
Charter Township of Vienna

**Financial Report
with Supplementary Information
December 31, 2024**

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Independent Auditor's Report

To the Members of the Township Board
Charter Township of Vienna

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Vienna (the "Township") as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Charter Township of Vienna's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Vienna as of December 31, 2024 and the respective changes in its financial position and, where applicable, its cash flows thereof 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 (GAAS). 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 12 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 GAAS 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.

To the Members of the Township Board
Charter Township of Vienna

In performing an audit in accordance with GAAS, 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 and required supplementary information, as identified 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, which 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 Charter Township of Vienna's basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

May 30, 2025

Our discussion and analysis of the Charter Township of Vienna's (Vienna Township or the "Township") financial performance provides an overview of the Township's financial activities for the year ended December 31, 2024. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2024:

- Property taxes, Vienna Township's largest revenue source, increased by \$91,490, or 6.1 percent.
- State-shared revenue, Vienna Township's second-largest revenue source, decreased by the State of Michigan by \$2,513 this year.
- Total net position related to Vienna Township's governmental activities increased by \$2,466,237. The unrestricted portion of net position increased by \$1,076,785, or 21.9 percent.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of Vienna Township as a whole and present a longer-term view of Vienna Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year and how much is available for future spending. Fund financial statements also report Vienna Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which Vienna Township acts solely as a trustee or agent for the benefit of those outside of the government.

Charter Township of Vienna

Management's Discussion and Analysis (Continued)

Government-wide Overall Financial Analysis

The following tables show, in a condensed format, the current year's net position and changes in net position, compared to the prior year:

The Township's Net Position

	Governmental Activities			
	2023	2024	Change	Percent Change
Assets				
Current and other assets	\$ 9,551,746	\$ 9,878,111	\$ 326,365	3.4
Capital assets	5,863,973	7,201,980	1,338,007	22.8
Total assets	15,415,719	17,080,091	1,664,372	10.8
Deferred Outflows of Resources	289,776	188,331	(101,445)	(35.0)
Liabilities				
Current liabilities	1,383,378	551,013	(832,365)	(60.2)
Noncurrent liabilities	834,456	753,682	(80,774)	(9.7)
Total liabilities	2,217,834	1,304,695	(913,139)	(41.2)
Deferred Inflows of Resources	2,579,666	2,589,495	9,829	0.4
Net Position				
Net investment in capital assets	5,863,973	7,201,980	1,338,007	22.8
Restricted	127,271	178,716	51,445	40.4
Unrestricted	4,916,751	5,993,536	1,076,785	21.9
Total net position	<u>\$ 10,907,995</u>	<u>\$ 13,374,232</u>	<u>\$ 2,466,237</u>	22.6

	Business-type Activities			
	2023	2024	Change	Percent Change
Assets				
Current and other assets	\$ 5,641,729	\$ 6,183,449	\$ 541,720	9.6
Capital assets	8,297,937	8,172,498	(125,439)	(1.5)
Total assets	13,939,666	14,355,947	416,281	3.0
Deferred Outflows of Resources	215,582	90,834	(124,748)	(57.9)
Liabilities				
Current liabilities	541,015	567,471	26,456	4.9
Noncurrent liabilities	592,135	441,577	(150,558)	(25.4)
Total liabilities	1,133,150	1,009,048	(124,102)	(11.0)
Deferred Inflows of Resources	84,342	29,008	(55,334)	(65.6)
Net Position				
Net investment in capital assets	8,297,937	8,172,498	(125,439)	(1.5)
Unrestricted	4,639,819	5,236,227	596,408	12.9
Total net position	<u>\$ 12,937,756</u>	<u>\$ 13,408,725</u>	<u>\$ 470,969</u>	3.6

Vienna Township's combined net position increased by 12.3 percent from a year ago, from \$23,845,751 to \$26,782,957.

Governmental Activities

As we look at the governmental activities, we can see that net position increased by 22.6 percent.

Charter Township of Vienna

Management's Discussion and Analysis (Continued)

Unrestricted net position, the part of net position that can be used to finance day-to-day operations, increased by \$1,076,785 for the governmental activities mainly due to the increase in cash and cash equivalents and investments.

Business-type Activities

As we look at business-type activities, we can see that net position increased by 3.6 percent. Current assets increased by \$541,720, and business-type activities capital assets decreased by \$125,439 from a year ago. This large decrease is due to depreciation expense on the business-type activities capital assets and lack of significant capital asset additions in the current year.

The Township's Changes in Net Position

	Governmental Activities			
	2023	2024	Change	Percent Change
Revenue				
Program revenue:				
Charges for services	\$ 1,143,400	\$ 1,399,187	\$ 255,787	22.4
Operating grants	467,664	975,975	508,311	108.7
Capital grants	93,806	939,973	846,167	902.0
General revenue:				
Property taxes	1,510,839	1,602,329	91,490	6.1
State-shared revenue	1,499,666	1,497,153	(2,513)	(0.2)
Investment earnings	235,148	294,930	59,782	25.4
Other revenue	217,068	202,415	(14,653)	(6.8)
Total revenue	5,167,591	6,911,962	1,744,371	33.8
Expenses				
General government	764,501	910,344	145,843	19.1
Public safety	1,680,664	1,988,726	308,062	18.3
Public works	1,089,809	740,043	(349,766)	(32.1)
Community and economic development	35,819	55,528	19,709	55.0
Recreation and culture	316,102	745,332	429,230	135.8
Debt service	6,378	5,752	(626)	(9.8)
Total expenses	3,893,273	4,445,725	552,452	14.2
Change in Net Position	1,274,318	2,466,237	1,191,919	93.5
Net Position - Beginning of year	9,633,677	10,907,995	1,274,318	13.2
Net Position - End of year	\$ 10,907,995	\$ 13,374,232	\$ 2,466,237	22.6

Charter Township of Vienna

Management's Discussion and Analysis (Continued)

	Business-type Activities			
	2023	2024	Change	Percent Change
Revenue				
Program revenue:				
Operating revenue	\$ 3,111,996	\$ 3,149,004	\$ 37,008	1.2
Operating grants	-	9,752	9,752	-
Capital contributions	163,258	111,259	(51,999)	(31.9)
Interest income	191,160	205,862	14,702	7.7
Total revenue	3,466,414	3,475,877	9,463	0.3
Expenses	2,868,090	3,004,908	136,818	4.8
Change in Net Position	598,324	470,969	(127,355)	(21.3)
Net Position - Beginning of year	12,339,432	12,937,756	598,324	4.8
Net Position - End of year	<u><u>\$ 12,937,756</u></u>	<u><u>\$ 13,408,725</u></u>	<u><u>\$ 470,969</u></u>	3.6

Governmental Activities

Vienna Township's total governmental revenue increased by \$1,744,371 primarily as a result of the increase in operating grants and interest income.

Expenses increased by \$552,452 during the year. The largest increase was reported in general government. The increase is primarily due to increased capital outlay and pension contributions.

Business-type Activities

The Township's business-type activities consist of the Water and Sewer funds. We provide water to residents from the Genesee County Water System. We provide sewage treatment through a sewage treatment plant operated by Genesee County Water and Waste. Sewer and water operating expenses increased in 2024 by \$136,818 primarily due to increases in consumption, and operating revenue increased by \$9,463. The changes in revenue from sewer and water generally mirror the changes in expenses due to consumption; however, revenue increased at a slower rate during the year due to a reduction in tap in fees.

General Fund Budgetary Highlights

Over the course of the year, Vienna Township amended the budget to take into account events during the year. There were no significant budget amendments to note in the current year.

Capital Assets and Debt Administration

At the end of 2024, the Township had \$15,374,478 invested in a broad range of capital assets, including buildings, machinery, equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within Vienna Township.

Economic Factors and Next Year's Budgets and Rates

Low home construction levels in 2024 were a continuation from 2023. This lack of growth will be reflected in a flat level in state equalized value, tax revenue, sewer and water tap-ins, and building fee revenue.

Contacting Vienna Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Office of the Supervisor, 3400 W. Vienna Road, Vienna Township, Clio, MI 48420.

Charter Township of Vienna

Statement of Net Position

December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Business Development Authority
Assets				
Cash and cash equivalents (Note 3)	\$ 4,177,010	\$ 2,032,744	\$ 6,209,754	\$ 1,862,196
Investments (Note 3)	2,894,159	2,873,607	5,767,766	-
Receivables - Net of allowance	2,770,011	1,275,970	4,045,981	633,708
Prepaid expenses	36,931	1,128	38,059	5,720
Due from custodial fund	-	-	-	307,200
Capital assets: (Note 4)				
Assets not subject to depreciation	545,852	55,200	601,052	20,000
Assets subject to depreciation - Net	6,656,128	8,117,298	14,773,426	1,283,616
Total assets	17,080,091	14,355,947	31,436,038	4,112,440
Deferred Outflows of Resources				
Deferred pension costs (Note 7)	177,838	83,502	261,340	-
Deferred OPEB costs (Note 8)	10,493	7,332	17,825	-
Total deferred outflows of resources	188,331	90,834	279,165	-
Liabilities				
Accounts payable	219,121	26,503	245,624	17,087
Due to other governmental units	92,503	540,968	633,471	-
Deposits	9,365	-	9,365	-
Unearned revenue	160,200	-	160,200	-
Due to custodial fund (Note 5)	69,824	-	69,824	-
Noncurrent liabilities:				
Due within one year - Compensated absences	20,852	-	20,852	-
Due in more than one year:				
Net pension liability (Note 7)	303,440	142,476	445,916	-
Net OPEB obligation (Note 8)	429,390	299,101	728,491	-
Total liabilities	1,304,695	1,009,048	2,313,743	17,087
Deferred Inflows of Resources				
Property taxes levied for the following year	1,786,259	-	1,786,259	633,708
Special assessments levied for the following year	761,920	-	761,920	-
Deferred OPEB cost reductions (Note 8)	41,316	29,008	70,324	-
Total deferred inflows of resources	2,589,495	29,008	2,618,503	633,708
Net Position				
Net investment in capital assets	7,201,980	8,172,498	15,374,478	1,303,616
Restricted:				
Rubbish	147,064	-	147,064	-
Public access programming	31,652	-	31,652	-
Unrestricted	5,993,536	5,236,227	11,229,763	2,158,029
Total net position	<u>\$ 13,374,232</u>	<u>\$ 13,408,725</u>	<u>\$ 26,782,957</u>	<u>\$ 3,461,645</u>

Charter Township of Vienna

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 910,344	\$ 397,920	\$ 237,470	\$ 939,973
Public safety	1,988,726	216,368	147,500	-
Public works	740,043	763,291	-	-
Community and economic development	55,528	-	292,545	-
Recreation and culture	745,332	21,608	298,460	-
Interest on long-term debt	5,752	-	-	-
Total governmental activities	4,445,725	1,399,187	975,975	939,973
Business-type activities:				
Sewer Fund	1,455,472	1,687,146	5,354	79,259
Water Fund	1,549,436	1,461,858	4,398	32,000
Total business-type activities	3,004,908	3,149,004	9,752	111,259
Total primary government	<u>\$ 7,450,633</u>	<u>\$ 4,548,191</u>	<u>\$ 985,727</u>	<u>\$ 1,051,232</u>
Component units - Business Development Authority	<u>\$ 1,176,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,100</u>
General revenue:				
Property taxes				
State-shared revenue:				
State-shared revenue				
Local community stabilization authority				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended December 31, 2024

Net Revenue (Expense) and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Business Development Authority
\$ 665,019	\$ -	\$ 665,019	\$ -
(1,624,858)	-	(1,624,858)	-
23,248	-	23,248	-
237,017	-	237,017	-
(425,264)	-	(425,264)	-
(5,752)	-	(5,752)	-
(1,130,590)	-	(1,130,590)	-
-	316,287	316,287	-
-	(51,180)	(51,180)	-
-	265,107	265,107	-
(1,130,590)	265,107	(865,483)	-
-	-	-	(1,173,578)
1,602,329	-	1,602,329	952,211
1,482,058	-	1,482,058	-
15,095	-	15,095	-
294,930	-	294,930	85,118
171,975	-	171,975	-
30,440	205,862	236,302	-
3,596,827	205,862	3,802,689	1,037,329
2,466,237	470,969	2,937,206	(136,249)
10,907,995	12,937,756	23,845,751	3,597,894
\$ 13,374,232	\$ 13,408,725	\$ 26,782,957	\$ 3,461,645

Charter Township of Vienna

Governmental Funds Balance Sheet

December 31, 2024

	General Fund	Sanitation Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 3)	\$ 3,800,380	\$ 176,387	\$ 89,159	\$ 111,084	\$ 4,177,010
Investments (Note 3)	2,723,504	35,185	135,470	-	2,894,159
Receivables - Net of allowance:					
Property taxes receivable	1,636,209	-	-	-	1,636,209
Special assessments receivable	-	697,547	-	-	697,547
Other receivables	164,079	-	-	-	164,079
Due from other governments	255,813	-	-	16,363	272,176
Prepaid expenses	36,811	16	-	104	36,931
Total assets	\$ 8,616,796	\$ 909,135	\$ 224,629	\$ 127,551	\$ 9,878,111
Liabilities					
Accounts payable	\$ 214,397	\$ 135	\$ -	\$ 4,589	\$ 219,121
Due to other governmental units	92,503	-	-	-	92,503
Deposits	9,365	-	-	-	9,365
Unearned revenue	160,200	-	-	-	160,200
Due to custodial fund (Note 5)	69,824	-	-	-	69,824
Total liabilities	546,289	135	-	4,589	551,013
Deferred Inflows of Resources					
Property taxes levied for the following year	1,786,259	-	-	-	1,786,259
Special assessments levied for the following year	-	761,920	-	-	761,920
Total deferred inflows of resources	1,786,259	761,920	-	-	2,548,179
Fund Balances					
Nonspendable - Prepaids	36,811	16	-	104	36,931
Restricted:					
Rubbish	-	147,064	-	-	147,064
Public access programming	31,652	-	-	-	31,652
Assigned:					
Capital projects	-	-	224,629	-	224,629
Senior citizens	-	-	-	122,858	122,858
Unassigned	6,215,785	-	-	-	6,215,785
Total fund balances	6,284,248	147,080	224,629	122,962	6,778,919
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,616,796	\$ 909,135	\$ 224,629	\$ 127,551	\$ 9,878,111

Charter Township of Vienna

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2024

Fund Balances Reported in Governmental Funds	\$ 6,778,919
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	17,236,133
Accumulated depreciation	<u>(10,034,153)</u>
Net capital assets used in governmental activities	7,201,980
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(753,682)
Deferred inflows related to pensions and OPEB are not recorded in the funds	(41,316)
Deferred outflows related to pensions and OPEB are not recorded in the funds	<u>188,331</u>
Net Position of Governmental Activities	<u>\$ 13,374,232</u>

Charter Township of Vienna

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2024

	General Fund	Sanitation Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 1,601,157	\$ -	\$ -	\$ -	\$ 1,601,157
Special assessments	-	760,990	-	-	760,990
Intergovernmental:					
Federal grants	530,015	-	608,973	66,443	1,205,431
State sources	1,497,153	-	-	-	1,497,153
County grants	-	-	-	232,017	232,017
Charges for services	456,784	-	-	-	456,784
Licenses and permits	389,943	-	-	-	389,943
Interest	269,208	14,028	12,770	24,332	320,338
Other revenue	130,426	2,301	-	-	132,727
Total revenue	4,874,686	777,319	621,743	322,792	6,596,540
Expenditures					
Current services:					
General government:					
Township board	227,984	-	-	-	227,984
Supervisor	113,249	-	-	-	113,249
Treasurer	113,632	-	-	-	113,632
Assessing	101,107	-	-	-	101,107
Clerk	137,205	-	-	-	137,205
Township hall and grounds	120,639	-	686,003	-	806,642
Elections	111,631	-	-	-	111,631
Cemetery	505	-	-	-	505
Public safety:					
Police	1,327,042	-	-	-	1,327,042
Fire	427,907	-	-	-	427,907
Building inspections and related	211,554	-	-	-	211,554
Public works:					
Stormwater drainage	202,356	-	-	-	202,356
Sanitation	-	726,486	-	-	726,486
Streets	197,495	-	-	-	197,495
Street lighting	34,771	-	-	-	34,771
Other public works activities	27,101	-	-	-	27,101
Community and economic development	28,361	-	-	27,167	55,528
Recreation and culture:					
Library	40,059	-	-	-	40,059
Parks and recreation	400,166	-	-	-	400,166
Senior citizens	-	-	-	258,848	258,848
Debt service	-	-	-	5,752	5,752
Total expenditures	3,822,764	726,486	686,003	291,767	5,527,020
Net Change in Fund Balances	1,051,922	50,833	(64,260)	31,025	1,069,520
Fund Balances - Beginning of year, as previously reported	5,232,326	96,247	-	380,826	5,709,399
Change within Financial Reporting Entity (Note 1)	-	-	288,889	(288,889)	-
Fund Balances - Beginning of year, as adjusted	5,232,326	96,247	288,889	91,937	5,709,399
Fund Balances - End of year	\$ 6,284,248	\$ 147,080	\$ 224,629	\$ 122,962	\$ 6,778,919

Charter Township of Vienna

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended December 31, 2024

Net Change in Fund Balances Reported in Governmental Funds	\$ 1,069,520
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,628,777
Depreciation expense	(621,770)
Capital contributions	331,000
Increases in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	(4,327)
The change in the net pension liability is recorded when incurred in the statement of activities	130,171
The change in the net other postemployment benefit obligations is not reported as fund liabilities	(45,070)
Change in deferred inflows related to pensions and OPEB	79,381
Change in deferred outflows related to pensions and OPEB	(101,445)
Change in Net Position of Governmental Activities	<u>\$ 2,466,237</u>

Charter Township of Vienna

Proprietary Funds Statement of Net Position

December 31, 2024

	Enterprise Funds		
	Sewer Fund	Water Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 794,047	\$ 1,238,697	\$ 2,032,744
Investments (Note 3)	1,850,884	1,022,723	2,873,607
Receivables - Net of allowance:			
Unbilled utility charges	684,910	-	684,910
Other receivables	258,646	43,200	301,846
Delinquent fees	289,214	-	289,214
Due from other funds (Note 5)	-	278,657	278,657
Prepaid expenses	1,060	68	1,128
Total current assets	3,878,761	2,583,345	6,462,106
Noncurrent assets - Capital assets: (Note 4)			
Assets not subject to depreciation	55,200	-	55,200
Assets subject to depreciation - Net	6,070,564	2,046,734	8,117,298
Total noncurrent assets	6,125,764	2,046,734	8,172,498
Total assets	10,004,525	4,630,079	14,634,604
Deferred Outflows of Resources			
Deferred pension costs (Note 7)	50,095	33,407	83,502
Deferred OPEB costs (Note 8)	4,666	2,666	7,332
Total deferred outflows of resources	54,761	36,073	90,834
Liabilities			
Current liabilities:			
Accounts payable	1,645	24,858	26,503
Due to other governmental units	262,310	278,658	540,968
Due to other funds (Note 5)	278,657	-	278,657
Total current liabilities	542,612	303,516	846,128
Noncurrent liabilities:			
Net pension liability (Note 7)	85,472	57,004	142,476
Net OPEB obligation (Note 8)	182,202	116,899	299,101
Total noncurrent liabilities	267,674	173,903	441,577
Total liabilities	810,286	477,419	1,287,705
Deferred Inflows of Resources - Deferred OPEB cost reductions (Note 8)	19,945	9,063	29,008
Net Position			
Net investment in capital assets	6,125,764	2,046,734	8,172,498
Unrestricted	3,103,291	2,132,936	5,236,227
Total net position	<u>\$ 9,229,055</u>	<u>\$ 4,179,670</u>	<u>\$ 13,408,725</u>

Charter Township of Vienna

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2024

	Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenue			
Sale of water	\$ -	\$ 1,461,858	\$ 1,461,858
Sewage disposal charges	1,617,353	-	1,617,353
Interest and penalty charges	66,675	-	66,675
Miscellaneous	3,118	-	3,118
Total operating revenue	1,687,146	1,461,858	3,149,004
Operating Expenses			
Cost of water	-	1,365,618	1,365,618
Cost of sewage treatment	1,147,821	-	1,147,821
Insurance	-	346	346
Salaries, wages, and fringes	124,285	88,814	213,099
Professional services	1,950	1,950	3,900
Computer billing charge	6,096	7,238	13,334
Office supplies and postage	12,326	547	12,873
Miscellaneous	-	11,795	11,795
Maintenance and repair	46,427	-	46,427
Depreciation	109,021	73,128	182,149
Total operating expenses	1,447,926	1,549,436	2,997,362
Operating Income (Loss)	239,220	(87,578)	151,642
Nonoperating (Expense) Revenue			
Interest expense	(7,546)	-	(7,546)
Operating grants	5,354	4,398	9,752
Interest income	117,708	88,154	205,862
Total nonoperating revenue	115,516	92,552	208,068
Income - Before capital contributions	354,736	4,974	359,710
Capital Contributions	79,259	32,000	111,259
Change in Net Position	433,995	36,974	470,969
Net Position - Beginning of year	8,795,060	4,142,696	12,937,756
Net Position - End of year	\$ 9,229,055	\$ 4,179,670	\$ 13,408,725

Charter Township of Vienna

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2024

	Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,660,698	\$ 1,445,733	\$ 3,106,431
Receipts from interfund services and reimbursements	(41,403)	(24,171)	(65,574)
Payments to suppliers	(1,224,335)	(1,339,530)	(2,563,865)
Payments to employees and fringes	(181,331)	(124,707)	(306,038)
Other (payments) receipts	(8,391)	1,678	(6,713)
Net cash and cash equivalents provided by (used in) operating activities	205,238	(40,997)	164,241
Cash Flows Provided by Noncapital Financing Activities - Other operating grants	5,354	4,398	9,752
Cash Flows from Capital and Related Financing Activities			
Capital contributions	79,259	32,000	111,259
Purchase of capital assets	(56,710)	-	(56,710)
Property liability insurance	(7,546)	-	(7,546)
Net cash and cash equivalents provided by capital and related financing activities	15,003	32,000	47,003
Cash Flows Used in Investing Activities - Purchase of investment securities	(270,140)	(257,313)	(527,453)
Net Decrease in Cash and Cash Equivalents	(44,545)	(261,912)	(306,457)
Cash and Cash Equivalents - Beginning of year	838,592	1,500,609	2,339,201
Cash and Cash Equivalents - End of year	<u>\$ 794,047</u>	<u>\$ 1,238,697</u>	<u>\$ 2,032,744</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ 239,220	\$ (87,578)	\$ 151,642
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation	109,021	73,128	182,149
Changes in assets and liabilities:			
Receivables	(34,839)	(14,447)	(49,286)
Due to and from other funds	(41,403)	(24,171)	(65,574)
Prepaid and other assets	-	(2)	(2)
Net pension or OPEB asset	(57,046)	(24,098)	(81,144)
Accounts payable	(9,715)	36,171	26,456
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 205,238</u>	<u>\$ (40,997)</u>	<u>\$ 164,241</u>

Charter Township of Vienna

Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2024

	Retiree Health Care Benefit Trust Fund	Custodial Fund - Property Tax Collection Fund
Assets		
Cash and cash equivalents	\$ 210,171	\$ 4,067,242
Investments:		
Investment pools	703,687	-
MERS equity investments	181,582	-
Receivables - Property taxes	-	6,136,528
Due from other funds	-	69,824
Prepaid expenses	2,686	-
Total assets	1,098,126	10,273,594
Liabilities		
Due to other governmental units	-	4,067,242
Due to component unit	-	307,200
Total liabilities	-	4,374,442
Deferred Inflows of Resources - Property taxes levied for the following year	-	5,899,152
Total liabilities and deferred inflows of resources	-	10,273,594
Net Position - Restricted - Postemployment benefits other than pension	<u><u>\$ 1,098,126</u></u>	<u><u>\$ -</u></u>

Charter Township of Vienna

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2024

	Retiree Health Care Benefit Trust Fund	Custodial Fund - Property Tax Collection Fund
Additions		
Investment income:		
Interest and dividends	\$ 40,253	\$ -
Net change in fair value of investments	12,978	-
Net investment income	53,231	-
Contributions - Employer contributions	225,000	-
Property tax collections	-	18,022,408
Total additions	278,231	18,022,408
Deductions		
Benefit payments	76,641	-
Administrative expenses	4,774	-
Tax distributions to other governments	-	18,022,408
Total deductions	81,415	18,022,408
Net Increase in Fiduciary Net Position	196,816	-
Net Position - Beginning of year	901,310	-
Net Position - End of year	\$ 1,098,126	\$ -

December 31, 2024

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

The Charter Township of Vienna (the "Township") elected charter township status in August 1978. The Township provides the following services authorized by its charter: public safety (police, fire, and inspections), highways and streets, sanitation, public improvements, recreation, planning, and general administrative services.

The Township follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the Township:

Reporting Entity

The Township is governed by an elected seven-member board. The accompanying financial statements present the Township and its component unit, an entity for which the Township is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

Discretely Presented Component Unit

Business Development Authority (the "Authority")

The members of the governing board are appointed by the township supervisor and approved by the township board. The Authority's operational and capital budgets must be approved by the township board. The Authority was created on May 23, 1992 under Act 197, Public Act of Michigan, 1975, as amended. The Business Development Authority does not issue separate financial statements. However, detailed financial information can be obtained from the Authority's administrative office at the following address:

Business Development Authority of Vienna Township
P.O. Box 129
Clio, MI 48420

Fiduciary Component Unit

Retiree Health Care Benefits Trust

The Township's OPEB plan is governed by the Township's board. Although it is legally separate from the Township, it is reported as a fiduciary component unit because the Township administers the plan and the plan imposes a financial burden on the Township.

Jointly Governed Organization

The following organizations are not included in the Township's annual report as component units but rather are considered joint ventures. The organizations have the following characteristics:

Clio Area Library and Clio Area Fire Authority

- Financed by other communities besides the Charter Township of Vienna
- Serve several communities outside the Township
- The Township has no obligation to fund deficits of the library or guarantee its debt, nor is it responsible for approving the library's operating budget.

The Clio Area Library and Clio Area Fire Authority have June 30 and March 31 year ends, respectively. Audited financial statements of both organizations for the years ended June 30, 2022 and March 31, 2024 are available for public inspection at the Charter Township of Vienna.

December 31, 2024**Note 1 - Significant Accounting Policies (Continued)*****Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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 for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The Township reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Sanitation Fund is used to account for the customer charges that are to be used to pay contracted services for rubbish collection.
- The Capital Projects Fund is used to account for the funding and project costs of the capital projects of the Township.

December 31, 2024**Note 1 - Significant Accounting Policies (Continued)****Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township reports the following funds as major enterprise funds:

- The Water Fund and the Sewer Fund are separate funds maintained for the operations of the water distribution system and the sewage pumping and collection system that transfer sewage to Genesee County, Michigan's treatment plant.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The Retiree Health Care Benefit Trust Fund accounts for the accumulation of resources and payment of postretirement health care benefits to qualified employees.
- The Custodial Fund - Property Tax Collection Fund collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities).

Interfund Activity

During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Note 1 - Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, county grants, and miscellaneous revenue associated with the current fiscal period.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are reported at fair value or estimated fair value. The Township's investment policy is to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state statutes and local ordinances governing the investment of public funds.

Receivables and Payables

In general, outstanding balances between funds are reported as due to/from other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township 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.

Property, plant, and equipment are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Infrastructure	5 to 30
Water system	60
Sewer system	100
Drains	40
Machinery and equipment	5 to 20

December 31, 2024**Note 1 - Significant Accounting Policies (Continued)****Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

The Township reports deferred outflows of resources related to the defined benefit pension plan and OPEB plan, which are disclosed in more detail in Notes 7 and 8, respectively.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The Township reports deferred inflows in the governmental funds and in the government-wide statements related to property taxes and special assessments that have been collected by the Township prior to year end but are used to fund 2025 operations and deferred inflows in the government-wide statements related to the OPEB plan, which are disclosed in more detail in Note 8.

Net Position Flow Assumption

The Township will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The Township will sometimes 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 Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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.

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

- Nonspendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- Committed: Amounts that have been formally set aside by the Township to be used for specific purposes. Commitments are made and can be rescinded only via resolution of the honorable members of the township board.

December 31, 2024**Note 1 - Significant Accounting Policies (Continued)**

- Assigned: Intent to spend resources on specific purposes expressed by the governing body. Assignments must be authorized by resolution and approved by the governing body
- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

Property Tax Revenue

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on February 15 of the following year, at which time penalties and interest are assessed.

The Township's 2023 property tax revenue was levied and collectible on December 1, 2023 and is recognized as revenue in the year ended December 31, 2024 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2023 taxable valuation of the Township totaled \$430 million (a portion of which is abated and a portion of which is captured by the TIFA), on which taxes levied consisted of 4.04 mills for operating purposes. This resulted in approximately \$2,721,000, of which approximately \$952,000 was captured by the Authority. These amounts are recognized in the General Fund financial statements as tax revenue.

Pension

The Township offers a defined benefit pension plan to its employees hired before September 24, 2017 and a defined contribution plan for employees hired after September 24, 2017. The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose 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 Township's pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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. The General Fund, Water Fund, and Sewer Fund are used to liquidate the pension obligation.

Other Postemployment Benefit Costs

The Township offers retiree health care benefits to retirees hired before January 1, 2010. The Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The General Fund, Water Fund, and Sewer Fund are used to liquidate the OPEB liability.

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences

Employees' unused personal time is paid out in cash at the end of the year. It is the Township's policy to permit employees to accumulate earned but unused vacation pay benefits. Vacation pay is accrued when incurred in the government-wide financial statements. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer funds is charges to customers for sales and services. The Water and Sewer funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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.

Accounting Changes and Error Corrections

Changes to or within the Financial Reporting Entity

Change in Major Funds

The Capital Projects Fund was previously reported as a nonmajor fund but is now reported as a major fund for fiscal year 2024. The effects of this change in major funds are shown in the table at the end of this section.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, the changes noted above resulted in adjustments to and restatements of beginning fund balance as follows:

	December 31, 2023		December 31, 2023
	As Previously Reported	Change in Nonmajor and Major Funds	As Restated
Governmental funds:			
Major fund - Capital Projects Fund	\$ -	\$ 288,889	\$ 288,889
Nonmajor funds	380,826	(288,889)	91,937
Total governmental funds	\$ 380,826	\$ -	\$ 380,826

December 31, 2024**Note 1 - Significant Accounting Policies (Continued)*****Upcoming Accounting Pronouncements***

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2026.

Note 2 - Stewardship, Compliance, and Accountability***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, and object. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the object level. State law requires the Township to have its budget in place by January 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

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

- Prior to November 1, the supervisor submits to the township board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the General and special revenue funds. Informational summaries of projected revenue and expenditures are provided for all other township funds, as well as estimated total costs and proposed methods of financing all capital construction projects.
- Public hearings are conducted at the township hall to obtain taxpayer comments.
- Prior to January 1, the budget is legally enacted on a departmental (activity) basis through passage of a resolution in accordance with Public Act 621 of the State of Michigan.

December 31, 2024

Note 2 - Stewardship, Compliance, and Accountability (Continued)

- The supervisor is authorized to transfer budgeted amounts within departmental appropriation accounts; however, any revisions that alter the total expenditures of any department must be approved by the township board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds. The amount of encumbrances at year end is not known. Also, all budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- Budget appropriations lapse at year end except for approved contracts, which are appropriated on a contract (grant) length basis.

Construction Code Fees

The Township oversees building construction in accordance with the State's Construction Code Act, including inspection of building construction and renovation, to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at January 1, 2024	\$ (127,042)
Current year permit revenue	205,253
Related expenses - Estimated indirect costs	211,554
	<hr/>
Current year shortfall	(6,301)
	<hr/>
Cumulative shortfall at December 31, 2024	\$ (133,343)

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated four banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The Township's deposits and investment policies are in accordance with statutory authority deposits and investment policies are in accordance with statutory authority.

Note 3 - Deposits and Investments (Continued)

The Township's cash and investments are subject to two types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had bank deposits of \$9,773,884 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Component Unit

At year end, the Business Development Authority had bank deposits of \$360,892 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized.

Fair Value Measurements

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 or liability. Level 1 inputs are quoted prices in active markets for identical assets or liabilities, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy above.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented on the table below.

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment pools where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pools as a practical expedient.

The investments have no unfunded commitments or redemption rules. At December 31, 2024, the fair value of the investments is as follows:

Michigan CLASS investment pool	\$ 6,471,453
MERS ISP Total Market Portfolio	181,582
Total	<u>\$ 6,653,035</u>

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

December 31, 2024

Note 3 - Deposits and Investments (Continued)

The MERS ISP Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers of the MERS ISP Total Market Portfolio.

Note 4 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

Governmental Activities

	Balance January 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2024
Capital assets not being depreciated:					
Land	\$ 526,352	\$ -	\$ -	\$ -	\$ 526,352
Construction in progress	54,043	(54,043)	19,500	-	19,500
Subtotal	580,395	(54,043)	19,500	-	545,852
Capital assets being depreciated:					
Roads and sidewalks	6,304,084	54,043	852,128	-	7,210,255
Buildings and improvements	7,678,195	-	1,064,226	-	8,742,421
Furniture and equipment	731,359	-	23,923	(17,677)	737,605
Subtotal	14,713,638	54,043	1,940,277	(17,677)	16,690,281
Accumulated depreciation:					
Roads and sidewalks	4,681,848	-	392,831	-	5,074,679
Buildings and improvements	4,158,525	-	202,343	-	4,360,868
Furniture and equipment	589,687	-	26,596	(17,677)	598,606
Subtotal	9,430,060	-	621,770	(17,677)	10,034,153
Net capital assets being depreciated	5,283,578	54,043	1,318,507	-	6,656,128
Net governmental activities capital assets	<u>\$ 5,863,973</u>	<u>\$ -</u>	<u>\$ 1,338,007</u>	<u>\$ -</u>	<u>\$ 7,201,980</u>

December 31, 2024

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2024	Additions	Disposals and Adjustments	Balance December 31, 2024
Capital assets not being depreciated - Land	\$ 55,200	\$ -	\$ -	\$ 55,200
Capital assets being depreciated:				
Water and sewer lines	13,900,870	56,709	-	13,957,579
Furniture and equipment	32,390	-	-	32,390
Subtotal	13,933,260	56,709	-	13,989,969
Accumulated depreciation:				
Water and sewer lines	5,661,013	182,072	-	5,843,085
Furniture and equipment	29,510	77	-	29,587
Subtotal	5,690,523	182,149	-	5,872,672
Net capital assets being depreciated	8,242,737	(125,440)	-	8,117,297
Net business-type activity capital assets	<u>\$ 8,297,937</u>	<u>\$ (125,440)</u>	<u>\$ -</u>	<u>\$ 8,172,497</u>

Capital asset activity for the Township's component unit for the year ended December 31, 2024 was as follows:

Component Unit

	Balance January 1, 2024	Additions	Disposals and Adjustments	Balance December 31, 2024
Capital assets not being depreciated - Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets being depreciated:				
Roads and sidewalks	715,568	-	-	715,568
Buildings and improvements	479,521	200,136	-	679,657
Furniture and equipment	1,322,501	-	(1)	1,322,500
Vehicles	27,919	-	-	27,919
Subtotal	2,545,509	200,136	(1)	2,745,644
Accumulated depreciation:				
Roads and sidewalks	461,864	31,141	-	493,005
Buildings and improvements	39,904	145,624	-	185,528
Furniture and equipment	705,785	66,743	-	772,528
Vehicles	6,979	3,988	-	10,967
Subtotal	1,214,532	247,496	-	1,462,028
Net capital assets being depreciated	1,330,977	(47,360)	(1)	1,283,616
Net capital assets	<u>\$ 1,350,977</u>	<u>\$ (47,360)</u>	<u>\$ (1)</u>	<u>\$ 1,303,616</u>

December 31, 2024

Note 4 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 78,372
Public safety	66,038
Public works	407,130
Recreation and culture	70,230
Total governmental activities	<u>\$ 621,770</u>
Business-type activities:	
Water Fund	\$ 73,128
Sewer Fund	109,021
Total business-type activities	<u>\$ 182,149</u>
Component unit activities - Business Development Authority	\$ 247,496

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Water Fund	Sewer Fund	\$ 278,657
Property Tax Collection Fund	General Fund	69,824
	Total	<u>\$ 348,481</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Note 6 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for these claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 7 - Pension Plan

Plan Description

The Charter Township of Vienna participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), which covers all employees of the Township hired before September 24, 2017. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report that includes the financial statements and required supplementary information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

The Charter Township of Vienna also contributes to a defined contribution plan. For the year ended December 31, 2024, contributions to the plan totaled \$19,224.

December 31, 2024

Note 7 - Pension Plan (Continued)

Benefits Provided

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers all full-time employees of the Township hired before September 24, 2017. Retirement benefits for employees are calculated as 2.5 percent of the employee’s final 3-year average salary times the employee’s years of service. Normal retirement age is 60, with early retirement at 55 with 15 years of service. The vesting period is 10 years. Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the township board, generally after negotiations of these terms with the employees.

Employees Covered by Benefit Terms

At the December 31, 2023 measurement date, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	8
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	2
	<hr/>
Total employees covered by the plan	12
	<hr/>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. 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 costs of benefits earned by plan members 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 December 31, 2024, the active employee contribution rate was 10.0 percent of annual pay, and the Township's contribution rate was 50.75 percent of annual payroll.

Net Pension Liability

The December 31, 2024 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2023 measurement date. The December 31, 2023 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

December 31, 2024

Note 7 - Pension Plan (Continued)

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at January 1, 2023	\$ 2,146,699	\$ 1,389,287	\$ 757,412
Changes for the year:			
Service cost	17,220	-	17,220
Interest	151,146	-	151,146
Differences between expected and actual experience	21,671	-	21,671
Changes in assumptions	16,500	-	16,500
Contributions - Employer	-	297,249	(297,249)
Contributions - Employee	-	20,781	(20,781)
Net investment income	-	176,882	(176,882)
Benefit payments, including refunds	(141,078)	(141,078)	-
Administrative expenses	-	(3,650)	3,650
Nonemployer contributing entity contributions	-	26,771	(26,771)
Net changes	65,459	376,955	(311,496)
Balance at December 31, 2023	<u>\$ 2,212,158</u>	<u>\$ 1,766,242</u>	<u>\$ 445,916</u>

The plan's fiduciary net position represents 79.8 percent of total pension liability.

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

For the year ended December 31, 2024, the Township recognized pension expense of \$95,957.

At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportionate share, or difference between amount contributed and proportionate share of contributions	\$ 69,340	\$ -
Employer contributions to the plan subsequent to the measurement date	192,000	-
Total	<u>\$ 261,340</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date of \$192,000 will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending December 31	Amount
2025	\$ 11,280
2026	27,666
2027	44,174
2028	(13,780)
Total	<u>\$ 69,340</u>

Note 7 - Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.00 percent, an investment rate of return (net of investment expenses) of 7.18 percent, and the Pub-2010 mortality tables.

Discount Rate

The discount rate used to measure the total pension liability was 7.18 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make 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.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of the December 31, 2023 measurement date for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private investments	20.00	7.00

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 7.18 percent, as well as what the Township’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.18%)	Current Discount Rate (7.18%)	1 Percentage Point Increase (8.18%)
Net pension liability of the plan	\$ 706,433	\$ 445,916	\$ 228,479

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan’s fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

December 31, 2024

Note 7 - Pension Plan (Continued)

Changes in Assumptions

For the year ended December 31, 2023, the assumed investment rate of return was lowered from 7.00 percent to 6.93 percent. Additionally, as a result of recognizing excess market gains, the valuation assets used to fund these liabilities are 1.4 percent higher than if there were no dedicated gains policy.

Note 8 - Other Postemployment Benefit Plan

Plan Description

The Township board administers the OPEB plan (the "Plan"), a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for certain retirees and their beneficiaries.

Management of the Plan is vested with the township board, which consists of all seven members of the board.

Benefits Provided

The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefits are provided through a third-party insurer, and the cost of the benefits is covered by the Plan. As of 2008, the Plan was closed to new entrants.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2024
Inactive plan members or beneficiaries currently receiving benefits	6
Active plan members	1
	<hr/>
Total plan members	7
	<hr/> <hr/>

Contributions

Article 9, Section 24 of the State of Michigan constitution grants authority to the board to establish and amend the contribution requirements of the Township and plan members. The board establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended December 31, 2024, the Township's average contribution rate was 330.7 percent of covered-employee payroll.

Net OPEB Liability

The Township has chosen to use the December 31 measurement date as its measurement date for the net OPEB liability. The December 31, 2024 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2024 measurement date. The December 31, 2024 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2022 that has used procedures to roll information forward to the measurement date.

December 31, 2024

Note 8 - Other Postemployment Benefit Plan (Continued)

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at January 1, 2024	\$ 1,553,964	\$ 901,310	\$ 652,654
Changes for the year:			
Service cost	8,104	-	8,104
Interest	83,806	-	83,806
Differences between expected and actual experience	229,157	-	229,157
Changes in assumptions	28,226	-	28,226
Contributions - Employer	-	225,000	(225,000)
Net investment income	-	53,230	(53,230)
Benefit payments, including refunds	(76,641)	(76,641)	-
Administrative expenses	-	(4,774)	4,774
Net changes	272,652	196,815	75,837
Balance at December 31, 2024	<u>\$ 1,826,616</u>	<u>\$ 1,098,125</u>	<u>\$ 728,491</u>

The Plan's fiduciary net position represents 60.1 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the Township recognized OPEB expenses of \$176,863.

At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (40,934)
Changes in assumptions	-	(29,390)
Net difference between projected and actual earnings on OPEB plan investments	17,825	-
Total	<u>\$ 17,825</u>	<u>\$ (70,324)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending December 31	Amount
2025	\$ (39,979)
2026	(11,591)
2027	(990)
2028	61
Total	<u>\$ (52,499)</u>

December 31, 2024

Note 8 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3.50 percent; an investment rate of return (net of investment expenses) of 5.50 percent; a health care cost trend rate of 7.00 percent for 2025, decreasing 0.25 percent per year to an ultimate rate of 4.50 percent for 2035 and later years; and the Pub-2010 mortality tables with the MP-2021 improvement scale. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2024 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed below, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Global equity	4.50 %
Global fixed income	2.00
Private investments	7.00
Cash or cash equivalents	1.54

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

The following presents the net OPEB liability of the Township, calculated using the discount rate of 5.50 percent, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (4.50%)	Current Discount Rate (5.50%)	1 Percentage Point Increase (6.50%)
Net OPEB liability of the Township	\$ 988,235	\$ 728,491	\$ 519,564

December 31, 2024

Note 8 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the Township, calculated using the health care cost trend rate, as well as what the Township's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Health Care Cost Trend Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the Township	\$ 511,363	\$ 728,491	\$ 998,009

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the township board by a majority vote of its members. It is the policy of the township board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the township board's adopted asset allocation policy as of December 31, 2024:

Asset Class	Target Allocation
Global equity	10.20 %
Global fixed income	3.40
Private investments	3.40
Cash or cash equivalents	83.00
Total	100.00 %

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 5.47 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in Assumptions

For the year ended December 31, 2024, the mortality tables used were updated from the Pub-2010 generational mortality tables with generational life expectancy improvement using Scale MP-2020 to the Pub-2010 generational mortality tables with generational life expectancy improvement using Scale MP-2021.

Note 9 - Joint Ventures

Clio Area Fire Authority

In April 1976, the Charter Township of Vienna entered into a joint venture with the City of Clio, Michigan and the Township of Thetford to create the Clio Area Fire Authority (the "Fire Authority"). The purpose of this joint venture was to obtain adequate fire protection for residents of the municipalities. The agreement calls for each of the three municipalities to pay the Fire Authority such amounts as are necessary to cover one-third of the fixed operational costs of the Fire Authority. During 1992, the three members approved a 1-mill levy to be collected from their respective property owners to be used to fund operations of the Fire Authority. Effective April 1, 2007, each participating municipality has the option to retain up to 0.25 mill for the limited purpose of the construction, remodeling, or restoration of a fire hall or to retire any debt incurred for the acquisition or construction of a fire hall commencing with the December 2006 levy. The agreement does not state any fixed shares of interest to be owned by the municipalities. However, if a municipality should withdraw from the Fire Authority, the distribution of equipment or cash equivalent to the withdrawing unit's share shall be determined by unanimous consent of the members. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

The following is a summary of selected financial information from the last available statement of the Clio Area Fire Authority as of March 31, 2024:

Total assets	\$ 2,444,694
Total liabilities	732,042
Total net position	1,712,652
Total revenue	753,135
Total expenditures	615,903

Clio Area Library

The Clio Area Library was formed by the City of Clio, Michigan; the Charter Township of Vienna; and the Township of Thetford effective March 20, 1978, replacing the library fund previously operated by the City of Clio, Michigan.

The library's operation is funded by contributions made by the participating units. Each unit's contribution is based on the usage rate of the library system by its residents. The contribution paid by the Township during 2024 was \$39,575.

Should any participating municipality decide to withdraw from the Clio Area Library, it is to give written notice and, upon a favorable vote of the majority, will be released from the agreement.

The agreement does not state any fixed shares of interest to be owned by the municipalities. However, if a municipality should withdraw from the Clio Area Library, the distribution of equipment or cash equivalent to the withdrawing unit's share would be determined by unanimous consent of the members. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Required Supplementary Information

Charter Township of Vienna

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,526,718	\$ 1,670,760	\$ 1,602,489	\$ (68,271)
Intergovernmental	1,614,800	1,863,061	2,027,168	164,107
Charges for services	342,950	455,995	456,784	789
Licenses and permits	199,000	178,892	184,690	5,798
Interest	99,800	246,300	263,916	17,616
Other revenue	4,900	99,963	99,986	23
Total revenue	3,788,168	4,514,971	4,635,033	120,062
Expenditures				
Current services:				
General government:				
Township board	328,882	241,430	227,984	13,446
Supervisor	246,609	114,424	113,249	1,175
Treasurer	126,822	116,022	113,632	2,390
Assessing	100,725	102,084	101,107	977
Clerk	108,706	138,886	137,205	1,681
Township hall and grounds	58,945	119,184	120,639	(1,455)
Elections	131,950	114,475	111,631	2,844
Cemetery	600	600	505	95
Public safety:				
Police	1,364,681	1,401,311	1,327,042	74,269
Fire	411,500	428,000	427,907	93
Public works:				
Stormwater drainage	116,936	203,200	202,356	844
Streets	230,200	199,660	197,495	2,165
Street lighting	51,500	36,000	34,771	1,229
Other public works activities	35,080	30,347	27,101	3,246
Community and economic development	39,687	30,862	28,361	2,501
Recreation and culture:				
Library	46,705	40,110	40,059	51
Parks and recreation	368,285	399,626	400,166	(540)
Total expenditures	3,767,813	3,716,221	3,611,210	105,011
Net Change in Fund Balance	20,355	798,750	1,023,823	225,073
Fund Balance - Beginning of year	5,085,682	5,085,682	5,085,682	-
Fund Balance - End of year	\$ 5,106,037	\$ 5,884,432	\$ 6,109,505	\$ 225,073

Charter Township of Vienna

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds Sanitation Fund

Year Ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Special assessments	\$ 751,000	\$ 760,990	\$ 760,990	\$ -
Interest	7,000	13,750	14,028	278
Other revenue	2,300	2,300	2,301	1
Total revenue	760,300	777,040	777,319	279
Expenditures - Current services - Public works	725,191	728,436	726,486	1,950
Net Change in Fund Balance	35,109	48,604	50,833	2,229
Fund Balance - Beginning of year	96,247	96,247	96,247	-
Fund Balance - End of year	<u><u>\$ 131,356</u></u>	<u><u>\$ 144,851</u></u>	<u><u>\$ 147,080</u></u>	<u><u>\$ 2,229</u></u>

Charter Township of Vienna

Required Supplementary Information Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Nine Plan Years								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 17,220	\$ 15,825	\$ 20,845	\$ 28,545	\$ 26,978	\$ 25,765	\$ 24,657	\$ 31,300	\$ 35,312
Interest	151,146	157,004	162,928	150,158	149,059	145,356	141,838	139,351	131,502
Changes in benefit terms	-	-	-	-	-	-	(1,591)	(5,346)	-
Differences between expected and actual experience	21,671	(92,187)	(84,857)	33,225	17,708	15,648	13,495	(5,057)	18,017
Changes in assumptions	16,500	-	87,516	101,030	59,068	-	-	-	78,427
Benefit payments, including refunds	(141,078)	(183,205)	(141,078)	(141,078)	(141,078)	(141,079)	(128,887)	(122,795)	(103,863)
Net Change in Total Pension Liability	65,459	(102,563)	45,354	171,880	111,735	45,690	49,512	37,453	159,395
Total Pension Liability - Beginning of year	2,146,699	2,249,262	2,203,908	2,032,028	1,920,293	1,874,603	1,825,091	1,787,638	1,628,243
Total Pension Liability - End of year	\$ 2,212,158	\$ 2,146,699	\$ 2,249,262	\$ 2,203,908	\$ 2,032,028	\$ 1,920,293	\$ 1,874,603	\$ 1,825,091	\$ 1,787,638
Plan Fiduciary Net Position									
Contributions - Employer	\$ 297,249	\$ 168,000	\$ 144,000	\$ 120,000	\$ 96,492	\$ 52,472	\$ 39,419	\$ 40,098	\$ 45,607
Contributions - Member	20,781	14,223	18,718	21,590	20,437	19,513	21,473	20,361	23,411
Net investment income (loss)	176,882	(176,141)	186,866	172,483	145,360	(44,565)	144,651	118,681	(16,661)
Administrative expenses	(3,650)	(2,910)	(2,207)	(2,420)	(2,504)	(2,261)	(2,295)	(2,343)	(2,434)
Benefit payments, including refunds	(141,078)	(183,205)	(141,078)	(141,078)	(141,078)	(141,079)	(128,887)	(122,795)	(103,863)
Other	26,771	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	376,955	(180,033)	206,299	170,575	118,707	(115,920)	74,361	54,002	(53,940)
Plan Fiduciary Net Position - Beginning of year	1,389,287	1,569,320	1,363,021	1,192,446	1,073,739	1,189,659	1,115,298	1,061,296	1,115,236
Plan Fiduciary Net Position - End of year	\$ 1,766,242	\$ 1,389,287	\$ 1,569,320	\$ 1,363,021	\$ 1,192,446	\$ 1,073,739	\$ 1,189,659	\$ 1,115,298	\$ 1,061,296
Township's Net Pension Liability - Ending	\$ 445,916	\$ 757,412	\$ 679,942	\$ 840,887	\$ 839,582	\$ 846,554	\$ 684,944	\$ 709,793	\$ 726,342
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.84 %	64.72 %	69.77 %	61.85 %	58.68 %	55.92 %	63.46 %	61.11 %	59.37 %
Covered Payroll	\$ 108,832	\$ 105,152	\$ 155,325	\$ 216,415	\$ 204,373	\$ 195,929	\$ 186,656	\$ 241,510	\$ 260,032
Township's Net Pension Liability as a Percentage of Covered Payroll	409.73 %	720.30 %	437.75 %	388.55 %	410.81 %	432.07 %	366.96 %	293.90 %	279.33 %

Note: Governmental Accounting Standards Board Statement No. 68 was implemented beginning with plan year 2015. Therefore, 10-year trend information is not yet available.

Charter Township of Vienna

Required Supplementary Information Schedule of Pension Contributions

Last Ten Fiscal Years Years Ended December 31										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 55,236	\$ 68,484	\$ 58,584	\$ 76,152	\$ 66,096	\$ 96,492	\$ 52,392	\$ 39,419	\$ 40,098	\$ 45,606
Contributions in relation to the actuarially determined contribution	192,000	324,020	168,000	144,001	120,000	96,492	52,472	39,419	40,098	45,606
Contribution Excess	\$ 136,764	\$ 255,536	\$ 109,416	\$ 67,849	\$ 53,904	\$ -	\$ 80	\$ -	\$ -	\$ -
Covered Payroll	\$ 108,832	\$ 105,152	\$ 155,325	\$ 216,415	\$ 215,858	\$ 204,373	\$ 195,929	\$ 241,510	\$ 260,032	\$ 282,875
Contributions as a Percentage of Covered Payroll	176.42 %	308.14 %	108.16 %	66.54 %	55.59 %	47.21 %	26.78 %	16.32 %	15.42 %	16.12 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Township's fiscal year ended December 31, 2024 were based on the actuarial valuation as of December 31, 2022. The most recent valuation is as of December 31, 2023.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Salary increase	3.00 percent to 9.70 percent
Investment rate of return	7.25 percent
Retirement age	Experience-based table of rates are specific to the type of eligibility condition
Mortality	Pub-2010 Mortality tables of a 50 percent male and 50 percent female blend
Other information	None

Charter Township of Vienna

Required Supplementary Information Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Eight Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 8,104	\$ 16,469	\$ 16,209	\$ 26,753	\$ 30,173	\$ 34,986	\$ 36,437	\$ 31,055
Interest	83,806	82,758	92,351	90,279	101,155	96,781	93,598	91,937
Differences between expected and actual experience	229,157	-	(144,663)	-	(177,378)	-	-	(366,330)
Changes in assumptions	28,226	-	(70,832)	-	(83,341)	(132,046)	(31,977)	155,871
Benefit payments, including refunds	(76,641)	(66,970)	(68,526)	(65,334)	(64,535)	(68,458)	(73,493)	(71,639)
Net Change in Total OPEB Liability	272,652	32,257	(175,461)	51,698	(193,926)	(68,737)	24,565	(159,106)
Total OPEB Liability - Beginning of year	1,553,964	1,521,707	1,697,168	1,645,470	1,839,396	1,908,133	1,883,568	2,042,674
Total OPEB Liability - End of year	\$ 1,826,616	\$ 1,553,964	\$ 1,521,707	\$ 1,697,168	\$ 1,645,470	\$ 1,839,396	\$ 1,908,133	\$ 1,883,568
Plan Fiduciary Net Position								
Contributions - Employer	\$ 225,000	\$ 225,000	\$ 200,000	\$ 174,999	\$ 150,000	\$ 150,000	\$ 100,000	\$ 85,000
Net investment income (loss)	53,230	47,977	(11,601)	19,178	18,312	24,163	(2,947)	15,936
Administrative expenses	(4,774)	(5,318)	(4,279)	(3,291)	(4,240)	(3,228)	(3,298)	(276)
Benefit payments, including refunds	(76,641)	(66,970)	(68,526)	(65,334)	(64,535)	(68,458)	(73,493)	(71,639)
Net Change in Plan Fiduciary Net Position	196,815	200,689	115,594	125,552	99,537	102,477	20,262	29,021
Plan Fiduciary Net Position - Beginning of year	901,310	700,621	585,027	459,475	359,938	257,461	237,199	208,178
Plan Fiduciary Net Position - End of year	\$ 1,098,125	\$ 901,310	\$ 700,621	\$ 585,027	\$ 459,475	\$ 359,938	\$ 257,461	\$ 237,199
Net OPEB Liability - Ending	\$ 728,491	\$ 652,654	\$ 821,086	\$ 1,112,141	\$ 1,185,995	\$ 1,479,458	\$ 1,650,672	\$ 1,646,369
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	60.12 %	58.00 %	46.04 %	34.47 %	27.92 %	19.57 %	13.49 %	12.59 %
Covered-employee Payroll	\$ 145,587	\$ 108,832	\$ 105,152	\$ 142,071	\$ 140,664	\$ 116,595	\$ 115,441	\$ 114,298
Net OPEB Liability as a Percentage of Covered-employee Payroll	500.38 %	599.69 %	780.86 %	782.81 %	843.14 %	1,268.89 %	1,429.88 %	1,440.42 %

Note: Governmental Accounting Standards Board Statement No. 75 was implemented beginning with fiscal year 2017. Therefore, 10-year trend information is not yet available.

Charter Township of Vienna

Required Supplementary Information Schedule of OPEB Contributions

Last Ten Fiscal Years Years Ended December 31										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 69,214	\$ 89,591	\$ 115,715	\$ 130,367	\$ 133,086	\$ 145,687	\$ 141,305	\$ 136,682	\$ 177,235	\$ 168,479
Contributions in relation to the actuarially determined contribution	225,000	225,000	200,000	175,000	150,000	150,000	100,000	85,000	85,000	80,000
Contribution Excess (Deficiency)	\$ 155,786	\$ 135,409	\$ 84,285	\$ 44,633	\$ 16,914	\$ 4,313	\$ (41,305)	\$ (51,682)	\$ (92,235)	\$ (88,479)
Covered-employee Payroll	\$ 145,587	\$ 108,832	\$ 105,152	\$ 142,071	\$ 140,664	\$ 116,595	\$ 115,441	\$ 114,298	\$ -	\$ -
Contributions as a Percentage of Covered-employee Payroll	154.55 %	206.74 %	190.20 %	123.18 %	106.64 %	128.65 %	- %	- %	- %	- %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarial determined contributions rates are calculated as of December 31 of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll, closed
Remaining amortization period	16 years
Asset valuation method	Actuarial valuation of assets
Inflation	2.50 percent
Health care cost trend rates	7.00 percent, decreasing by 25 basis points per year to an ultimate rate of 4.00 percent
Salary increase	3.50 percent
Investment rate of return	5.50 percent
Retirement age	64
Mortality	Pub-2010 mortality with MP-2021 improvement scale

Charter Township of Vienna

Required Supplementary Information Schedule of OPEB Investment Returns

	Last Eight Fiscal Years Years Ended December 31							
	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	5.47 %	6.17 %	(1.79)%	3.73 %	4.60 %	8.20 %	(1.20)%	7.40 %

Note: Governmental Accounting Standards Board Statement No. 74 was implemented beginning with fiscal year 2017. Therefore, 10-year trend information is not yet available.

December 31, 2024

Budgetary Information

A reconciliation of the budgetary comparison schedule to the fund-based statement of revenue, expenditures, and changes in fund balances is as follows:

	Total Revenue	Total Expenditures	Fund Balance
General Fund - Amounts per operating statement	\$ 4,874,686	\$ 3,822,764	\$ 6,284,248
Building Inspection Fund	(239,653)	(211,554)	(174,743)
Amounts per budget statement	<u>\$ 4,635,033</u>	<u>\$ 3,611,210</u>	<u>\$ 6,109,505</u>

Excess of expenditures over appropriations in budgeted funds occurred due to unforeseen expenditures. During the year, the Township incurred expenditures that were in excess of the amounts budgeted as follows:

	Budget	Actual	Variance
General Fund - Township hall and grounds	\$ 119,184	\$ 120,639	\$ (1,455)
General Fund - Parks and recreation	399,626	400,166	(540)

Pension Information

Changes in Assumptions

There were no changes of assumptions in plan years 2014, 2016, 2017, 2018, 2022, or 2023.

In plan year 2024, assumptions changed related to the discount rate, resulting in an increase to the total pension liability.

In plan year 2021, assumptions changed related to the discount rate, resulting in an increase to the total pension liability.

In plan year 2020, assumptions changed related to mortality, retirement, disability, and termination rates based on a five-year experience study, resulting in an increase to the total pension liability.

In plan year 2019, assumptions changed related to the investment rate of return and a change in the assumed rate of wage inflation, resulting in an increase of the total pension liability.

In plan year 2015, assumptions changed related to the investment rate of return, discount rate, and mortality tables, resulting in an increase of the total pension liability.

OPEB Information

Changes in Assumptions

There were no changes of assumptions in fiscal years 2021 or 2023.

In 2024, assumptions changed related the updated Pub-2010 improvement scale MP-2021 table, resulting in an increase to the total OPEB liability.

In 2022, assumptions changed related to health care cost trend rate and the updated Pub-2010 improvement scale MP-2020 table, resulting in a decrease to the total OPEB liability.

In 2020, assumptions changed related to the mortality tables, assumed salary increases, and the health care cost trend rate, resulting in a decrease of the total OPEB liability.

In 2019, assumptions changed related to the discount rate, resulting in a decrease of the total OPEB liability.

In 2018, assumptions changed related to the discount rate, resulting in a decrease of the total OPEB liability.

In 2017, assumptions changed related to the discount rate, resulting in an increase of the total OPEB liability.

Supplementary Information

Senior Citizens Fund

A special revenue fund to account for the revenue earned and received through a grant with Genesee County, Michigan and expenditures incurred by the Township to support senior citizens' activities

Community Development Block Grant

A special revenue fund to account for the revenue earned and received through a grant through U.S. Department of Housing and Urban Development (HUD) and expenditures incurred by the Township to support community development.

Charter Township of Vienna

Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

December 31, 2024

	Special Revenue Funds		Capital Projects Fund	
	Senior Citizens Fund	Community Development Block Grant	Formerly Nonmajor - Capital Projects Fund	Total
Assets				
Cash and cash equivalents	\$ 111,084	\$ -	\$ -	\$ 111,084
Receivables - Net of allowance - Due from other governments	16,363	-	-	16,363
Prepaid expenses	104	-	-	104
Total assets	\$ 127,551	\$ -	\$ -	\$ 127,551
Liabilities - Accounts payable	\$ 4,589	\$ -	\$ -	\$ 4,589
Fund Balances				
Nonspendable - Prepaids	104	-	-	104
Assigned - Senior citizens	122,858	-	-	122,858
Total fund balances	122,962	-	-	122,962
Total liabilities and fund balances	\$ 127,551	\$ -	\$ -	\$ 127,551

Charter Township of Vienna

Supplementary Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended December 31, 2024

	Special Revenue Funds		Capital Projects Fund	
	Senior Citizens Fund	Community Development Block Grant	Formerly Nonmajor - Capital Projects Fund	Total
Revenue				
Intergovernmental:				
Federal grants	\$ 39,276	\$ 27,167	\$ -	\$ 66,443
County grants	232,017	-	-	232,017
Interest	24,332	-	-	24,332
Total revenue	295,625	27,167	-	322,792
Expenditures				
Current services:				
Community and economic development	-	27,167	-	27,167
Recreation and culture	258,848	-	-	258,848
Debt service - Interest on long-term debt	5,752	-	-	5,752
Total expenditures	264,600	27,167	-	291,767
Net Change in Fund Balances	31,025	-	-	31,025
Fund Balances - Beginning of year, as previously reported	91,937	-	288,889	380,826
Change within Financial Reporting Entity (Note 1)	-	-	(288,889)	(288,889)
Fund Balances - Beginning of year, as adjusted	91,937	-	-	91,937
Fund Balances - End of year	<u>\$ 122,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,962</u>