



**TOWNSHIP OF VEVAY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2025**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
<hr/>	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Governmental Funds	
Balance Sheet	16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balance	18
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities	19
Fiduciary Fund	
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Position	21
Notes to the Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION	
<hr/>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	39
Schedule of Changes in Net Pension Liability and Related Ratios	40
Schedule of Contributions	41
OTHER SUPPLEMENTARY INFORMATION	
<hr/>	
Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds	43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	44

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Township of Vevay
Mason, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, the discretely presented component unit, and the aggregate remaining fund information of the Township of Vevay (the "Township"), as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, the discretely presented component unit, and the aggregate remaining fund information of the Township, as of March 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the required pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in dark ink that reads "Gabridge & Company". The signature is written in a cursive, flowing style.

Gabridge & Company, PLC
Grand Rapids, Michigan
August 19, 2025

Management's Discussion and Analysis

Township of Vevay
Management's Discussion and Analysis
March 31, 2025

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, 2025. 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 \$1,759,638 (net position). Of this amount, \$1,023,735 represents unrestricted net position.
- During the year, the Township received \$1,101,969 in revenues and incurred \$709,588 in expenses, resulting in an increase in net position of \$392,381.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$1,114,501 an increase of \$180,357 in comparison with the previous year. A portion of this amount, \$783,759, 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 \$783,756, or approximately 90.8% 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 six 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 \$1,759,638 at the close of the most recent fiscal year.

ASSETS	2025	2024
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 1,095,441	\$ 945,528
Taxes Receivable	7,523	9,055
Accounts Receivable	20,276	12,275
Due from State	29,747	28,711
Prepaid Items	7,979	7,892
Other Current Assets	-	-
<i>Total Current Assets</i>	1,160,966	1,003,461
<i>Noncurrent Assets</i>		
Capital Assets not Being Depreciated	204,059	32,509
Capital Assets Being Depreciated	435,607	421,462
Net Pension Asset	91,819	-
<i>Total Assets</i>	1,892,451	1,457,432
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferrals	16,902	182,817
<i>Total Deferred Outflows of Resources</i>	16,902	182,817
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	10,919	16,617
Accrued Liabilities	1,254	900
Security Deposits	2,000	1,800
Unearned Revenue	32,292	50,000
Current Portion of Long-term Debt	10,325	10,325
<i>Total Current Liabilities</i>	56,790	79,642
<i>Noncurrent Liabilities</i>		
Net Pension Liability	-	90,100
Long-term Debt	92,925	103,250
<i>Total Liabilities</i>	149,715	272,992
NET POSITION		
Investment in Capital Assets	639,666	340,396
Restricted	96,237	4,912
<i>Unrestricted</i>	1,023,735	1,021,949
<i>Total Net Position</i>	\$ 1,759,638	\$ 1,367,257

A portion of the Township's net position \$639,666 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, \$96,237, is restricted and may not be used other than by its restricted purpose. The remaining amount of \$1,023,735 is reported as unrestricted net position and is available to pay vendors, employees, and creditors.

Cash increased by \$149,913 over the previous year largely following the increase in governmental fund balance.

Capital assets increased by \$185,695 due to the net effect of capital asset acquisitions being in excess of current year depreciation expense.

Acquisitions were funded in large part by DNR and County grants. This allowed for recognition of revenue of DNR grant revenues which is the reason for the \$17,708 net reduction to Unearned revenues.

Due to continued surplus funding of pension obligations, the Township is now reporting a net pension asset of \$91,819, instead of a \$90,100 liability reported in the previous year. A \$150,000 pension payment during the previous year was recognizable in the current year; this was the prime contributing factor for the decrease in pension related deferred outflows of resources of \$165,915 and the previously mentioned change from a net pension liability to an asset.

Governmental Activities. Governmental activities increased the Township's net position by \$392,381 when compared to the previous year.

Revenues	2025	2024
Program Revenues		
Charges for Services	\$ 74,917	\$ 87,561
Operating Grants and Contributions	84,169	267,760
Capital Grants and Contributions	241,733	225,729
<i>Total Program Revenues</i>	400,819	581,050
General Revenues		
Taxes	282,923	263,432
Intergovernmental	385,971	389,471
Interest Income	32,256	29,025
<i>Total General Revenues</i>	701,150	681,928
<i>Total Revenues</i>	1,101,969	1,262,978
Expenses		
General Government	445,313	309,951
Public Works	90,853	168,622
Community and Economic Development	8,785	17,441
Public Safety	125,319	125,380
Recreation and Culture	39,318	62,051
<i>Total Expenses</i>	709,588	683,445
<i>Change in Net Position</i>	392,381	579,533
Net Position at the Beginning of Period	1,367,257	787,724
<i>Net Position at the End of Period</i>	\$ 1,759,638	\$ 1,367,257

Operating grants were \$183,591 less than in the previous year as there were ARPA funds earned in the previous year that were not earned in the current year. Capital grants and contributions increased \$16,004 due to recognition of grants from the County and the DNR.

General government expenses were \$135,362 more than in the previous year due mostly to the prior year pension activity causing a significant reduction to expenses from an approximate \$200,000 change in actuarial assumptions that was recognized entirely in the previous year; whereas, there was no significant change from the current year's valuation results.

Public works and recreation and culture expenses were \$77,769 and \$22,733, respectively, less than in the previous year. Noncapital roads and parks projects were funded with ARPA dollars. Those projects were completed in the previous year.

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.

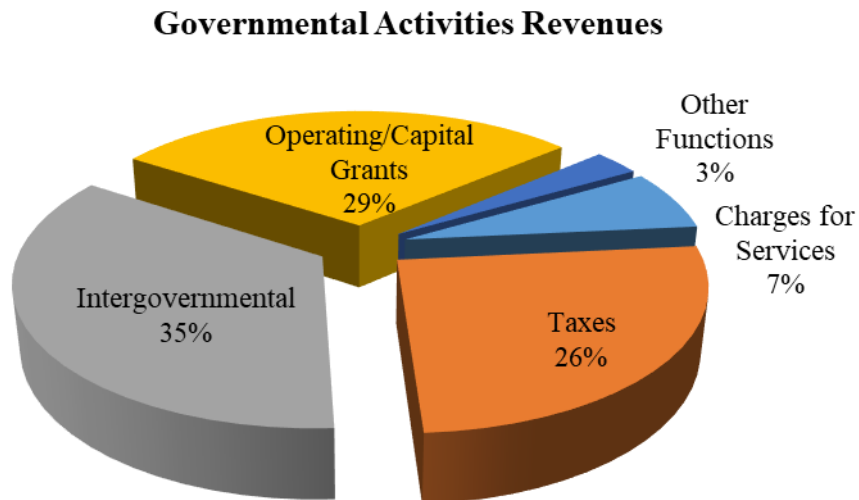
At March 31, 2025, the Township's governmental funds reported combined fund balances of \$1,114,504, an increase of \$180,357 over the prior year. A portion of this amount \$783,759 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is: 1) restricted for particular purposes (\$4,418) , 2) not in a spendable form (\$7,979) or 3) committed for particular purposes (\$318,348).

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 \$783,759. 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 90.7% percent of total general fund expenditures.

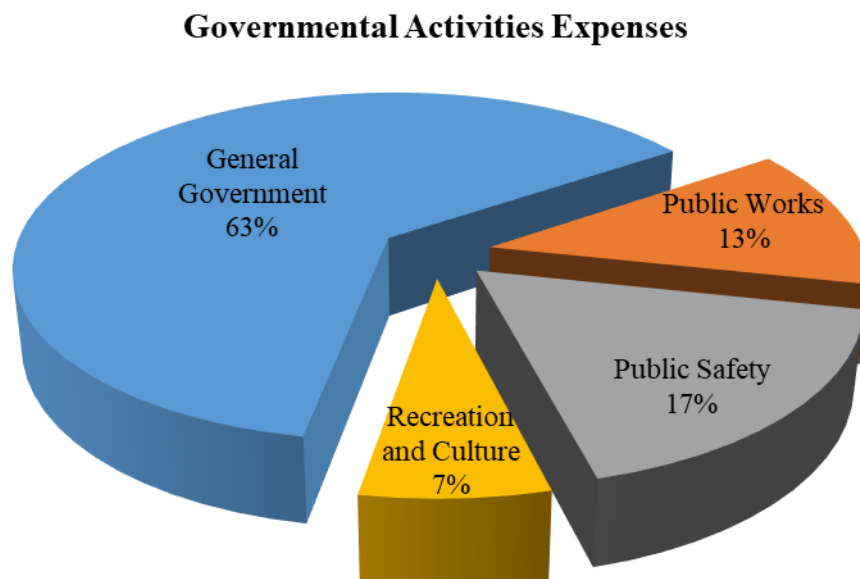
The fund balance of the Township's general fund increased by \$181,201 during the current fiscal year.

Governmental Activities

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



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



General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were no significant budget amendments.

Final budget compared to actual results. During the current fiscal year, the Township had no 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, 2025, amounts to \$639,666 (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, 2025, is \$10,325 while the remaining balance of the long-term debt is \$92,925.

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 2026, 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:

Township of Vevay / 780 Eden Road / Mason, MI 48854

Basic Financial Statements

Township of Vevay
Statement of Net Position
March 31, 2025

	Primary Government		
	Governmental Activities	Total	Component Unit - DDA
ASSETS			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 1,095,441	\$ 1,095,441	\$ 403,663
Taxes Receivable	7,523	7,523	--
Accounts Receivable	20,276	20,276	--
Due from State	29,747	29,747	--
Prepaid Items	7,979	7,979	--
Total Current Assets	1,160,966	1,160,966	403,663
<i>Noncurrent Assets</i>			
Capital Assets not Being Depreciated	204,059	204,059	--
Capital Assets Being Depreciated	435,607	435,607	--
Net Pension Asset	91,819	91,819	--
Total Assets	1,892,451	1,892,451	403,663
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	16,902	16,902	--
Total Deferred Outflows of Resources	16,902	16,902	--
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	10,919	10,919	278
Accrued Liabilities	1,254	1,254	--
Security Deposits	2,000	2,000	--
Unearned Revenue	32,292	32,292	--
Current Portion of Long-term Debt	10,325	10,325	--
Total Current Liabilities	56,790	56,790	278
<i>Noncurrent Liabilities</i>			
Long-term Debt	92,925	92,925	--
Total Liabilities	149,715	149,715	278
NET POSITION			
Investment in Capital Assets	639,666	639,666	--
<i>Restricted for:</i>			
Pension	91,819	91,819	--
Public Works	4,418	4,418	--
<i>Unrestricted</i>	1,023,735	1,023,735	403,385
Total Net Position	\$ 1,759,638	\$ 1,759,638	\$ 403,385

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Vevay
Statement of Activities
For the Year Ended March 31, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	Component Unit - DDA
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government						
Governmental Activities:						
Public Works	\$ 90,853	\$ 13,140	\$ 11,963	\$ --	\$ (65,750)	\$ --
Public Safety	125,319	38,332	41,245	--	(45,742)	--
Community and Economic Development	8,785	300	--	--	(8,485)	--
General Government	445,313	23,145	30,961	--	(391,207)	--
Recreation and Culture	39,318	--	--	241,733	202,415	--
Total Governmental Activities	709,588	74,917	84,169	241,733	(308,769)	--
Component Units						
DDA	\$ 105,075	\$ --	\$ --	\$ --	--	(105,075)
Total Component Units	\$ 105,075	\$ --	\$ --	\$ --	--	(105,075)
General Purpose Revenues:						
Unrestricted state sources					385,971	--
Taxes					282,923	49,910
Interest Income					32,256	16,982
Total General Revenues					701,150	66,892
Change in Net Position					392,381	(38,183)
<i>Net Position at Beginning of Period</i>					1,367,257	441,568
Net Position at End of Period					\$ 1,759,638	\$ 403,385

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Vevay
Balance Sheet
Governmental Funds
March 31, 2025**

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,090,791	\$ 4,650	\$ 1,095,441
Taxes Receivable	6,923	600	7,523
Accounts Receivable	20,276	--	20,276
Due from State	29,747	--	29,747
Prepaid Items	7,979	--	7,979
<i>Total Assets</i>	<u>\$ 1,155,716</u>	<u>\$ 5,250</u>	<u>\$ 1,160,966</u>
LIABILITIES			
Accounts Payable	\$ 9,737	\$ 1,182	\$ 10,919
Accrued Liabilities	1,254	--	1,254
Security Deposits	2,000	--	2,000
Unearned Revenue	32,292	--	32,292
<i>Total Liabilities</i>	<u>45,283</u>	<u>1,182</u>	<u>46,465</u>
FUND BALANCE			
Nonspendable	7,979	--	7,979
Restricted	--	4,418	4,418
Committed	318,348	--	318,348
Unassigned	784,106	(350)	783,756
<i>Total Fund Balance</i>	<u>1,110,433</u>	<u>4,068</u>	<u>1,114,501</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 1,155,716</u>	<u>\$ 5,250</u>	<u>\$ 1,160,966</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Vevay
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
March 31, 2025

Total Fund Balance - Governmental Funds	\$ 1,114,501
General government capital assets of \$1,066,734, net of accumulated depreciation of \$427,068, are not financial resources and accordingly are not reported in the funds.	639,666
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.	182,817
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.	(74,096)
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.	(103,250)
Total Net Position - Governmental Activities	\$ <u>1,759,638</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Vevay
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended March 31, 2025

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 282,923	\$ --	\$ 282,923
Special Assessments	--	6,150	6,150
Licenses and Permits	29,809	--	29,809
Intergovernmental	614,436	--	614,436
Charges for Services	32,649	6,700	39,349
Franchise Fees	5,155	--	5,155
Interest and Rents	38,673	--	38,673
Other Revenue	41,245	--	41,245
Total Revenues	<u>1,044,890</u>	<u>12,850</u>	<u>1,057,740</u>
Expenditures			
General Government	428,484	--	428,484
Community and Economic Development	8,785	--	8,785
Public Safety	122,878	--	122,878
Public Works	77,159	13,694	90,853
Recreation and Culture	216,058	--	216,058
Debt Service - Principal Payment	10,325	--	10,325
Total Expenditures	<u>863,689</u>	<u>13,694</u>	<u>877,383</u>
Excess of Revenues Over (Under) Expenditures	<u>181,201</u>	<u>(844)</u>	<u>180,357</u>
Net Change in Fund Balance	<u>181,201</u>	<u>(844)</u>	<u>180,357</u>
<i>Fund Balance at Beginning of Period</i>	929,232	4,912	934,144
Fund Balance at End of Period	<u>\$ 1,110,433</u>	<u>\$ 4,068</u>	<u>\$ 1,114,501</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

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, 2025

Total Net Change in Fund Balances - Governmental Funds	\$ 180,357
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.	16,004
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 capital additions of \$226,378, inclusive of amount contributed by the DDA, net of depreciation expense of \$24,436 and the change loss on disposal of assets of \$16,247.	185,695
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	\$ <u>392,381</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Vevay
Statement of Fiduciary Net Position
Fiduciary Funds
March 31, 2025

	Tax Collection Fund
ASSETS	
Cash and Cash Equivalents	\$ 561
<i>Total Assets</i>	<u>561</u>
LIABILITIES	
Accounts Payable	21
Due to Other Governmental Units	540
<i>Total Liabilities</i>	<u>561</u>
NET POSITION	
<i>Total Net Position</i>	<u>\$ --</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Vevay
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended March 31, 2025

	Tax Collection Fund
ADDITIONS	
<i>Taxes collected for other governments</i>	\$ 7,117,511
<i>Total Additions</i>	<u>7,117,511</u>
DEDUCTIONS	
Disbursement of property taxes to other governments	<u>7,117,511</u>
<i>Total Deductions</i>	<u>7,117,511</u>
<i>Net Position at Beginning of Period</i>	--
<i>Net Position at End of Period</i>	<u><u>\$ --</u></u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

Township of Vevay

Notes to the Financial Statements

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 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.

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.

Township of Vevay

Notes to the Financial Statements

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, 2025, the Township levied 0.9896 mills for general governmental services. The total taxable value for the 2024 levy for property within the Township was \$168,247,173.

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 acquisition value at the date of donation.

Township of Vevay

Notes to the Financial Statements

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 and Improvements	10 - 40
Machinery and Equipment	3 - 15
Vehicles	5 - 10

Deferred Outflows/Inflows 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 a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide financial statements can report deferred outflows from the difference between projected and actual investments earnings of the pension plan, the difference between expected and actual experience on the pension plan, the difference between the changes in actuarial assumptions, as well as Township contributions made after the measurement date of the net pension liability.

In addition to liabilities, the statement of financial position will, when applicable, report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has one type of deferred inflow, which is reported on its government-wide financial statements, for the difference between projected and actual investment earnings of the pension plan.

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.

Township of Vevay

Notes to the Financial Statements

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.

Township of Vevay

Notes to the Financial Statements

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 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 and Accounting 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.

Township of Vevay

Notes to the Financial Statements

- 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. 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 in excess of the amounts budgeted during the year ended March 31, 2025.

Note 3 - Cash and Investments

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

	Primary Government	Component Unit	Fiduciary Funds	Total
Statement of Net Position				
Cash and Cash Equivalents	\$ 1,095,441	\$ 403,663	\$ 561	\$ 1,499,665
Deposits and Investments				
Checking and Savings Accounts	\$ 512,000	\$ 48,587	\$ 561	\$ 561,148
Certificates of Deposit	142,713	250,000	-	392,713
MIClass	440,528	105,076	-	545,604
Total	\$ 1,095,241	\$ 403,663	\$ 561	\$ 1,499,465

Township of Vevay

Notes to the Financial Statements

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, \$247,377 of the bank balance of \$854,678 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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.

<u>Agency</u>	<u>Rating</u>	<u>Amount</u>
Standard & Poor's	AAAm	\$ 545,604

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:

	<u>Certificates of Deposit</u>	<u>Cash Equivalents</u>
No Maturity	\$ -	\$ 545,604
Due Within 1 Year	282,472	-
Due in 1-5 Years	110,403	-
<i>Totals</i>	<u>\$ 392,875</u>	<u>\$ 545,604</u>

Fair Value Measurement

At year end, the Township's only investment consisted of a balance in the Michigan Cooperative Liquid Assets Securities System (MICLASS) totaling \$545,604. MICLASS is an external investment pool organized under Michigan law that operates similar to a money market fund. The Township's investment in MICLASS is measured at amortized cost, which approximates fair value.

Township of Vevay

Notes to the Financial Statements

As provided under GASB Statement No. 72, investments measured at amortized cost are not subject to the fair value hierarchy (Level 1, Level 2, or Level 3). Accordingly, the Township's investment in MICLASS is excluded from the fair value leveling disclosures.

Oversight of MICLASS is provided by a board of trustees comprised of representatives from participating governmental entities. The pool is not registered with the Securities and Exchange Commission, but it is subject to requirements of Michigan law and is rated AAAM by Standard & Poor's.

Note 4 - Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Balance at 3/31/2024	Additions	Disposals	Balance at 3/31/2025
Capital Assets not being Depreciated				
Land	\$ 32,509	\$ -	\$ -	\$ 32,509
Construction In Process	-	171,550	-	171,550
Total Capital Assets not being Depreciated	<u>32,509</u>	<u>171,550</u>	<u>-</u>	<u>204,059</u>
Capital Assets being Depreciated:				
Land Improvements	123,918	44,229	12,386	155,761
Buildings & Improvements	512,938	-	-	512,938
Machinery & Equipment	176,259	10,599	11,370	175,488
Vehicles	18,488	-	-	18,488
Total Capital Assets being Depreciated	<u>831,603</u>	<u>54,828</u>	<u>23,756</u>	<u>862,675</u>
Less Accumulated Depreciation:				
Land Improvements	25,448	4,845	1,445	28,848
Buildings & Improvements	252,623	10,394	-	263,017
Machinery & Equipment	113,582	9,197	6,064	116,715
Vehicles	18,488	-	-	18,488
Total Accumulated Depreciation	<u>410,141</u>	<u>24,436</u>	<u>7,509</u>	<u>427,068</u>
Total Capital Assets being Depreciated, Net	<u>421,462</u>	<u>30,392</u>	<u>(16,247)</u>	<u>435,607</u>
Net Capital Assets, Governmental	<u>\$ 453,971</u>	<u>\$ 201,942</u>	<u>\$ (16,247)</u>	<u>\$ 639,666</u>

Depreciation expense of \$16,586 was charged to the general government function of the Township, \$2,441 to public safety, and \$5,409 to recreation and culture.

Township of Vevay

Notes to the Financial Statements

Note 5 - Long-term Debt

Long-term debt activity for the year ended March 31, 2025 was as follows:

Governmental Activities:	Beginning of Year	Reductions	End of Year	Due Within One Year
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.	\$ 113,575	\$ 10,325	\$ 103,250	\$ 10,325

The annual requirements to maturity on the total long-term debt obligation outstanding at March 31, 2025 are as follows:

Year Ending March 31,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 10,325	\$ 4,311	\$ 14,636
2027	10,325	3,879	14,204
2028	10,325	3,448	13,773
2029	10,325	3,017	13,342
2030	10,325	2,586	12,911
2031-2035	51,625	6,465	58,090
Totals:	\$ 103,250	\$ 23,706	\$ 126,956

The Township has historically made, and will continue to make, the debt service payments from its general fund.

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 www.mersofmich.com.

Retirement benefits for employees are calculated as follows:

Township of Vevay

Notes to the Financial Statements

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

Employees Covered by Benefit Terms

At the December 31, 2024, 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	1
<i>Total employees covered by MERS</i>	<u>10</u>

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, 2025, the Township had the following contribution rates:

Division	Employee Contributions	Employer Contributions
General - Open	11.22%	\$ 4,256

Net Pension Liability (Asset)

The net pension liability (asset) reported at March 31, 2025 was determined using a measure of the total pension liability (asset) and the pension net position as of December 31, 2024. The December 31, 2024, total pension liability (asset) was determined by an actuarial valuation performed as of December 31, 2024.

Actuarial Assumptions

The total pension liability (asset) in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Township of Vevay

Notes to the Financial Statements

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	6.93%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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:

Asset Class	Target Allocation	Target Allocation of Gross Rate of Return	Long-term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.0%	6.9%	4.16%	2.5%	2.66%
Global fixed income	20.0%	4.4%	0.89%	2.5%	0.39%
Private Investments	20.0%	9.4%	1.89%	2.5%	1.39%
Totals	100.0%		6.94%		4.44%

Discount Rate

The discount rate used to measure the total pension liability (asset) is 7.18%. 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. 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 (asset).

Township of Vevay

Notes to the Financial Statements

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

Changes in Net Pension Liability	Increase (Decrease)		Net Pension Liability
	Total Pension Liability	Plan Net Position	
Balance at December 31, 2023	\$ 606,102	\$ 516,002	\$ 90,100
Service cost	8,997	-	8,997
Interest	42,068	-	42,068
Difference between expected and actual experience	(1,177)	-	(1,177)
Changes in assumptions	(1,807)	-	(1,807)
Contributions - Employer	-	180,550	(180,550)
Contributions - Employee	-	5,658	(5,658)
Net investment income	-	45,197	(45,197)
Benefit payments, including refunds	(49,391)	(49,391)	-
Administrative expenses	-	(1,405)	1,405
Net changes	(1,310)	180,609	(181,919)
Balance at December 31, 2024	\$ 604,792	\$ 696,611	\$ (91,819)

Sensitivity of the Net Pension Liability (asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Township, calculated using the discount rate of 7.18 percent, as well as what the Township's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.18 percent) or one percentage point higher (8.18 percent) than the current rate.

	Current		
	1% Decrease (6.18%)	Discount Rate (7.18%)	1% Increase (8.18%)
Net pension liability of the Township	<u>\$ (47,289)</u>	<u>\$ (91,819)</u>	<u>\$ (131,143)</u>

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

Notes to the Financial Statements

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

For the year ended March 31, 2025, the Township recognized pension expense of \$5,396.

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

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Excess (deficit) investment returns	\$ 15,357	\$ -
* Employer contributions to the plan subsequent to the measurement date	1,545	-
Total	\$ 16,902	\$ -

*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 (asset) for the year ending March 31, 2026.

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

Years Ending March 31	Amount
2026	\$ 7,482
2027	12,893
2028	(4,360)
2029	(658)

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.

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

Township of Vevay

Notes to the Financial Statements

which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The following schedule summarizes the components of fund balance as of year-end:

	General Fund	Nonmajor Funds	Total
Nonspendable:			
Prepaid Expenditures	\$ 7,979	\$ -	\$ 7,979
Restricted for:			
Eden Street Lighting Fund	-	1,772	1,772
Lone Oak Street Lighting Fund	-	1,622	1,622
Bullen Estates Street Lighting Fund	-	1,024	1,024
Total Restricted	-	4,418	4,418
Committed for:			
Building and Grounds	127,500	-	127,500
Vehicles	60,000	-	60,000
Roads	50,000	-	50,000
Recreation	55,000	-	55,000
Cemetery	25,848	-	25,848
Total Committed	318,348	-	318,348
Unassigned	784,106	(350)	783,756
Total Fund Balances	\$ 1,110,433	\$ 4,068	\$ 1,114,501

Note 9 - Subsequent Events

Management is not aware of any subsequent events that would have a significant impact on the financial condition of the Township.

Note 10 – Deficit Fund Balance

At March 31, 2025, the Mason Manor Street Lighting Fund reported a deficit fund balance of \$350. The deficit arose because current year expenditures exceeded available revenues. The Township intends to eliminate this deficit through future special assessments and transfers as necessary.

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, 2025

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Taxes	\$ 273,343	\$ 273,343	\$ 282,923	\$ 9,580
Licenses and Permits	23,625	23,625	29,809	6,184
State Revenue Sharing	659,333	659,333	614,436	(44,897)
Charges for Services	34,076	34,076	32,649	(1,427)
Franchise Fees	7,000	7,000	5,155	(1,845)
Interest and Rents	17,915	17,915	38,673	20,758
Other Revenue	33,902	33,902	41,245	7,343
Total Revenues	1,049,194	1,049,194	1,044,890	(4,304)
Expenditures				
General Government				
Legislative	52,727	54,027	37,015	17,012
Supervisor	37,852	37,852	37,841	11
Elections	36,001	39,001	24,096	14,905
Assessor	42,250	42,250	41,621	629
Clerk	82,030	83,030	78,556	4,474
Retirement	146,200	125,490	21,719	103,771
Accounting Services	9,600	10,450	9,226	1,224
Board of Review	2,575	2,575	1,675	900
Treasurer	61,240	61,240	60,869	371
Building and Grounds	24,926	35,086	25,138	9,948
Other General Government	128,396	130,196	90,728	39,468
Total General Government	623,797	621,197	428,484	192,713
Community and Economic Development				
Planning Commission	27,401	26,701	8,380	18,321
Zoning Board of Appeals	4,450	4,450	405	4,045
Total Community and Economic Development	31,851	31,151	8,785	22,366
Public Safety				
Building Inspection	20,805	20,805	12,246	8,559
Fire	113,050	113,050	110,632	2,418
Total Public Safety	133,855	133,855	122,878	10,977
Public Works				
Highways and Streets	125,000	125,000	50,147	74,853
Solid Waste	901	901	788	113
Drains at large	17,675	17,675	9,052	8,623
Cemetery	16,951	18,951	17,172	1,779
Total Public Works	160,527	162,527	77,159	85,368
Recreation and Culture				
Parks and Recreation	252,858	254,158	216,058	38,100
Debt Service - Principal Payment	10,325	10,325	10,325	--
Total Expenditures	1,213,213	1,213,213	863,689	349,524
Excess (Deficiency) of Revenues				
Over Expenditures	(164,019)	(164,019)	181,201	345,220
Net Change in Fund Balance	(164,019)	(164,019)	181,201	345,220
<i>Fund Balance at Beginning of Period</i>	<i>929,232</i>	<i>929,232</i>	<i>929,232</i>	<i>--</i>
Fund Balance at End of Period	\$ 765,213	\$ 765,213	\$ 1,110,433	\$ 345,220

Township of Vevay
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 8,997	\$ 8,550	\$ 7,592	\$ 10,889	\$ 14,871	\$ 19,039	\$ 19,237	\$ 20,587	\$ 18,279	\$ 18,896
Interest	42,068	50,810	51,930	52,038	50,228	50,855	49,970	48,944	48,130	45,400
Differences Between Expected & Actual Experience	(1,177)	(122,273)	(11,448)	28,074	(381)	(4,085)	614	8,084	1,443	7,048
Changes in Assumptions *	(1,807)	3,007	-	19,030	32,460	17,570	-	-	-	30,863
Benefit Payments, Including Refunds	(49,391)	(61,079)	(66,924)	(86,704)	(56,077)	(56,077)	(61,234)	(67,039)	(50,584)	(50,584)
Net Change in Pension Liability	(1,310)	(120,985)	(18,850)	23,327	41,101	27,302	8,587	10,576	17,268	51,623
<i>Total Pension Liability - Beginning</i>	606,102	727,087	745,937	722,610	681,509	654,207	645,620	635,044	617,776	566,153
Total Pension Liability - Ending (a)	\$ 604,792	\$ 606,102	\$ 727,087	\$ 745,937	\$ 722,610	\$ 681,509	\$ 654,207	\$ 645,620	\$ 635,044	\$ 617,776
Plan Fiduciary Net Position										
Contributions - Employer	\$ 180,550	\$ 82,627	\$ 81,055	\$ 63,725	\$ 31,551	\$ 46,448	\$ 23,092	\$ 44,066	\$ 22,905	\$ 48,774
Contributions - Member	5,658	5,431	6,646	8,918	15,915	15,977	16,535	17,238	16,397	16,489
Net Investment Income (Loss)	45,197	51,268	(51,438)	58,899	49,023	45,074	(13,933)	44,670	34,793	(4,861)
Benefit Payments, Including Refunds	(49,391)	(61,079)	(66,924)	(86,704)	(56,077)	(56,077)	(61,234)	(67,039)	(50,584)	(50,584)
Administrative Expenses	(1,405)	(1,093)	(913)	(673)	(774)	(776)	(709)	(708)	(687)	(687)
Net Change in Plan Fiduciary Net Position	180,609	77,154	(31,574)	44,165	39,638	50,646	(36,249)	38,227	22,824	9,131
<i>Plan Fiduciary Net Position - Beginning</i>	516,002	438,848	470,422	426,257	386,619	335,973	372,222	333,995	311,171	302,040
Plan Fiduciary Net Position - Ending (b)	\$ 696,611	\$ 516,002	\$ 438,848	\$ 470,422	\$ 426,257	\$ 386,619	\$ 335,973	\$ 372,222	\$ 333,995	\$ 311,171
Net Pension Liability - Ending (a) - (b)	\$ (91,819)	\$ 90,100	\$ 288,239	\$ 275,515	\$ 296,353	\$ 294,889	\$ 318,234	\$ 273,398	\$ 301,049	\$ 306,605
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	115.18%	85.13%	60.36%	63.06%	58.99%	56.73%	51.36%	57.65%	52.59%	50.37%
Covered Employee Payroll	\$ 50,430	\$ 48,417	\$ 46,460	\$ 71,309	\$ 109,509	\$ 142,398	\$ 144,641	\$ 153,632	\$ 136,514	\$ 144,572
Net Pension Liability as a Percentage of Covered Employee Payroll	-182.07%	186.09%	620.40%	386.37%	270.62%	207.09%	220.02%	177.96%	220.53%	212.08%

Notes to Schedule:

*The following were significant changes to economic and demographic assumptions:

2015 valuation - The investment rate of return assumption was reduced from 8.25% to 8.0%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.0-4.0% to 3.25% and the mortality assumption was updated to be based on the RP-2014 tables.

2019 valuation - The investment rate of return assumption was reduced from 8.00% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.

2020 valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.

2022 valuation - The investment rate of return assumption was reduced from 7.25% to 7.00%.

2023 valuation - The investment rate of return assumption was reduced from 7.00% to 6.93%.

Township of Vevay
Required Supplementary Information
Schedule of Contributions
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 21,400	\$ 39,420	\$ 38,808	\$ 34,356	\$ 14,630	\$ 17,168	\$ 24,288	\$ 36,608	\$ 35,096	\$ 34,667
Contributions in Relation to the Actuarially Determined Contribution	21,400	150,840	82,168	84,716	33,012	27,168	24,288	61,304	39,302	65,263
Contribution Deficiency (Excess)	\$ -	\$ (111,420)	\$ (43,360)	\$ (50,360)	\$ (18,382)	\$ (10,000)	\$ -	\$ (24,696)	\$ (4,206)	\$ -
Covered Employee Payroll	50,915	48,954	53,747	75,237	150,652	152,986	153,632	136,514	144,572	410,481
Contributions as a Percentage of Covered Employee Payroll	42.0%	308.1%	152.9%	112.6%	21.9%	17.8%	15.8%	44.9%	27.2%	16%

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 Percent
Asset valuation method	5-year smoothed
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	6.93%, net of investment expense, including inflation
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 and fully generational MP-2019

Combining and Individual Fund Statements and Schedules

**Township of Vevay
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2025**

	Special Revenue				
	Eden Street Lighting Fund	Lone Oak Street Lighting Fund	Bullen Estates Street Lighting Fund	Mason Manor Street Lighting Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,749	\$ 1,750	\$ 807	\$ 344	\$ 4,650
Taxes Receivable	200	--	400	--	600
<i>Total Assets</i>	\$ 1,949	\$ 1,750	\$ 1,207	\$ 344	\$ 5,250
LIABILITIES					
Accounts Payable	\$ 177	\$ 128	\$ 183	\$ 694	\$ 1,182
<i>Total Liabilities</i>	177	128	183	694	1,182
FUND BALANCE					
Restricted	1,772	1,622	1,024	--	4,418
Unassigned	--	--	--	(350)	(350)
<i>Total Fund Balance</i>	1,772	1,622	1,024	(350)	4,068
<i>Total Liabilities and Fund Balance</i>	\$ 1,949	\$ 1,750	\$ 1,207	\$ 344	\$ 5,250

Township of Vevay
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended March 31, 2025

	Special Revenue				
	Eden Street Lighting Fund	Lone Oak Street Lighting Fund	Bullen Estates Street Lighting Fund	Mason Manor Street Lighting Fund	Total Nonmajor Governmental Funds
Revenues					
Special Assessments	\$ 2,000	\$ 1,950	\$ 2,200	\$ --	\$ 6,150
Charges for Services	--	--	--	6,700	6,700
Total Revenues	<u>2,000</u>	<u>1,950</u>	<u>2,200</u>	<u>6,700</u>	<u>12,850</u>
Expenditures					
Public Works	1,215	1,548	2,210	8,721	13,694
Total Expenditures	<u>1,215</u>	<u>1,548</u>	<u>2,210</u>	<u>8,721</u>	<u>13,694</u>
Excess of Revenues Over (Under) Expenditures	785	402	(10)	(2,021)	(844)
Net Change in Fund Balance	<u>785</u>	<u>402</u>	<u>(10)</u>	<u>(2,021)</u>	<u>(844)</u>
<i>Fund Balance at Beginning of Period</i>	987	1,220	1,034	1,671	4,912
Fund Balance at End of Period	<u>\$ 1,772</u>	<u>\$ 1,622</u>	<u>\$ 1,024</u>	<u>\$ (350)</u>	<u>\$ 4,068</u>

August 19, 2025

To the Board of Trustees
Township of Vevay
Mason, Michigan

We have audited the financial statements of the governmental activities, the major fund, the discretely presented component unit, and the aggregate remaining fund information of the Township of Vevay (the "Township") for the year ended March 31, 2025. 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 April 22, 2025. 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 the application of existing policies was not changed during 2025. 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 August 19, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the 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, 2025, 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:

2025-1 - Preparation of Governmental Financial Statements (Repeat Finding)

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,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC
Grand Rapids, MI