TOWNSHIP OF VEVAY, MICHIGAN ANNUAL FINANCIAL REPORT YEAR ENDED MARCH 31, 2021

GABRIDGE & C♀

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees Township of Vevay Mason, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Vevay, Michigan (the "Township") as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Independent Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2021, 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 stated in Note 10 to the basic financial statements, the Township adopted GASB Statement No. 84 *Fiduciary Activities* in 2021, which represents a change in its policy for reporting fiduciary activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, and the pension schedules be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Gabridge a Company

Gabridge & Company, PLC Grand Rapids, Michigan September 7, 2021

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Township of Vevay, Michigan (The "Township" or "government") we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

- The assets and deferred outflows of the Township exceeded its liabilities at the close of the most recent fiscal year by \$376,126 (net position). Of this amount, \$192,689 represents unrestricted net position.
- During the year, the Township received \$702,138 in revenues and incurred \$708,159 in expenses, resulting in a decrease in net position of \$6,021.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$647,905, an increase of \$12,603 in comparison with the previous year. A portion of this amount, \$509,397, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$509,397, or approximately 75.1% of annual general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Township's assets, deferred outflows, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., changes in net pension liability and depreciation of capital assets).

Both of the government-wide financial statements report functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Township include general government, public works, community and economic development, and public safety.

The government-wide financial statements include not only the Township itself (known as the primary government), but also a legally separate Downtown Development Authority ("DDA") for which the Township is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the Township.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the four nonmajor special revenue street lighting funds (which are aggregated into one column).

The Township adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund has been provided.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Township's budgetary comparison and pension schedules.

This report also presents other supplementary information consisting of combining statements for the Township's nonmajor special revenue funds. These statements are presented immediately following the required supplementary information.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows exceeded liabilities by \$376,126 at the close of the most recent fiscal year.

	2021			2020
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$	644,510	\$	590,707
Taxes Receivable		6,187		3,886
Accounts Receivable		6,331		18,287
Due from State		-		22,138
Prepaid Items		4,086		6,613
Total Current Assets		661,114		641,631
Noncurrent Assets				
Capital Assets not Being Depreciated		32,509		32,509
Capital Assets Being Depreciated		141,472		155,354
Total Assets		835,095		829,494
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items		8,438		8,746
Total Deferred Outflows of Resources		8,438		8,746
LIABILITIES				
Current Liabilities				
Accounts Payable		9,742		3,621
Accrued Liabilities		3,467		2,708
Current Portion of Long-term Debt		10,325		10,325
Total Current Liabilities		23,534		16,654
Noncurrent Liabilities				
Net Pension Liability		296,353		294,889
Long-term Debt		134,225		144,550
Total Liabilities		454,112	456,093	
DEFERRED INFLOWS OF RESOURCES				
Pension		13,295		-
Total Deferred Inflows of Resources		13,295		-
NET POSITION				
Investment in Capital Assets		177,216		187,863
Restricted for:				
Public Works		6,221		3,631
Unrestricted		192,689		190,653
Total Net Position	\$	376,126	\$	382,147

A portion of the Township's net position \$177,216 reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure). The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

A portion of the balance, \$6,221, is restricted and may not be used other than by its restricted purpose. The remaining amount of \$192,689 is reported as unrestricted net position and is available to pay vendors, employees, and creditors.

Governmental Activities. Governmental activities decreased the Township's net position by \$6,021 when compared to the previous year.

Property tax revenues were \$256,644 during 2020 and decreased to \$241,342 during 2021 due to decrease in 425 payment. State revenue sharing in the governmental activities decreased slightly from \$349,028 to \$348,358. The Township is optimistic that the state-wide trend of stabilizing tax bases will be reflected in the Township's tax base in the upcoming years.

	2021			2020
Revenue				
Program Revenues				
Charges for Services	\$	97,432	\$	134,763
Operating Grants & Contributions		12,277		6,602
Total Program Revenues		109,709		141,365
General Revenues				
Taxes		241,342		256,644
Intergovernmental		348,358		349,028
Interest		2,729		8,250
Total General Revenues		592,429		613,922
Total Revenues		702,138		755,287
Expenses				
General Government		412,900		394,841
Public Works		106,093		35,620
Community & Economic Development		15,703		16,528
Public Safety		115,614		115,461
Other Functions		57,849 52		52,544
Total Expenses		708,159		614,994
Change in Net Position		(6,021)		140,293
Net Position at the Beginning of Period		382,147		241,854
Net Position at the End of Period	\$	376,126	\$	382,147

Financial Analysis of Governmental Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Township itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Township's Board.

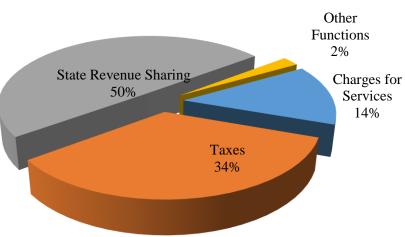
At March 31, 2021, the Township's governmental funds reported combined fund balances of \$647,905, an increase of \$12,603 over the prior year. A portion of this amount \$509,397 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, *or assigned* to indicate that it is: 1) restricted for particular purposes (\$6,221), 2) not in a spendable form (\$4,086), or 3) committed for particular purposes (\$128,201).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$509,397. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 75.1% percent of total general fund expenditures.

The fund balance of the Township's general fund increased by \$10,013 during the current fiscal year.

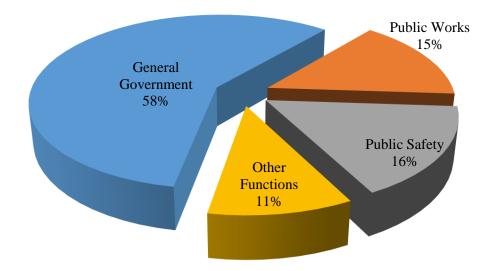
Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the Township for the most recent fiscal year-end:



Governmental Activities Revenues

The following chart summarizes the expenses for the governmental activities of the Township for the most recent fiscal year-end:



Governmental Activities Expenses

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need to adjust expenditures in the final budget of \$757,162. However, expenditures within departments were adjusted as actual expenditures became known during the year.

Final budget compared to actual results. During the current fiscal year the Township had no actual expenditures in excess of the amounts appropriated.

Capital Assets and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2021, amounts to \$177,216 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, and machinery & equipment.

More detailed information about the Township's capital assets can be found in Note 4.

Long-term Debt

The Township financed their portion of the Mud Creek Drain project with the County. The current portion of the long-term debt for the fiscal year ended March 31, 2021 is \$10,325 while the remaining balance of the long-term debt is \$134,225.

More detailed information about the Township's long-term debt can be found in Note 5.

Economic Condition and Outlook

Property tax revenues are expected to change minimally reflecting fairly stable property values. The Township continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2021, the Township plans again to use current revenues to provide essential services and to maintain the Township's financial reserves at similar levels.

Contacting the Township

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

The Township of Vevay 780 Eden Road Mason, MI 48854 **Basic Financial Statements**

Township of Vevay Statement of Net Position March 31, 2021

		Primary vernment	_	Component Unit - DDA
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$	644,510	\$	587,924
Taxes Receivable		6,187		
Accounts Receivable		6,331		
Prepaid Items		4,086		
Total Current Assets		661,114		587,924
Noncurrent Assets				
Capital Assets not Being Depreciated		32,509		3,235
Capital Assets Being Depreciated		141,472		
Total Assets		835,095		591,159
DEFERRED OUTFLOWS OF RESOURCES				
Pension	_	8,438	_	
Total Deferred Outflows of Resources		8,438		
LIABILITIES				
Current Liabilities				
Accounts Payable		9,742		3,833
Accrued Liabilities		3,467		
Current Portion of Long-term Debt		10,325		
Total Current Liabilities		23,534		3,833
Noncurrent Liabilities				
Net Pension Liability		296,353		
Long-term Debt		134,225		
Total Liabilities		454,112		3,833
DEFERRED INFLOWS OF RESOURCES				
Pension		13,295		
Total Deferred Inflows of Resources		13,295		
NET POSITION				
Investment in Capital Assets		177,216		
Restricted for:				
Public Works		6,221		
Unrestricted	<u>+</u>	192,689	+	587,326
Total Net Position	\$	376,126	\$	587,326

Township of Vevay Statement of Activities For the Year Ended March 31, 2021

				Р	rogram Revenues	5			Net (Expense) Revenue		
Functions/Programs	Expenses	-	Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions	-	Primary Government		Component Unit - DDA
Primary Government		_						-		-	
Governmental Activities:											
General Government	\$ 412,900	\$	68,911	\$	5,010	\$		\$	(338,979)	\$	
Community and Economic Development	15,703		14,584						(1,119)		
Public Safety	115,614								(115,614)		
Public Works	106,093		13,937		7,267				(84,889)		
Other Functions	57,849								(57,849)		
Total Primary Government	\$ 708,159	\$	97,432 \$	3	12,277	\$			(598,450)		
Component Units											
DDA	\$ 40,249	\$		\$		\$					(40,249)
Total Component Units	\$ 40,249	\$		\$		\$					(40,249)
			General Purpose	Rev	venues:						

General Purpose Revenues:		
Taxes	241,342	27,563
Intergovernmental	348,358	
Interest Income	2,729	6,542
Total General Revenues	592,429	34,105
Change in Net Position	(6,021)	(6,144)
Net Position at Beginning of Period	382,147	593,470
Net Position at End of Period	\$ 376,126	\$ 587,326

Township of Vevay Balance Sheet Governmental Funds March 31, 2021

				Other	a	Total
	General		Governmental Funds		Governmental Funds	
ASSETS						
Cash and Cash Equivalents	\$	637,701	\$	6,809	\$	644,510
Taxes Receivable		5,837		350		6,187
Accounts Receivable		6,331				6,331
Prepaid Items		4,086				4,086
Total Assets	\$	653,955	\$	7,159	\$	661,114
LIABILITIES						
Accounts Payable	\$	8,804	\$	938	\$	9,742
Accrued Liabilities		3,467				3,467
Total Liabilities		12,271		938		13,209
FUND BALANCE						
Nonspendable		4,086				4,086
Restricted				6,221		6,221
Committed		128,201				128,201
Unassigned		509,397				509,397
Total Fund Balance		641,684		6,221		647,905
Total Liabilities and Fund Balance	\$	653,955	\$	7,159	\$	661,114

Township of Vevay Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position March 31, 2021

Total Fund Balance - Governmental Funds	\$ 647,905
General government capital assets of \$559,319, net of accumulated depreciation of \$385,338, are not financial resources and accordingly are not reported in the funds.	173,981
Deferred outflows and inflows from the difference between projected and actual investment earnings of the pension, as well as Township's contributions made after the measurement date of the net pension liability, are not reported in the funds.	(4,857)
The net pension liability is not paid from current financial resources and, therefore, is excluded from the fund financial statements but is included as a current liability in the government-wide financial statements.	(296,353)
Long-term liabilities, including the installment loan to the County, are not due and payable in the current period and, therefore, are not reported in the funds.	(144,550)
Total Net Position-Governmental Activities	\$ 376,126

Township of Vevay Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds For the Year Ended March 31, 2021

		G	Other overnmental	Go	Total overnmental
	 General		Funds		Funds
Revenues					
Taxes	\$ 241,342	\$		\$	241,342
Licenses and Permits	21,651				21,651
Intergovernmental	348,358				348,358
Charges for Services	53,257		13,937		67,194
Franchise Fees	10,322				10,322
Interest and Rents	8,261				8,261
Other Revenue	5,010				5,010
Total Revenues	688,201		13,937		702,138
Expenditures					
General Government	383,951				383,951
Community and Economic Development	15,703				15,703
Public Safety	115,614				115,614
Public Works	94,746		11,347		106,093
Other Functions	57,849				57,849
Debt Service - Principal Payment	10,325				10,325
Total Expenditures	678,188		11,347		689,535
Excess of Revenues Over					
(Under) Expenditures	10,013		2,590		12,603
Net Change in Fund Balance	 10,013		2,590		12,603
Fund Balance at Beginning of Period	631,671		3,631		635,302
Fund Balance at End of Period	\$ 641,684	\$	6,221	\$	647,905

Township of Vevay Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities For the Year Ended March 31, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ 12,603
The change in net pension liability and deferred outflows relating to pension amounts does not require the use of current resources and is not reported in the governmental funds.	(15,067)
Governmental funds report capital outlay as an expenditure; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This amount represents depreciation expense of \$13,882.	(13,882)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt.	10,325
Changes in Net Position - Governmental Activities	\$ (6,021)

Township of Vevay Statement of Fiduciary Net Position Fiduciary Funds March 31, 2021

	Custodial Funds		
ASSETS			
Cash and Cash Equivalents	\$	21	
Total Assets		21	
LIABILITIES			
Due to Other Governments		21	
Total Liabilities		21	
NET POSITION			
Restricted for Individuals, organizations, and other			
governments	\$	-	

Township of Vevay Statement of Changes in Fiduciary Net Position Fiduciary Funds For the Year Ended March 31, 2021

	Custodial Funds		
Additions			
Taxes Collected for Other Governments	\$	5,786,682	
Total Additions		5,786,682	
Deductions			
Payments of Property Taxes to Other Governments		5,786,682	
Total Deductions		5,786,682	
Change in Net Position			
Net Position at Beginning of Period			
Net Position Restricted for Pensions at End of Period	\$		

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Township of Vevay, Michigan (the "Township" or "government") 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 Township:

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, "*The Financial Reporting Entity*," these financial statements present the Township and one component unit. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

The following organization is a component unit of the Township and is included as a discretely presented component unit in the basic financial statements:

Downtown Development Authority (the "DDA")

The DDA is responsible for the creation of a development and financing plan for the downtown district or a development area within the district to promote economic growth. The DDA must obtain the Township Board's approval of all development and financing plans. The annual operating budget and any modifications also require the Township Board's approval.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities are normally supported by taxes and intergovernmental revenues.

The *statement of activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Township of Vevay

Notes to the Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary funds. 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. Custodial funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, custodial funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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. 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 Township considers revenue to be available if it is collected within 60 days of the end of the current fiscal period.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the Township.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Township reports the following major governmental fund:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Township reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Property Tax Revenue Recognition

The Township bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1 and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Ingham County Treasurer on March 1 of the year following the levy. The Ingham County Treasurer remits payments to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township is permitted to levy up to \$1.00 per \$1,000 of the taxable valuation for general government service. For the year ended March 31, 2021, the Township levied 1.0000 mills for general governmental services. The total taxable value for the 2020 levy for property within the Township was \$140,198,417.

Assets, Liabilities, Deferred Inflows, Deferred Outflows and Net Position or Equity

Bank Deposits 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.

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

Receivables and Payables

Outstanding balances between funds are reported as "due to/from other funds." All receivables are considered to be fully collectible as of year-end.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Years
Land Improvements	40
Buildings & Improvements	10 - 40
Machinery & Equipment	3 - 15
Vehicles	5 - 10

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statements report pension related deferred outflows from the difference between projected and actual investment earnings of the pension plan, the deficit investment returns recognized in the calculation of its net pension liability, as well as Township contributions made after the measurement date of the net pension liability.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. Nonspendable fund balance are equal to prepaid items. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of

other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Township Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance is the residual classification for the Township's general fund and includes all spendable amounts not contained in the other classifications and is, therefore, available to be spent as determined by the Township Board.

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net

Township of Vevay

Notes to the Financial Statements

position of the Municipal Employees Retirement System ("MERS") of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund Transactions

During the course of normal operations, the Township may have transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or component units are netted as part of the reconciliation to the government-wide financial statements.

Use of Estimates

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- Budgets must be adopted for the general and special revenue funds.
- Budgets must be balanced.
- Budgets must be amended as necessary.
- Public hearings must be held prior to adoption.
- Expenditures cannot exceed budget appropriations.
- Expenditures must be authorized by a budget appropriation prior to being incurred.

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

• In accordance with State law, prior to March 31, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1.

Township of Vevay

Notes to the Financial Statements

The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis.

- Public hearings are conducted to obtain taxpayer comment.
- Prior to March 31, the budget is legally enacted through passage of a budget resolution (general appropriation act).
- Formal budgetary integration is employed as a management control device for the general and special revenue funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
- Budget appropriations lapse at year end-encumbrance system not used.
- Budgeted amounts are reported as originally adopted and as amended by the Township Board.

Excess of Expenditures Over Appropriations in Budgetary Funds

The Township had no expenditures of budgetary funds which were in excess of the amounts budgeted during the year ended March 31, 2021.

Note 3 - Cash and Investments

The captions on the government-wide and fund statements relating to cash are as follows:

2	С	1		uciary unds
 Jverninent		UIII		
\$ 644,510	\$	587,924	\$	21
\$ 505,327	\$	185,710	\$	21
 139,183		402,214		-
\$ 644,510	\$	587,924	\$	21
<u> </u>	\$ 505,327 139,183	Government \$ 644,510 \$ \$ 505,327 \$ 139,183 \$	Government Unit \$ 644,510 \$ 587,924 \$ 505,327 \$ 185,710 139,183 402,214	Government Unit Fu \$ 644,510 \$ 587,924 \$ \$ 505,327 \$ 185,710 \$ 139,183 402,214 \$

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. As of year-end none of the bank balance of \$877,760 was exposed to custodial credit risk because it was uninsured and uncollateralized, the amount exposed to custodial credit risk is higher in prior years due to the tax fund having outstanding checks as of yearend.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year-end, all deposits and investments consist of demand accounts, pooled investments, certificates of deposit, all of which are not rated.

Agency	Rating	 Amount
Standard & Poor's	AAAm	\$ 374,700

Interest Rate Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's deposits and investments consisted of the following:

		Eq	Cash uivalents
	 tificates of Deposit	-	and vestments
No Maturity	\$ -	\$	374,700
Due Within 1 Year	541,397		-
Due in 1-5 Years	 -		-
	\$ 541,397	\$	374,700

Fair Value Measurement

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

• Investments held with MICLASS totaled \$227,613. MICLASS is authorized to invest in the same investment types as local units of government in Michigan. These holdings are valued using Level 2 inputs.

Note 4 - Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities		alance at 31/2020	A	dditions	Di	sposals		alance at 31/2021
Capital Assets not being Depreciated								
Construction in Progress	\$	32,509	\$	-	\$	-	\$	32,509
Capital Assets being Depreciated:								
Land Improvements		40,088		-		-		40,088
Buildings & Improvements		312,544		-		-		312,544
Machinery & Equipment		163,748		-		8,058		155,690
Vehicles	_	18,488		-		-		18,488
Total Capital Assets being Depreciated		534,868		-		8,058		526,810
Less Accumulated Depreciation: Land Improvements Buildings & Improvements Machinery & Equipment Vehicles Total Accumulated Depreciation Total Capital Assets being Depreciated, Net Net Capital Assets, Governmental	\$	13,337 232,153 115,535 18,488 379,513 155,355 187,864	\$	1,002 4,612 8,269 - 13,883 (13,883) (13,883)	\$	- 8,058 - 8,058 - - -	\$	14,339 236,765 115,746 18,488 385,338 141,472 173,981
Component Unit - DDA Capital Assets not being Depreciated Construction in Progress		alance at 31/2020	<u> </u>	dditions	i	sposals		alance at 31/2021 3,235
	¥		<u>+</u>	0,200	*		¥	
DDA Capital Assets, Net	\$	-	\$	3,235	\$	-	\$	3,235

Depreciation expense of \$13,883 was charged to the general government function of the Township.

Township of Vevay

Notes to the Financial Statements

Note 5 - Long-term Debt

Long-term debt activity for the year ended March 31, 2021 was as follows:

	Beg	ginning of Year	Ad	ditions	Rec	luctions	End	d of Year	2	e Within e Year
Governmental Activities:										
2015 Ingham County General Obligation										
Unlimited Tax Bonds, as allocated to the										
Township, to finance the Mud Creek Special										
Assessment Project. Payable in annual										
installments of \$10,325 plus accrued interest at										
4.15% plus the coupon rate of the bonds										
through the 2035 fiscal year.	\$	154,875	\$	-	\$	10,325	\$	144,550	\$	10,325

The annual requirements to maturity on the total long-term debt obligation outstanding at March 31, 2021 are as follows:

Year Ending	Governmental Activities					
March 31,	P	rincipal	Iı	nterest	Total	
2022	\$	10,325	\$	6,035	\$	16,360
2023		10,325		5,604		15,929
2024		10,325		5,173		15,498
2025		10,325		4,742		15,067
2026		10,325		4,311		14,636
2027-2031		51,625		15,085		66,710
2032-2035		41,300		4,310		45,610
Totals:	\$	144,550	\$	45,260	\$	189,810

Note 6 - Defined Benefit Pension Plan

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at <u>www.mersofmich.com</u>.

Township of Vevay

Notes to the Financial Statements

Retirement benefits for employees are calculated as follows:

					Unreduced	Reduced	
			Final Average	Normal	Benefit	Benefit	
	Benefit	Benefit	Compensation	Retirement	(Age/Years of	(Age/Years of	Vesting
Division	Multiplier	Maximum	(Years)	Age	Service)	Service)	(Years)
General - Open	2.25%	80%	5	60	-	50/25 or 55/15	10

Employees Covered by Benefit Terms

At the December 31, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	3
Total employees covered by MERS	12

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended March 31, 2020, the Township had the following contribution rates:

	Employee	Employer
Division	Contributions	Contributions
General - Open	11.22%	2,751

Net Pension Liability

The net pension liability reported at March 31, 2020 was determined using a measure of the total pension liability and the pension net position as of December 31, 2020. The December 31, 2020 total pension liability was determined by an actuarial valuation performed as of December 31, 2020.

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2.50%
3.00% in the long-term
7.35%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

		Long-term Expected Real
Asset Class	Target Allocation	Rate of Return
Global equity	60.0%	3.15%
Global fixed income	20.0%	0.25%
Private Investments	20.0%	1.45%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability is 7.60%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

Township of Vevay

Notes to the Financial Statements

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

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

	Increase (Decrease)					
	Total Pension				Net Pension	
Changes in Net Pension Liability	Liability		Plan Net Position		Liability	
Balance at December 31, 2019	\$	681,509	\$	386,619	\$	294,890
Service cost		14,871		-		14,871
Interest		50,229		-		50,229
Difference between expected and actual experience		(381)		-		(381)
Changes in assumptions		32,460		-		32,460
Contributions - Employer		-		31,551		(31,551)
Contributions - Employee		-		15,915		(15,915)
Net investment income		-		49,024		(49,024)
Benefit payments, including refunds		(56,077)		(56,077)		-
Administrative expenses		-		(774)		774
Net changes		41,102		39,639		1,463
Balance at December 31, 2020	\$	722,611	\$	426,258	\$	296,353

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

The following presents the net pension liability of the Township, calculated using the discount rate of 7.60 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60 percent) or one percentage point higher (8.60 percent) than the current rate.

	Current					
	1% Decrease	Discount Rate	1% Increase			
	(6.60%)	(7.60%)	(8.60%)			
Net pension liability of the Township	\$ 353,705	\$ 296,353	\$ 246,000			

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Township of Vevay

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

For the year ended March 31, 2020 the Township recognized pension expense of \$48,264.

The Township reported deferred outflows of resources related to pensions from the following sources:

	De	eferred	D	eferred
	Out	flows of	In	flows of
Source	Re	sources	Re	esources
Difference between expected and actual experience	\$	-	\$	-
Changes in assumptions		-		-
Excess (deficit) investment returns		-		13,295
* Employer contributions to the plan subsequent to the measurement date		8,438		-
Total	\$	8,438	\$	13,295

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending March 31, 2020.

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

Years Ending		
March 31	A	Amount
2022	\$	(2,672)
2023		972
2024		(7,594)
2025		(4,001)

Note 7 - Risk Management

The Township is exposed to various risks of losses for claims arising from general liability, wrongful acts, professional liability, property damage and destruction, crime, accidents, and injuries. Risks of losses arising from possible claims are managed through the purchase of commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

Township of Vevay

Notes to the Financial Statements

Note 8 – Fund Balances – Governmental Funds

The Township reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions:* GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

			Noi	ımajor	
	Gener	al Fund	F	unds	 Total
Nonspendable:					
Prepaid Expenditures	\$	4,086	\$	-	\$ 4,086
Total Nonspendable		4,086		-	 4,086
Restricted for:					
Eden Street Lighting Fund		-		811	811
Lone Oak Street Lighting Fund		-		799	799
Bullen Estates Street Lighting Fund		-		842	842
Mason Manor Street Lighting Fund		-	_	3,769	 3,769
Total Restricted		-		6,221	 6,221
Committed for:					
Building & Grounds		22,200		-	22,200
Technology		3,333		-	3,333
Vehicles		17,300		-	17,300
General		10,000		-	10,000
Roads		50,000		-	50,000
Cemetery		25,368		-	 25,368
Total Committed		128,201		-	 128,201
Unassigned		509,397		_	 509,397
Total Fund Balances - Governmental Funds	\$ (541,684	\$	6,221	\$ 647,905

Note 9 - Subsequent Events

The Township may be affected by the recent and ongoing outbreak of the Coronavirus (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. COVID-19 has caused significant government and business disruptions through mandated and voluntary closings and stay at home orders. Management is in the process of determining if this outbreak will have a significant financial impact on the Township's financial statements.

The Township Signed a Contract on April 20, 2021 for Engineering and Construction on the Athletic Field and Pavilion Floor Replacement for \$63,450, this project is expected to be completed with in the next fiscal year.

Notes to the Financial Statements

Note 10 - Change in Accounting Principle

The Township adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. There was no change in the beginning fund balance for any funds.

Required Supplementary Information

Township of Vevay Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund For the Year Ended March 31, 2021

								Variance Positive
		Budgeted Amounts						(Negative)
		Original		Final		Actual		Final to Actual
Revenues		- 8					-	
Taxes	\$	232,203	\$	232,203	\$	241,342	\$	9,139
Licenses and Permits		23,107		23,107		21,651		(1,456)
Intergovernmental		332,674		332,674		348,358		15,684
Charges for Services		60,207		60,207		53,257		(6,950)
Franchise Fees		11,000		11,000		10,322		(678)
Interest and Rents		69,101		69,101		8,261		(60,840)
Other Revenue				5,000		5,010		10
Total Revenues		728,292		733,292		688,201		(45,091)
Expenditures								
General Government								
Legislative		32,014		36,764		35,567		1,197
Supervisor		34,254		34,254		33,354		900
Elections		14,600		14,600		11,387		3,213
Public Safety				5,000		5,000		
Assessor		34,602		34,602		34,382		220
General Government		41,101		46,101		42,685		3,416
Clerk		69,904		69,904		61,956		7,948
Retirement		37,500		57,500		54,081		3,419
Accounting Services		5,010		5,010		4,826		184
Board of Review		2,350		2,550		1,984		566
Treasurer		58,179		58,179		54,347		3,832
Building and Grounds		36,350		36,850		30,051		6,799
Cemetery		42,904		42,904		14,155		28,749
Other General Government		800		800		176		624
Total General Government		409,568		445,018		383,951		61,067
Community and Economic Development		.0,,000				000,001		01,007
Community and Economic Development		22,750		17,750		10,730		7,020
Zoning Board of Appeals		4,026		5,051		4,973		78
Total Community and Economic Development		26,776		22,801		15,703		7,098
Public Safety		20,770		22,001		10,700		,,020
Building Inspection		25,214		25,214		24,114		1,100
Fire		91,500		91,500		91,500		
Total Public Safety		116,714		116,714		115,614		1,100
Public Works		,				,		-,
Highways and Streets		90,050		85,050		85,000		50
Solid Waste		701		701		442		259
Drains at large		14,676		9,576		9,304		10,597
Total Public Works		105,427		95,327		94,746		10,906
Miscellaneous Expenditures				, -,		, ,,,		
Other Functions		64,850		63,975		57,849		6,126
Debt Service - Principal Payment		10,325		10,325		10,325		
Capital Outlay		3,502		3,002				3,002
Total Miscellaneous Expenditures		78,677		77,302		68,174		9,128
Total Expenditures		737,162		757,162		678,188		78,974
Excess (Deficiency) of Revenues		757,102		757,102		070,100		70,271
Over Expenditures		(8,870)		(23,870)		10,013		33,883
Net Change in Fund Balance		(8,870)		(23,870)		10,013		33,883
Fund Balance at Beginning of Period		631,671		631,671		631,671		
Fund Balance at End of Period	\$	622,801	\$	607,801	\$	641,684	\$	33,883
	_	·	_	-	_		_	

Township of Vevay Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios Last Six Years (Schedule is built prospectively upon implementation of GASB 68)

	2020 2019		2019	2018		2017		2016		2015	
Total Pension Liability											
Service Cost	\$	14,871	\$	19,039	\$	19,237	\$	20,587	\$	18,279	\$ 18,896
Interest		50,228		50,855		49,970		48,944		48,130	45,400
Differences Between Expected & Actual Experience		(381)		(4,085)		614		8,084		1,443	7,048
Changes in Assumptions		32,460		17,570		-		-		-	30,863
Benefit Payments, Including Refunds		(56,077)		(56,077)		(61,234)		(67,039)		(50,584)	(50,584)
Net Change in Pension Liability		41,101		27,302		8,587		10,576		17,268	51,623
Total Pension Liability - Beginning		681,509		654,207		645,620		635,044		617,776	566,153
Total Pension Liability - Ending (a)	\$	722,610	\$	681,509	\$	654,207	\$	645,620	\$	635,044	\$ 617,776
Plan Fiduciary Net Position											
Contributions - Employer	\$	31,551	\$	46,448	\$	23,092	\$	44,066	\$	22,905	\$ 48,774
Contributions - Member		15,915		15,977		16,535		17,238		16,397	16,489
Net Investment Income (Loss)		49,023		45,074		(13,933)		44,670		34,793	(4,861)
Benefit Payments, Including Refunds		(56,077)		(56,077)		(61,234)		(67,039)		(50,584)	(50,584)
Administrative Expenses		(774)		(776)		(709)		(708)		(687)	(687)
Net Change in Plan Fiduciary Net Position		39,638		50,646		(36,249)		38,227		22,824	 9,131
Plan Fiduciary Net Position - Beginning		386,619		335,973		372,222		333,995		311,171	302,040
Plan Fiduciary Net Position - Ending (b)	\$	426,257	\$	386,619	\$	335,973	\$	372,222	\$	333,995	\$ 311,171
Net Pension Liability - Ending (a) - (b)	\$	296,353	\$	294,889	\$	318,234	\$	273,398	\$	301,049	\$ 306,605
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		58.99%		56.73%		51.36%		57.65%		52.59%	50.37%
Covered Employee Payroll	\$	109,509	\$	142,398	\$	144,641	\$	153,632	\$	136,514	\$ 144,572
Net Pension Liability as a Percentage of Covered Employee Payroll		270.62%		207.09%		220.02%		177.96%		220.53%	212.08%

Township of Vevay Required Supplementary Information Schedule of Contributions Last Ten Fiscal Years (Schedule is built prospectively upon implementation of GASB 68)

		2021	2020		2019		2018		2017		2016	2015	2014	2013	2012
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution Contribution Deficiency (Excess)	\$ \$	14,630 33,012 (18,382)	\$ \$	17,168 27,168 (10,000)	\$ \$	24,288 24,288	\$ \$	36,608 61,304 (24,696)	\$ \$	35,096 39,302 (4,206)	\$ 34,667 65,263 \$ (30,596)	\$ 164,025 164,025 \$ -	\$ 184,824 184,824 \$ -	\$ 110,093 110,093 \$ -	\$ 142,363 142,363 \$ -
Covered Employee Payroll		108,770		150,652		152,986		153,632		136,514	144,572	410,481	362,832	335,147	450,445
Contributions as a Percentage of Covered Employee Payroll		30.4%		18.0%		15.9%		39.9%		28.8%	45.1%	40%	51%	33%	32%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 15 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of pay
Remaining amortization period	21 Years
Asset valuation method	10-year smoothed
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment expense, including inflation
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Group Annuity Table of a 50% male and 50% female blend

Combining and Individual Fund Statements and Schedules

Township of Vevay Combining Balance Sheet Nonmajor Governmental Funds March 31, 2021

	Special Revenue									
		n Street ing Fund		Dak Street	Street	n Estates Lighting und	Stree	on Manor t Lighting Fund	Total Nonmajor Governmental Funds	
ASSETS										
Cash and Cash Equivalents	\$	666	\$	904	\$	842	\$	4,397	\$	6,809
Taxes Receivable		200				150				350
Total Assets	\$	866	\$	904	\$	992	\$	4,397	\$	7,159
LIABILITIES										
Accounts Payable	\$	55	\$	105	\$	150	\$	628	\$	938
Total Libilities		55		105		150		628		938
FUND BALANCE										
Restricted		811		799		842		3,769		6,221
Unassigned										
Total Fund Balance		811		799		842		3,769		6,221
Total Liabilities and Fund Balance	\$	866	\$	904	\$	992	\$	4,397	\$	7,159

Township of Vevay Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended March 31, 2021

		Special	Revenue					
	en Street ting Fund	Oak Street	Stree	en Estates t Lighting Fund	Stree	on Manor et Lighting Fund	Total Nonmajor Governmental Funds	
Revenues								
Charges for Services	\$ 1,000	\$ 1,171	\$	1,650	\$	10,116	\$	13,937
Total Revenues	 1,000	1,171		1,650		10,116		13,937
Expenditures		_						
Public Works	687	1,172		1,674		7,814		11,347
Total Expenditures	 687	 1,172		1,674		7,814		11,347
Excess of Revenues Over	 							
(Under) Expenditures	313	(1)		(24)		2,302		2,590
Net Change in Fund Balance	 313	 (1)		(24)		2,302		2,590
Fund Balance at Beginning of Period	498	800		866		1,467		3,631
Fund Balance at End of Period	\$ 811	\$ 799	\$	842	\$	3,769	\$	6,221



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September 7, 2021

To the Board of Trustees Township of Vevay Mason, Michigan

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Vevay (the "Township") for the year ended March 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted 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 May 21, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. No new accounting policies were adopted and, except as stated in Note 10 to the financial statements, the application of existing policies was not changed during 2021. We noted no transactions entered into by the Township 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 Township's financial statements were:

- The assumptions used in the actuarial valuation of the pension plan are based on historical trends and industry standards.
- The estimated useful lives of depreciable capital assets is based on the length of time management believes those assets will provide some economic benefit in the future.

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 trivial, and communicate them to the appropriate level of management. Material misstatements detected as a result of audit procedures were corrected by management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and 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 our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 7, 2021.

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 Township'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 Township'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 management's discussion and analysis, the budgetary comparison schedules, and the pension schedules, 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 the combining and individual nonmajor fund financial statements, 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.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township as of and for the year ended March 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we have identified a deficiency in internal control that we consider to be a significant deficiency.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of

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

We consider the following deficiency to be a significant deficiency:

2021-1 - Preparation of Governmental Financial Statements

- Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both 1) recording, processing and summarizing accounting data (i.e., maintaining internal books and records), and 2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)
- Condition/Finding: As is the case with many smaller and medium sized entities, the Township has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, at least in part, on its reliance on its external auditors, who cannot by definition be considered a part of the Township's internal controls.
- Cause: This condition was caused by the Township's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.
- Effect: As a result of this condition, the Township lacks complete internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, at least in part, on its external auditors for assistance with this task.

View of Responsible

Officials: The Township Board has evaluated the cost versus benefit of establishing internal controls over the recording, processing, summarizing accounting data and preparing financial statements, and determined that it is in the best interest of the Township to outsource this task to its external auditors and to carefully review, approve, and accept responsibility for all nonattest work performed by the external auditors.

We did not audit the Township's response to the internal control finding described above and, accordingly, we express no opinion on it.

Restriction on Use

This information is intended solely for the use of the Township Board of Trustees and management of the Township and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Labridge a Company

Gabridge & Company, PLC Grand Rapids, MI