnings into the pension plan and may contribute any optional additional amount up to the maximum allowed by the Internal Revenue Service.

The Township will contribute twelve percent (12%) of the employee's base wages to the employee's pension plan.

The program provides one hundred percent (100%) immediate vesting to all employees.

This will not be a subject of negotiations in any future collective bargaining negotiations.

ARTICLE XX – SUBSTANCE ABUSE POLICY

This policy shall be clearly communicated to all employees and enforced in a nondiscriminatory manner. Employees having difficulties should be encouraged to seek help before problems threaten their jobs and well-being.