



**BOARD OF TRUSTEES**  
**Regular Meeting**  
**June 8, 2016**  
**7:00 p.m.**

1. CALL MEETING TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. PUBLIC COMMENT: Restricted to three minutes regarding issues on this agenda
5. REPORTS/BOARD COMMENTS
6. APPROVAL OF AGENDA
7. CONSENT AGENDA
  - A. Communications
  - B. Minutes – May 25, 2016 - regular meeting
  - C. Bills
  - D. Payroll
  - E. Fire Reports
8. BOARD AGENDA
  - A. 2015 Audit Presentation YEO & YEO
  - B. Intergovernmental Agreement
  - C. 44 North Resolution
  - D. Foreclosed Property (parcel #14-072-019-00) Discussion
  - E. Isabella Rd. Traffic Study (Pickard to Bluegrass)
  - F. Deerfield Road Recycling Center Project Discussion
  - G. Township Manager's Contract
9. EXTENDED PUBLIC COMMENT: Restricted to 5 minutes regarding any issue
10. FINAL BOARD MEMBER COMMENT
11. ADJOURNMENT

**CHARTER TOWNSHIP OF UNION**  
**Board of Trustees**  
**Regular Meeting**

A regular meeting of the Charter Township of Union Board of Trustees was held on May 25, 2016 at 7:00 p.m. at Union Township Hall.

**Meeting was called to order at 7:00 p.m.**

**Roll Call**

Supervisor Alwood, Clerk Henry, Treasurer Rice, Trustee Hauck, Lannen, Mielke and Mikus were present.

**Others Present**

Bill Newkirk, Peter Gallinat, Sherrie Teall, Pat DePriest, and Jennifer Loveberry

**Public Comment** – open 7:01 p.m.

No Comments

**Reports/Board Comments**

Mielke – The City will be sending out information in regards to Indian Hill Pines in regards to enforcing our ordinance on their land. Also commented on the meeting, that was held with the nine entities, to discuss safety / Crawford Rd. Pathway.

Alwood – Add Isabella Rd Traffic Study (Pickard to Bluegrass) to next Agenda.

Mikus – Commented that noxious weeds complaints are addressed and enforced.

**Approval of Agenda**

**Hauck moved Lannen supported to approve the agenda as presented. Vote: Ayes: 7 Nays: 0. Motion carried.**

**Consent Agenda**

- A. Communications
  - Planning Commission Minutes
  - EDA Minutes
- B. Minutes – May 11, 2016-Regular Meeting
- C. Bills
- D. Payroll
- E. Fire Reports
- F. 2.5 Financial Conditions and Activities
- G. 2.5.10 Cash Flow Ratio

**Mikus moved Mielke supported to approve the consent agenda as presented. Vote: Ayes: 7 Nays: 0. Motion carried.**

**BOARD AGENDA**

**A. Foreclosed Property (parcel #14-072-019-00)**

Newkirk presented. Discussion was held by the Board. Add to June 8, 2016 Agenda.

**B. Ordinance for Signs and Soliciting Discussion**

Mikus moved Hauck supported to have the Township's legal consultant look over the City's Ordinance and give a recommendation to bring back to the board. **Vote: Ayes: 7 Nays: 0. Motion carried.**

**C. Interim / Building Official Discussion**

Mikus moved Rice supported the approval of the Interim Employee Agreement with Barry VanBuskirk and Charter Township of Union for \$35.00 per hour for a work week not to exceed 20 hours a week. **Vote: Ayes: 6 Nays: 1. Motion carried.**

**D. Sidewalk waivers temporarily given by the Planning Commission Discussion**

B. Mielke, representative for the Planning Commission, commented that the Planning Commission was looking for guidance from the Board of Trustees in regards to the sidewalk ordinance. Mikus moved Lannen supported that the Board of Trustees feel that now is the time for sidewalks and would like the four (4) properties between Remus Rd. and Lincoln Rd., that have been given sidewalk waivers, need to complete sidewalks in twelve (12) months from May, 25, 2016. Roll Call Vote: **Ayes: Mikus & Lannen Nays: Hauck, Mielke, Alwood, Henry, & Rice. Motion failed.** The Board of Trustees also requested the P. Gallinat, Township Planner to send an email of all properties that have been given a temporary sidewalk waiver.

**EXTENDED PUBLIC COMMENT** - Open 8:10 p.m.

Jim Horton of the 4<sup>th</sup> District County Commission updated the board on the county government. Norm Woerle, 5685 Carriage Ln. – Commented on sidewalk waiver discussion.

**FINAL BOARD MEMBER COMMENTS**

Newkirk – Updated that manager negotiations are going well, hope to have draft to add on the June 8<sup>th</sup> Agenda. Passed out preliminary site plan & cost opinion for Deerfield Rd. Recycling Drop off.

Mielke – Commented that intergovernmental meetings should be held with the County, City, and Township.

**ADJOURNMENT**

Hauck moved Rice supported to adjourn the meeting at 8:30 p.m. **Ayes: 7 Nays: 0. Motion carried.**

**APPROVED BY:**

\_\_\_\_\_  
Margie Henry, Clerk

\_\_\_\_\_  
Russ Alwood, Supervisor

*(Recorded by Jennifer Loveberry)*

User: SHERRIE

CHECK DATE FROM 05/26/2016 - 06/08/2016

DB: Union

Check Date	Bank	Check	Vendor	Vendor Name	Amount
Bank 101 POOLED CHECKING					
06/02/2016	101	54(E)	00146	CONSUMERS ENERGY PAYMENT CENTER	13,284.73
06/02/2016	101	55(E)	00146	VOID	0.00 V
06/02/2016	101	56(E)	00146	VOID	0.00 V
06/08/2016	101	57(E)	00146	CONSUMERS ENERGY PAYMENT CENTER	11,773.32
06/06/2016	101	58(E)	01105	MASTERCARD	5,431.35
06/08/2016	101	18433	00020	JAMES ALWOOD	408.00
06/08/2016	101	18434	00038	APEX SOFTWARE	705.00
06/08/2016	101	18435	01487	AQUASIGHT LLC	4,800.00
06/08/2016	101	18436	00043	ARROW UNIFORM	480.68
06/08/2016	101	18437	00072	BLOCK ELECTRIC	633.86
06/08/2016	101	18438	00095	C & C ENTERPRISES, INC.	266.00
06/08/2016	101	18439	00101	CENTRAL CONCRETE PROD	402.20
06/08/2016	101	18440	00129	CMS INTERNET, LLC	237.50
06/08/2016	101	18441	01486	CONSUMERS ENERGY	1,218.43
06/08/2016	101	18442	01171	DBI BUSINESS INTERIORS	682.64
06/08/2016	101	18443	00207	E & S GRAPHICS, INC	1,069.14
06/08/2016	101	18444	00098	ELECTION SOURCE	380.00
06/08/2016	101	18445	00222	FISHER SCIENTIFIC LLC	98.53
06/08/2016	101	18446	00231	FOUR SEASON'S EXTERMINATING	75.00
06/08/2016	101	18447	01221	ANDREW FUSSMAN	8.64
06/08/2016	101	18448	00249	GILL-ROY'S HARDWARE	20.99
06/08/2016	101	18449	00261	GRAINGER	557.62
06/08/2016	101	18450	00351	JONES & HENRY LABORATORIES, INC.	185.00
06/08/2016	101	18451	00362	KRAPOHL FORD & LINCOLN	180.35
06/08/2016	101	18452	00001	M T A	5,491.96
06/08/2016	101	18453	00437	MIDDLE MICHIGAN DEVELOPMENT CORP	2,500.00
06/08/2016	101	18454	00494	NORTH CENTRAL LABORATORIES	651.09
06/08/2016	101	18455	01293	SHAY WATER CO/CUSTOM COFFEE SERV	30.00
06/08/2016	101	18456	01254	LARRY M SOMMER	192.31
06/08/2016	101	18457	00637	SWEENEY SEED CO.	1,996.30
06/08/2016	101	18458	01446	THRUN LAW FIRM P.C.	125.00
06/08/2016	101	18459	00668	UNITED PARCEL SERVICE	8.53
06/08/2016	101	18460	01013	USA BLUE BOOK	437.82
06/08/2016	101	18461	01488	USA TRAILERS	2,799.00
06/08/2016	101	18462	01314	VERIZON WIRELESS	504.05
06/08/2016	101	18463	00703	WASTE MANAGEMENT OF MICHIGAN, INC	1,087.30
06/08/2016	101	18464	01483	XEROX FINANCIAL SERVICES	2,990.00

## 101 TOTALS:

Total of 37 Checks:

61,712.34

Less 2 Void Checks:

0.00

Total of 35 Disbursements:

61,712.34

Check Date	Bank	Check	Vendor	Vendor Name	Description	Amount
Bank 101 POOLED CHECKING						
06/02/2016	101	54(E)	00146	CONSUMERS ENERGY PAYMENT CENTER	5240 E. BROOMFIELD 900 MULBERRY LANE 1933 S. ISABELLA 5537 E. BROADWAY 2055 ENTERPRISE 2270 NORTHWAY DR. 1660 BELMONT 5525 E. REMUS RD. 4822 ENCORE 4797 S. MISSION BARN 4795 S. MISSION 5076 S. MISSION 4244 E. BLUEGRASS 5144 BUD ST 5142 BUD ST 2180 S LINCOLN 1776 E PICKARD RD 3998 E. DEERFIELD 5369 S. CRAWFORD 3248 S CONCOURSE 2188 E. PICKARD 1876 PACKARD 2495 E. DEERFIELD 2424 E. MAY ST. 5228 S. ISABELLA 800 CRAIGHILL 4520 E. RIVER 1633 S. LINCOLN 5319 E. AIRPORT 1046 S. MISSION 1605 SCULLY	797.90 134.01 495.36 118.41 207.39 24.81 64.28 53.23 144.28 275.68 2,231.15 772.74 61.94 26.89 141.38 42.53 274.18 61.31 64.28 105.96 76.53 60.11 84.09 158.10 6,216.30 41.84 210.85 168.52 36.13 85.12 49.43
						13,284.73
06/02/2016	101	55(E)	00146	VOID	VOID	
Void Reason: Created From Check Run Process						V
06/02/2016	101	56(E)	00146	VOID	VOID	
Void Reason: Created From Check Run Process						V
06/08/2016	101	57(E)	00146	CONSUMERS ENERGY PAYMENT CENTER	4511 E. RIVER RD 2279 S. MERIDIAN RD PUMP HOUSE 2279 S MERIDIAN 2010 S LINCOLN	9,874.76 78.11 1,212.48 607.97
						11,773.32
06/06/2016	101	58(E)	01105	MASTERCARD	ZBA TRAINING-GROSS/GALLINAT MASTERCARD TAYLOR MASTERCARD RADAR MASTERCARD MARTINEZ MASTERCARD ROCKAFELLOW MASTERCARD MCBRIDE MASTERCARD DEARING MASTERCARD CRAWFORD MASTERCARD MCPHERSON JAMESON HALL TABLES/CHAIRS	162.00 27.39 136.35 408.11 25.00 2,139.69 721.86 153.88 219.71 790.57

Check Date	Bank	Check	Vendor	Vendor Name	Description	Amount
					MASTERCARD ROBINSON	238.66
					LOOPNET/CANDY/POSTAGE/MGFOA TRAINING	408.13
						<u>5,431.35</u>
06/08/2016	101	18433	00020	JAMES ALWOOD	MERIDIAN RD. PROPERTY LEASE	408.00
06/08/2016	101	18434	00038	APEX SOFTWARE	SKETCHING SOFTWARE MAINT 7/1/16 TO 7/1/	705.00
06/08/2016	101	18435	01487	AQUASIGHT LLC	REAL TIME INTELLIGENCE WWTP	4,800.00
06/08/2016	101	18436	00043	ARROW UNIFORM	UNIFORMS	275.10
					UNIFORMS	44.19
					UNIFORMS	44.19
					UNIFORMS	45.25
					UNIFORMS	71.95
						<u>480.68</u>
06/08/2016	101	18437	00072	BLOCK ELECTRIC	ISABELLA RD/MERIDIAN RD WELLS	633.86
06/08/2016	101	18438	00095	C & C ENTERPRISES, INC.	GLOVES	155.00
					SUPPLIES	111.00
						<u>266.00</u>
06/08/2016	101	18439	00101	CENTRAL CONCRETE PROD	CLEANUP FOR REPAIR ON PICKARD	109.20
					CLEANUP FROM REPAIR ON PICKARD	293.00
						<u>402.20</u>
06/08/2016	101	18440	00129	CMS INTERNET, LLC	SET UP ACCESS TO BLDNG INSPECTOR EMAIL	95.00
					SET UP NEW BLDG OFFICIAL&ACTING INTERN	142.50
						<u>237.50</u>
06/08/2016	101	18441	01486	CONSUMERS ENERGY	REPAIR DAMAGED GAS LINE ON HYDE ST	1,218.43
06/08/2016	101	18442	01171	DBI BUSINESS INTERIORS	TIME CLOCK/PARKS	377.99
					10X13 ENVELOPES/PLASTI BANDS	62.48
					CALCULATOR	128.30
					10X13 ENVELOPES	53.99
					MECHANICAL PENCILS	59.88
						<u>682.64</u>
06/08/2016	101	18443	00207	E & S GRAPHICS, INC	2016 CLEAN UP DAY FLYERS/POSTAGE	1,069.14
06/08/2016	101	18444	00098	ELECTION SOURCE	2016-17 PREVENTATIVE MAINTENANCE	380.00
06/08/2016	101	18445	00222	FISHER SCIENTIFIC LLC	SUPPLIES	98.53
06/08/2016	101	18446	00231	FOUR SEASON'S EXTERMINATING	JAMESON HALL	75.00
06/08/2016	101	18447	01221	ANDREW FUSSMAN	MILEAGE	8.64
06/08/2016	101	18448	00249	GILL-ROY'S HARDWARE	SPRINKLER/PARKS	20.99
06/08/2016	101	18449	00261	GRAINGER	SUPPLIES	171.94
					SUPPLIES	385.68
						<u>557.62</u>
06/08/2016	101	18450	00351	JONES & HENRY LABORATORIES, INC.	LAB SAMPLES	185.00
06/08/2016	101	18451	00362	KRAPOHL FORD & LINCOLN	2009 FORD F150	43.95
					2006 FORD F150	136.40
						<u>180.35</u>
06/08/2016	101	18452	00001	M T A	ANNUAL DUES 7/1/16 TO 6/30/17	5,491.96

Check Date	Bank	Check	Vendor	Vendor Name	Description	Amount
06/08/2016	101	18453	00437	MIDDLE MICHIGAN DEVELOPMENT CORP	CLIENT FEE 3RD QUARTER	2,500.00
06/08/2016	101	18454	00494	NORTH CENTRAL LABORATORIES	SUPPLIES SUPPLIES SUPPLIES	473.81 99.54 77.74
						<u>651.09</u>
06/08/2016	101	18455	01293	SHAY WATER CO/CUSTOM COFFEE SERV	COFFEE	30.00
06/08/2016	101	18456	01254	LARRY M SOMMER	FLEX REIMBURSEMENT 6-2-16	192.31
06/08/2016	101	18457	00637	SWEENEY SEED CO.	FERTILIZER/PEST CONTROL- PARKS WEED CONTROL/PESTICIDE MULCH/FERTILIZER/HYDRO MIX	1,526.80 88.50 381.00
						<u>1,996.30</u>
06/08/2016	101	18458	01446	THRUN LAW FIRM P.C.	2015 AUDIT LETTER RESPONSE	125.00
06/08/2016	101	18459	00668	UNITED PARCEL SERVICE	POSTAGE	8.53
06/08/2016	101	18460	01013	USA BLUE BOOK	SUPPLIES	437.82
06/08/2016	101	18461	01488	USA TRAILERS	HYDRO SEEDER TRAILER	2,799.00
06/08/2016	101	18462	01314	VERIZON WIRELESS	CELL PHONES 5/16 TO 6/15	504.05
06/08/2016	101	18463	00703	WASTE MANAGEMENT OF MICHIGAN, INC	4795 S. MISSION 4511 E. RIVER 5228 S. ISABELLA MCDONALD PARK JAMESON PARK 2010 LINCOLN RD	44.14 665.42 63.15 156.19 101.53 56.87
						<u>1,087.30</u>
06/08/2016	101	18464	01483	XEROX FINANCIAL SERVICES	4/6 - 5/5 XEROX LEASE 5/6 TO 6/5 XEROX LEASE	1,495.00 1,495.00
						<u>2,990.00</u>
<b>101 TOTALS:</b>						
Total of 37 Checks:						61,712.34
Less 2 Void Checks:						0.00
Total of 35 Disbursements:						<u>61,712.34</u>

<p style="text-align: center;"><b>Charter Township of Union Payroll</b></p>
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**CHECK DATE: June 2, 2016**

**PPE: May 28, 2016**

**NOTE: CHECK TOTAL FOR TRANSFER**

<b>Gross Payroll</b>	<b>\$ 50,015.19</b>
<b>Employer Share Med</b>	<b>715.74</b>
<b>Employer Share SS</b>	<b>3,060.53</b>
<b>SUI</b>	<b>314.04</b>
<b>Pension-Employer Portion</b>	<b>3,198.12</b>
<b>Workers' Comp</b>	<b>589.12</b>
<b>Life/LTD</b>	<b>534.43</b>
<b>Dental</b>	<b>2,146.45</b>
<b>Health Care</b>	<b>30,666.70</b>
<b>Cobra/Flex Administration</b>	<b>-</b>
<b>Total Transfer to Payroll checking</b>	<b><u>\$ 91,240.32</u></b>

**NOTE: PAYROLL TRANSFER NEEDED**

<b>General Fund</b>	<b>\$ 35,608.26</b>
<b>Building Fund</b>	<b>-</b>
<b>EDDA</b>	<b>-</b>
<b>WDDA</b>	<b>-</b>
<b>Sewer Fund</b>	<b>27,418.78</b>
<b>Water Fund</b>	<b>28,213.28</b>
<b>Workers Comp</b>	<b>-</b>
<b>Health Care</b>	<b>-</b>
<b>Total To Transfer from Pooled Savings</b>	<b><u>\$ 91,240.32</u></b>



## Mount Pleasant Fire Department

**Fire Experience Report For Union Township/City of Mt. Pleasant  
Period - May 16, 2016 through May 22, 2016**

Category	Code	Description	Twp	Resp	City	
Fire	100	Fire, Other				
	111	Building Fire				
	112	Fires in Structures other than a Building				
	113	Cooking Fire				
	114	Chimney or Flue Fire				
	131	Passenger Vehicle Fire				
	132	Road freight or transport vehicle fire				
	136	Self-propelled Motor Home/Recreational				
	138	Off-road vehicle of heavy equipment fire				
	140	Natural Vegetation Fire				
	143	Grass/Brush fire			1	
	150	Outside Rubbish Fire, other				
	151	Outside Rubbish Fire, trash or waste fire				
	154	Dumpster Fire			2	1
	160	Special Outside Fire, Other				
	Overpressure Rupture, (No Fire)	251	Excessive heat, scorch burns with no fire			
231		Chemical reaction rupture of process vessel				
Rescue & EMS Incident	300	Rescue, EMS incident, other			1	
	311	Medical Assist to EMS Crew			2	
	321	EMS Call excluding Veh. Accident			2	
	322	Motor Vehicle Acc. W/ Injuries	1	3		
	323	Motor Vehicle Acc/Pedestrian			1	
	324	Motor Vehicle Acc. W/no Injuries				
	331	Lock-In (If lock out use 551)				
	342	Search for Person in Water				
	352	Extrication of Victim (s) from vehicle				
	353	Remove Victim from Stalled Elevator				
	360	Water & Ice-related Rescue, Other				
361	Swimming /recreational water area rescue					
3811	Technical rescue standby					
Hazardous Condition (No Fire)	400	Hazard condition other				
	410	Combustible/Flammable Gas Condition				
	411	Gasoline or Other Flammable Spill				
	412	Gas Leak				
	413	Oil of Combustible Liquid Spill				
	424	Carbon Monoxide Incident				
	440	Electric Wiring/Equipment Problem				
	441	Heat from Short Circuit				
	442	Overheated Motor				
	443	Breakdown of Light Ballast				
	444	Power Line Down				
	445	Arcing, shorted electrical equipment				
	462	Aircraft Standby				
463	Vehicle Accident, general cleanup					

	480	Attempted burning, illegal action, other			
	4441	Utility Line Down			
Service Call	500	Service Call - Other			
	510	Person in Distress			
	511	Lock-out			
	512	Ring or Jewelry removal			
	520	Water Problem, Other			
	521	Water Evacuation			
	522	Water of Steam Leak			
	531	Smoke or Odor Removal			
	542	Animal Rescue			1
	552	Police Matter			
	553	Public Service			
	561	Unauthorized Burning			
	571	Cover assignment, standby, moveup			
Good Intent Call	600	Good Intent Call, Other			
	611	Dispatched and Cancelled en route		4	
	622	No Incident Found on Arrival			1
	631	Authorized controlled burning			
	650	Steam, gas mistaken for smoke,			
	651	Smoke Scare, Odor of Smoke			
	671	HazMat Investigation, no HazMat			
False Alarm & False Call	700	False Alarm, Other			
	710	Malicious, mischievous false call, other			
	715	Local Alarm System, Malicious False Alarm			
	730	System Malfunction			
	731	Sprinkler activation due to malfunction			
	732	Extinguishing System Activation - Malfunction			
	733	Smoke Det. Activation - Malfunction			
	734	Heat Detector Activation - Malfunction			
	735	Alarm system sounded due to malfunction			
	736	CO detector activation due to malfunction			
	740	Unintentional transmission of alarm, other			
	741	Sprinkler activation, no fire			
	743	Smoke Det. Activation - Unintentional			
	744	Detector activation, no fire			
	745	Alarm System Act. - Unintentional			
	746	Carbon Monoxide Activation, NO CO			
Severe Weather	813	Wind Storm,Tornado/Hurricane Assessment			
Special Incident Type	911	Citizen Complaint			
	9003	Affidavit Issued			
		Total Response for Union Twp/City	3	9	10

 Emergency - MPFD

 Emergency - MPFD Secondary to MMR

 Non - Emergency



7810 N. Alger Road  
Alma, MI 48801  
Phone (989) 463-6108  
Fax (989) 463-8560

May 20, 2016

Management and the Township Board  
Charter Township of Union  
2010 South Lincoln Road  
Mt. Pleasant, Michigan 48858

We have completed our audit of the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Charter Township of Union as of and for the year ended December 31, 2015, and have issued our report dated May 20, 2016. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The following appendices to this letter sets forth those communications as follows:

I. Auditors' Communication of Significant Matters with Those Charged with Governance

In addition, we have identified additional matters that are not required to be communicated but we believe are valuable for management:

II. Matters for Management's Consideration

We discussed these matters with various personnel in the organization during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Township Board, and others within the organization, and are not intended to be and should not be used by anyone other than those specified parties.

*Yeo & Yeo, P.C.*

Alma, Michigan

Appendix I  
Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated January 19, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the organization are described in Note 1 of the financial statements. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting Charter Township of Union's financial statements was:

The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service. We have evaluated management's estimates in these areas and the process used for making the accounting estimates, the risk of material misstatement, and the indication of possible bias and disclosure and uncertainty in the financial statements. We feel the estimates have been properly recorded and evaluated by management.

Disclosures in the financial statements are neutral, consistent and clear.

*Accounting Standards and Regulatory Updates*

Accounting Standards

The Governmental Accounting Standards Board has released the following Statements.

Statement 72, *Fair Value Measurements and Applications*. Statement 72 addresses accounting and financial reporting issues related to fair value measurements. Fair value is defined as an exit price (what a government would get to sell the asset), and fair value measurements primarily apply to investments. The statement enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This statement requires additional disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques. Statement 72 is effective for the year ending December 31, 2016 although earlier application is allowed.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. The purpose of this Statement is provide the readers of the financial statements information about the effects of the pension-related transactions on the financial statements of state and local government employers. It will assist in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period in addition to providing information about the government's pension obligation. The first objective of this Statement is to improve the information about financial support provided by certain nonemployer entities

for pensions that are provided to the employees of other entities that are not within the scope of Statement No. 68. These requirements are effective for the fiscal year ending December 31, 2017. The second objective is to improve the quality of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions that are not within the scope of Statement 68 and the third objective is to clarify the application of certain provisions of Statement No. 67 and 68. These two requirements are effective for the fiscal year ending December 31, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending December 31, 2017.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending December 31, 2018.

The Township is evaluating the impact GASB 72 through 75 will have on its financial reporting.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were more than trivial.

There were no uncorrected misstatements that were more than trivial.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report we had no disagreements with management during the audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

### *Management's Consultations with Other Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Report on Required Supplementary Information*

With respect to the required supplementary information accompanying the financial statements, which includes management's discussion and analysis and budgetary comparison information, we 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.

### *Report on Other Information*

With respect to the supplementary information accompanying the financial statements, other than the List of Elected and Appointed Officials, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

## Appendix II Matters for Management's Consideration

In planning and performing our audit of the financial statements of Charter Township of Union as of and for the year ended December 31, 2015, we considered Charter Township of Union's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

However, during our audit we became aware of several matters for management's consideration that are opportunities for strengthening internal controls. This letter does not affect our report dated May 20, 2016, on the financial statements of Charter Township of Union. Our comments and recommendations regarding those matters are:

### **Bank Reconciliation Review**

Currently, the finance director is responsible for preparing the monthly bank reconciliations. Upon completion of the reconciliations, there is no further review performed. Because the finance director also performs duties related to disbursements, payroll and receipts, we recommend that the reconciliations be reviewed and approved by another Township employee. This review and approval should be documented on the reconciliation by the employee initialing and dating the reconciliation.

### **Payroll Input**

The Township manager input payroll wage rate changes directly into the payroll processing system instead of providing documentation to the employee responsible for payroll so that employee could make the update. We recommend that when payroll wage rate changes are made, that formal documentation of the new wage rate is provided to the employee responsible for payroll. That employee should review the approved change documentation and update the system accordingly.

### **Technology Backups**

During our examination of technology used within the Township, we noted that while daily backups are being performed, and stored offsite, there is not a set schedule for testing the backups created. Because of the reliance placed on the information within the general ledger software, we feel it is a best practice to routinely test the backups created to ensure they are valid and complete. Therefore, we recommend that the Township routinely test the backups created.



# **Charter Township of Union**

## **Financial Statements**

**December 31, 2015**

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**Charter Township of Union**  
**List of Elected and Appointed Officials**  
**December 31, 2015**

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Board of Trustees

Russ Alwood, Supervisor

Margie Henry, Clerk

Kim Rice, Treasurer

Roger Hauck, Trustee

Tim Lannen, Trustee

Bryan Mielke, Trustee

Phil Mikus, Trustee

Other Officers and Officials

Brian Smith, Township Manager

Sherrie Teall, Finance Director



7810 N. Alger Road  
Alma, MI 48801  
Phone (989) 463-6108  
Fax (989) 463-8560

## **Independent Auditors' Report**

Management and Board of Trustees  
Charter Township of Union

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Union, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Union, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters:**

### ***Required Supplementary Information***

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

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charter Township of Union's basic financial statements. The list of elected and appointed officials, and other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, 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 other supplementary 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 other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2016 on our consideration of Charter Township of Union's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter Township of Union's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Alma, Michigan  
May 20, 2016

**Charter Township of Union  
Managements' Discussion and Analysis  
Year Ended December 31, 2015**

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This section of the Charter Township of Union's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended December 31, 2015.

**FINANCIAL HIGHLIGHTS**

- The Township's combined total net position is \$28.7 million for the fiscal year ended December 31, 2015, compared to \$27.6 million last fiscal year.
- Total net position increased by \$1.1 million.
- In the Township's governmental activities, revenues generated \$2.8 million, while expenses were \$2.3 million.
- In the Township's business-type activities, revenues generated \$4.1 million, while expenses were \$3.4 million.
- The total cost of all the Township's programs, including governmental and business-type activities was \$5.7 million, up \$0.1 million from last fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components:

- 1) government-wide financial statements
- 2) fund financial statements
- 3) notes to the financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements**

The government-wide statements are designed to provide readers with an overview of the Township's finances, as a whole, in a manner similar to a private sector business. The *statement of net position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. The *statement of activities* presents all of the Township's revenues and expenses, and is reported based on when the event occurs that creates the revenue or expense, regardless of when cash is received or paid.



**Charter Township of Union  
Managements' Discussion and Analysis  
Year Ended December 31, 2015**

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The government-wide statements of the Charter Township of Union are divided into two categories:

1) **Governmental Activities** – Most of the Township's basic services are included here, such as public safety, fire protection, public works, parks and recreation, community development, and general administration. Property taxes, state shared revenue, and charges for services finance most of these activities.

2) **Business-type Activities** – The Township's business-type activities include water and sewer. Fees are charged to customers to recover all or a significant portion of certain services each fund provides.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Charter Township of Union has three types of funds:

**Governmental Funds** – Many of the Township's basic services are included in governmental funds which focus on how cash and other financial assets that can be readily converted into cash flow in and out. The funds also show the balances left at year-end that are available for spending.

The governmental funds focus on a short-term view, rather than the long-term focus of the government-wide statements, so additional information is provided after each of the governmental fund statements that explain the relationship or differences between the fund and government-wide statements.

The Township maintains 4 individual governmental funds. Separate information is provided for the General Fund and Fire Protection Fund, each of which are considered to be a "major" fund. Data from the 2 other governmental funds, the Public Improvement Fund and the Tribal Grants Fund, are combined into a single column labeled "non-major governmental funds".

The Township adopts an annual budget for each of its governmental funds. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with those budgets.

**Proprietary Funds** – Proprietary funds are used to report services where the Township charges a fee to the customer to recover most or all of the cost of the service rendered. Proprietary funds provide both long and short-term financial information. The two types of proprietary funds are enterprise and internal service funds. The Township does not have any internal service funds.

The Township has 2 enterprise funds, the Water Fund and the Sewer Fund. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund, which are considered to be major funds of the Township.

**Charter Township of Union  
Managements' Discussion and Analysis  
Year Ended December 31, 2015**

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Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected in the Government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

**Notes to the Financial Statements**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the Township. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

**TOWNSHIP'S SUMMARY OF NET POSITION**

The following summarizes the Township's net position at December 31, 2015 and 2014:

The Township's total combined net position for the fiscal year ended December 31, 2015 is \$28.7 million, made up of \$22.9 million in business-type activities, and \$5.8 million in governmental activities.

Combined unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, is \$8.5 million. Business-type activities unrestricted total is \$5.6 million, while the unrestricted governmental activities net asset total is \$2.9 million.

A portion of the Township's net position (74%) reflects its investment in capital assets (e.g. land, buildings, equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Charter Township of Union  
Managements' Discussion and Analysis  
Year Ended December 31, 2015**

**Charter Township of Union Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current assets	\$ 5,853,734	\$ 5,275,486	\$ 6,108,829	\$ 6,202,075	\$ 11,962,563	\$ 11,477,561
Capital assets	1,069,998	1,080,462	26,970,180	26,936,801	28,040,178	28,017,263
Total assets	<u>6,923,732</u>	<u>6,355,948</u>	<u>33,079,009</u>	<u>33,138,876</u>	<u>40,002,741</u>	<u>39,494,824</u>
<b>Deferred outflows of resources</b>						
Deferred amount on refunding	-	-	232,478	271,225	232,478	271,225
Total assets and deferred outflows of resources	<u>6,923,732</u>	<u>6,355,948</u>	<u>33,311,487</u>	<u>33,410,101</u>	<u>40,235,219</u>	<u>39,766,049</u>
<b>Liabilities</b>						
Current liabilities	66,897	55,467	845,607	1,251,058	912,504	1,306,525
Long-term liabilities	13,602	21,428	9,548,310	9,876,095	9,561,912	9,897,523
Total liabilities	<u>80,499</u>	<u>76,895</u>	<u>10,393,917</u>	<u>11,127,153</u>	<u>10,474,416</u>	<u>11,204,048</u>
<b>Deferred inflows of resources</b>						
Property taxes	1,006,085	941,349	-	-	1,006,085	941,349
Total liabilities and deferred inflows of resources	<u>1,086,584</u>	<u>1,018,244</u>	<u>10,393,917</u>	<u>11,127,153</u>	<u>11,480,501</u>	<u>12,145,397</u>
<b>Net position</b>						
Net investment in capital assets	1,069,998	1,080,462	17,035,862	16,743,284	18,105,860	17,823,746
Restricted	1,859,359	1,770,089	298,910	-	2,158,269	1,770,089
Unrestricted	2,907,791	2,487,153	5,582,798	5,539,664	8,490,589	8,026,817
Total net position	<u>\$ 5,837,148</u>	<u>\$ 5,337,704</u>	<u>\$ 22,917,570</u>	<u>\$ 22,282,948</u>	<u>\$ 28,754,718</u>	<u>\$ 27,620,652</u>

**Charter Township of Union  
Managements' Discussion and Analysis  
Year Ended December 31, 2015**

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**TOWNSHIP'S SUMMARY OF CHANGES IN NET POSITION**

The following summarizes the Township's changes in net position for the fiscal years ended December 31, 2015 and 2014:

**Governmental Activities**

Net position for governmental activities increased by \$0.5 million during the year ended December 31, 2015, compared to a \$0.4 million increase last year.

The Township's total governmental revenue is \$2.8 million, an increase of \$0.2 million from the prior year. The increase is due to more building and zoning permits being issued, larger investment earnings, and increased tribal contributions in 2015 over 2014.

Expenses totaled \$2.27 million, an increase of \$0.03 million over the prior year. The increase was minimal due to due health care benefit costs being lower, decreased legal fees, and less spending on capital outlay.

**Business-type Activities**

Net position for business-type activities increased by \$0.6 million during 2015, compared to a \$0.5 million increase last year.

Total revenue increased by \$0.3 million, mainly due to more water and sewer hook-up fees in 2015 caused by an increase in new construction.

**Charter Township of Union  
Managements' Discussion and Analysis  
Year Ended December 31, 2015**

**Charter Township of Union Change in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 497,868	\$ 401,381	\$ 4,024,485	\$ 3,747,700	\$ 4,522,353	\$ 4,149,081
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	199,664	118,934	-	-	199,664	118,934
<b>General revenues</b>						
Property taxes	1,022,865	991,154	-	-	1,022,865	991,154
State shared revenue	1,023,216	1,021,696	-	-	1,023,216	1,021,696
Unrestricted investment earnings	20,885	9,942	40,116	14,118	61,001	24,060
Miscellaneous	4,478	55,872	24,057	43,698	28,535	99,570
<b>Total revenues</b>	<b>2,768,976</b>	<b>2,598,979</b>	<b>4,088,658</b>	<b>3,805,516</b>	<b>6,857,634</b>	<b>6,404,495</b>
<b>Expenses</b>						
General government	700,186	710,612	-	-	700,186	710,612
Public safety	931,873	966,661	-	-	931,873	966,661
Public works	425,291	423,379	-	-	425,291	423,379
Community and economic development	21,374	25,635	-	-	21,374	25,635
Recreation and culture	190,808	116,635	-	-	190,808	116,635
Sewer	-	-	2,155,909	2,088,093	2,155,909	2,088,093
Water	-	-	1,298,127	1,258,333	1,298,127	1,258,333
<b>Total expenses</b>	<b>2,269,532</b>	<b>2,242,922</b>	<b>3,454,036</b>	<b>3,346,426</b>	<b>5,723,568</b>	<b>5,589,348</b>
Change in net position	499,444	356,057	634,622	459,090	1,134,066	815,147
Net position - beginning of year	5,337,704	4,981,647	22,282,948	21,823,858	27,620,652	26,805,505
<b>Net position - end of year</b>	<b>\$ 5,837,148</b>	<b>\$ 5,337,704</b>	<b>\$22,917,570</b>	<b>\$22,282,948</b>	<b>\$ 28,754,718</b>	<b>\$27,620,652</b>

**Charter Township of Union  
Managements' Discussion and Analysis  
Year Ended December 31, 2015**

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**Charter Township of Union's Funds**

Analysis of the Charter Township of Union's major funds begins on page 4-4, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. Funds are created to help manage money for specific purposes, as well as show accountability for certain activities, such as specific property tax millages and restricted receipts from Federal and State sources.

The General Fund is the chief operating fund of the Township and one of two governmental funds that is considered a major fund. It pays for most of the Township's governmental services. Its major components of revenue are property taxes and state shared revenue. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2.9 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 199% of total General Fund expenditures including transfers to other funds. The fund balance of the General Fund increased by about \$401,000 during the current fiscal year due to less spending on road repairs and capital outlay. The plan is to spend some of this General Fund surplus on roads in 2016. The fund balance of the Fire Fund increased by about \$43,000 during the current fiscal year, this increase is set aside for the future purchase of a new fire truck.

The Water and Sewer Funds are the Township's two major Proprietary Funds. The net position of the Sewer Fund increased by approximately \$383,000 during the year. The increase was partly due to an increase in connection fees and user charges. The net position of the Water Fund increased by approximately \$251,000 during the year. The increase was partly due to an increase in connection fees and user charges.

**General Fund Budgetary Highlights**

The Township's General Fund budget is prepared in accordance with Michigan Law. At year-end, actual revenue was within 3.7% of budget, being somewhat over by \$65,668. This was partly due to State Revenue Sharing (CVTRS) received at year end that the Township does not expect to receive each year. Actual expenditures were \$336,140 less than budget due to contingency and capital outlay budgeted amounts that were not needed. In addition, the meeting fees paid to the board of trustees, annual auditing fees, election worker costs, township hall expenditures, and healthcare benefit expenditures were well under budgeted amounts.

**Charter Township of Union  
Managements' Discussion and Analysis  
Year Ended December 31, 2015**

**CAPITAL ASSETS**

At December 31, 2015 and 2014, the Township had the following capital assets:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Capital assets not being depreciated						
Land	\$ 160,650	\$ 160,650	\$ 275,780	\$ 275,780	\$ 436,430	\$ 436,430
Construction in progress	-	81,496	-	5,758,610	-	5,840,106
Capital assets being depreciated						
Land improvements	329,743	329,743	41,964	41,964	371,707	371,707
Building & improvements	1,089,260	944,865	202,927	218,240	1,292,187	1,163,105
Machinery and equipment	196,233	257,833	1,429,020	1,159,681	1,625,253	1,417,514
Vehicles	302,876	302,876	350,157	339,364	653,033	642,240
Water system	-	-	12,912,087	11,264,028	12,912,087	11,264,028
Sewer system	-	-	13,480,115	12,947,686	13,480,115	12,947,686
Wastewater treatment plant	-	-	12,567,029	8,455,202	12,567,029	8,455,202
Total capital assets	2,078,762	2,077,463	41,259,079	40,460,555	43,337,841	42,538,018
Less: accumulated depreciation	(1,008,764)	(997,001)	(14,288,899)	(13,523,754)	(15,297,663)	(14,520,755)
Capital assets, net	\$ 1,069,998	\$ 1,080,462	\$ 26,970,180	\$ 26,936,801	\$ 28,040,178	\$ 28,017,263

**Charter Township of Union  
Managements' Discussion and Analysis  
Year Ended December 31, 2015**

**LONG-TERM DEBT**

At December 31, 2015 and 2014, the Township had the following long-term debt outstanding:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ -	\$ -	\$ 10,166,796	\$ 10,464,742	\$ 10,166,796	\$ 10,464,742
Compensated absences	13,602	21,428	38,514	50,353	52,116	71,781
	<u>\$ 13,602</u>	<u>\$ 21,428</u>	<u>\$ 10,205,310</u>	<u>\$ 10,515,095</u>	<u>\$ 10,218,912</u>	<u>\$ 10,536,523</u>

New debt of \$436,122 was issued during the year for Phase II of the Sanitary Sewer System project. At year-end this project was 100% complete. For the total primary government, \$738,033 of the debt was retired in 2015. In addition, bond discounts were amortized in the amount of \$3,965 for the year. Overall, the accrual for compensated absences decreased by \$19,665 for the year. The amounts decreased due to a change from employees accruing leave time on anniversary date to accruing annually each January 1<sup>st</sup> and also a leave time payout occurred when a long term employee left the Township.

**CURRENT ECONOMIC EVENTS**

The Township's budget for the next fiscal year is balanced with no property tax rate increase for general operations; the millage for fire protection services was reduced from 2.1 mills to 2.0 mills. Total expenditures in the General Fund for the next fiscal year are estimated to be \$2.15 million with a plan to use the 2015 surplus revenues in excess of expenditures in the amount of \$370,222. Included in those expenses are major road repairs payable to the Isabella County Road Commission in the amount of \$605,000 to improve sections of Whiteville Road as well as a section of Bluegrass Road and River Road, \$100,000 for phase 4 of the Township Hall renovations, \$55,000 for a recycling depot at the corner of Deerfield Road and Mission Road, and \$125,000 for sidewalk/non motorized pathway projects. The Township has budgeted for 2016 a total decrease in General Fund revenues compared to 2015, due to uncertainty in the number of building permits that may be issued in 2016. The Township is continuing to seek appropriate means of investment and growth of taxable values while reevaluating services provided and cost of those services. The Township continues to budget 5% less in revenue sharing than the figures that the State shows the Township should receive in 2016.

Reductions in existing taxable value partly due to commercial property appeals to the Michigan Tax Tribunal adjustments have been a major concern not only because of lower tax revenue but the increased expenditures required to fight these appeals. The Township has seen gains in new construction and new residential buildings that have offset the losses as a result of commercial property appeals.



**Charter Township of Union  
Managements' Discussion and Analysis  
Year Ended December 31, 2015**

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**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances. If you have questions about this report or would like additional information, contact the Township accounting office at 989-772-4600. Additional information can be obtained at the Township's website, [www.uniontownshipmi.com](http://www.uniontownshipmi.com).

**Charter Township of Union**  
**Statement of Net Position**  
**December 31, 2015**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 4,516,866	\$ 4,699,751	\$ 9,216,617	\$ 1,596,872
Receivables				
Taxes	592,570	-	592,570	274,429
Customers	45,901	892,319	938,220	267
Special assessments	151,965	164,405	316,370	-
Due from other units of government	347,250	-	347,250	618,518
Due from fiduciary funds	-	600	600	-
Prepaid items	191,610	52,844	244,454	1,263
Restricted assets				
Cash and cash equivalents	-	298,910	298,910	-
Property held for sale	7,572	-	7,572	-
Capital assets not being depreciated	160,650	275,780	436,430	-
Capital assets, net of accumulated depreciation	909,348	26,694,400	27,603,748	150,024
Total assets	6,923,732	33,079,009	40,002,741	2,641,373
<b>Deferred outflows of resources</b>				
Deferred amount on refunding	-	232,478	232,478	-
Total assets and deferred outflows of resources	6,923,732	33,311,487	40,235,219	2,641,373

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Statement of Net Position**  
**December 31, 2015**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 57,471	\$ 129,731	\$ 187,202	\$ 29,989
Accrued and other liabilities	9,426	58,876	68,302	90,256
Noncurrent liabilities				
Due within one year	-	657,000	657,000	33,268
Due in more than one year	13,602	9,548,310	9,561,912	60,804
<b>Total liabilities</b>	<b>80,499</b>	<b>10,393,917</b>	<b>10,474,416</b>	<b>214,317</b>
<b>Deferred inflows of resources</b>				
Property taxes	1,006,085	-	1,006,085	892,597
<b>Total liabilities and deferred inflows of resources</b>	<b>1,086,584</b>	<b>10,393,917</b>	<b>11,480,501</b>	<b>1,106,914</b>
<b>Net position</b>				
Net investment in capital assets	1,069,998	17,035,862	18,105,860	150,024
Restricted				
Fire	1,042,086	-	1,042,086	-
Construction Code Enforcement	21,025	-	21,025	-
Tribal grants	598,898	-	598,898	-
Capital projects	197,350	-	197,350	-
Debt reserve	-	298,910	298,910	-
East DDA	-	-	-	882,744
West DDA	-	-	-	501,691
Unrestricted	2,907,791	5,582,798	8,490,589	-
<b>Total net position</b>	<b>\$ 5,837,148</b>	<b>\$ 22,917,570</b>	<b>\$ 28,754,718</b>	<b>\$ 1,534,459</b>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Functions/Programs</b>								
<b>Primary government</b>								
Governmental activities								
General government	\$ 700,186	\$ 366,506	\$ -	\$ -	\$ (333,680)	\$ -	\$ (333,680)	\$ -
Public safety	931,873	100,940	-	-	(830,933)	-	(830,933)	-
Public works	425,291	30,422	-	199,664	(195,205)	-	(195,205)	-
Community and economic development	21,374	-	-	-	(21,374)	-	(21,374)	-
Recreation and culture	190,808	-	-	-	(190,808)	-	(190,808)	-
Total governmental activities	<u>2,269,532</u>	<u>497,868</u>	<u>-</u>	<u>199,664</u>	<u>(1,572,000)</u>	<u>-</u>	<u>(1,572,000)</u>	<u>-</u>
Business-type activities								
Sewer	2,155,909	2,519,064	-	-	-	363,155	363,155	-
Water	1,298,127	1,505,421	-	-	-	207,294	207,294	-
Total business-type activities	<u>3,454,036</u>	<u>4,024,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,449</u>	<u>570,449</u>	<u>-</u>
Total primary government	<u>\$5,723,568</u>	<u>\$ 4,522,353</u>	<u>\$ -</u>	<u>\$ 199,664</u>	<u>(1,572,000)</u>	<u>570,449</u>	<u>(1,001,551)</u>	<u>-</u>
<b>Component units</b>								
East Downtown Development Authority	\$ 1,333,892	\$ -	\$ -	\$ -	-	-	-	(1,333,892)
West Downtown Development Authority	254,531	23,459	-	-	-	-	-	(231,072)
Total component units	<u>\$ 1,588,423</u>	<u>\$ 23,459</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(1,564,964)</u>
General revenues								
Property taxes					1,022,865	-	1,022,865	913,618
State shared revenue					1,023,216	-	1,023,216	-
Unrestricted investment earnings					20,885	40,116	61,001	8,295
Miscellaneous					4,478	24,057	28,535	264
Total general revenues					<u>2,071,444</u>	<u>64,173</u>	<u>2,135,617</u>	<u>922,177</u>
Change in net position					499,444	634,622	1,134,066	(642,787)
Net position - beginning of year					<u>5,337,704</u>	<u>22,282,948</u>	<u>27,620,652</u>	<u>2,177,246</u>
Net position - end of year					<u>\$ 5,837,148</u>	<u>\$ 22,917,570</u>	<u>\$ 28,754,718</u>	<u>\$ 1,534,459</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2015**

	<u>Special Revenue Fund</u>		Nonmajor Governmental Funds	Total Governmental Funds
	General	Fire		
<b>Assets</b>				
Cash and cash equivalents	\$ 2,775,244	\$ 1,097,339	\$ 644,283	\$ 4,516,866
Receivables				
Taxes	214,544	378,026	-	592,570
Customers	40,651	5,250	-	45,901
Special assessments	-	-	151,965	151,965
Due from other units of government	347,250	-	-	347,250
Prepaid items	24,285	167,325	-	191,610
Property held for sale	7,572	-	-	7,572
<b>Total assets</b>	<u>\$ 3,409,546</u>	<u>\$ 1,647,940</u>	<u>\$ 796,248</u>	<u>\$ 5,853,734</u>
<b>Liabilities</b>				
Accounts payable	\$ 53,252	\$ 4,219	\$ -	\$ 57,471
Accrued and other liabilities	9,426	-	-	9,426
<b>Total liabilities</b>	<u>62,678</u>	<u>4,219</u>	<u>-</u>	<u>66,897</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2015**

	<u>Special Revenue Fund</u>		Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Fire</u>		
<b>Deferred inflows of resources</b>				
Property taxes	\$ 404,450	\$ 601,635	\$ -	\$ 1,006,085
Special assessments	-	-	151,965	151,965
<b>Total deferred inflows of resources</b>	<u>404,450</u>	<u>601,635</u>	<u>151,965</u>	<u>1,158,050</u>
<b>Fund Balances</b>				
Non-spendable				
Prepaid items	24,285	167,325	-	191,610
Restricted for				
Fire	-	874,761	-	874,761
Construction Code Enforcement	21,025	-	-	21,025
Tribal grants	-	-	598,898	598,898
Capital projects	-	-	45,385	45,385
Assigned - roof replacement	2,060	-	-	2,060
Unassigned	2,895,048	-	-	2,895,048
<b>Total fund balances</b>	<u>2,942,418</u>	<u>1,042,086</u>	<u>644,283</u>	<u>4,628,787</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 3,409,546</u>	<u>\$ 1,647,940</u>	<u>\$ 796,248</u>	<u>\$ 5,853,734</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Position of Governmental Activities**  
**December 31, 2015**

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<b>Total fund balances for governmental funds</b>	<b>\$4,628,787</b>
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	909,348
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	160,650
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	151,965
Certain liabilities are not due and payable in the current period and are not reported in the funds. Compensated absences	<u>(13,602)</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 5,837,148</u></u></b>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2015**

	<u>Special Revenue Fund</u>		Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Fire</u>		
<b>Revenues</b>				
Taxes	\$ 431,115	\$ 591,750	\$ -	\$ 1,022,865
Licenses and permits	264,179	-	-	264,179
State revenue sharing	1,023,216	-	-	1,023,216
Local contributions	-	-	199,664	199,664
Charges for services	88,705	100,940	-	189,645
Fines and forfeitures	1,357	-	-	1,357
Interest income	14,713	5,023	1,149	20,885
Rental income	12,250	-	-	12,250
Other revenue	21,980	-	46,078	68,058
	<u>1,857,515</u>	<u>697,713</u>	<u>246,891</u>	<u>2,802,119</u>
<b>Expenditures</b>				
Current				
General government	664,511	-	-	664,511
Public safety	263,178	654,902	-	918,080
Public works	268,753	-	96,136	364,889
Community and economic development	21,359	-	-	21,359
Recreation and culture	165,699	-	-	165,699
Other functions	9,308	-	-	9,308
Capital outlay	62,899	-	60,149	123,048
	<u>1,455,707</u>	<u>654,902</u>	<u>156,285</u>	<u>2,266,894</u>
Net change in fund balance	401,808	42,811	90,606	535,225
Fund balance - beginning of year, as restated	<u>2,540,610</u>	<u>999,275</u>	<u>553,677</u>	<u>4,093,562</u>
Fund balance - end of year	<u>\$ 2,942,418</u>	<u>\$ 1,042,086</u>	<u>\$ 644,283</u>	<u>\$ 4,628,787</u>

See Accompanying Notes to the Financial Statements



**Charter Township of Union**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2015**

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<b>Net change in fund balances - Total governmental funds</b>	<b>\$ 535,225</b>
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(65,189)
Capital outlay	62,899
Sale of capital assets (net book value)	(8,174)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	(33,143)
Expenses are recorded when incurred in the statement of activities.	
Compensated absences	7,826
	<u>7,826</u>
<b>Change in net position of governmental activities</b>	<b>\$ 499,444</b>
	<u><u>499,444</u></u>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Proprietary Funds**  
**Statement of Net Position**  
**December 31, 2015**

	Enterprise Funds		
	Sewer	Water	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 2,278,778	\$ 2,420,973	\$ 4,699,751
Receivables			
Customers	584,630	307,689	892,319
Special assessments, current	22,293	9,683	31,976
Due from fiduciary funds	600	-	600
Prepaid items	29,960	22,884	52,844
<b>Total current assets</b>	<b>2,916,261</b>	<b>2,761,229</b>	<b>5,677,490</b>
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	298,910	-	298,910
Special assessments receivable, deferred	65,398	67,031	132,429
Capital assets not being depreciated	258,680	17,100	275,780
Capital assets, net of accumulated depreciation	17,439,253	9,255,147	26,694,400
<b>Total noncurrent assets</b>	<b>18,062,241</b>	<b>9,339,278</b>	<b>27,401,519</b>
<b>Total assets</b>	<b>20,978,502</b>	<b>12,100,507</b>	<b>33,079,009</b>
<b>Deferred outflows of resources</b>			
Deferred amount on refunding	232,478	-	232,478
<b>Total assets and deferred outflows of resources</b>	<b>21,210,980</b>	<b>12,100,507</b>	<b>33,311,487</b>

See Accompanying Notes to the Financial Statements

**Charter Township of Union  
Proprietary Funds  
Statement of Net Position  
December 31, 2015**

	Enterprise Funds		
	Sewer	Water	Total
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 80,626	\$ 49,105	\$ 129,731
Accrued and other liabilities	36,876	22,000	58,876
Current portion of noncurrent liabilities	572,000	85,000	657,000
Total current liabilities	689,502	156,105	845,607
Noncurrent liabilities			
Long-term debt net of current portion	7,898,572	1,649,738	9,548,310
Total liabilities	8,588,074	1,805,843	10,393,917
<b>Net position</b>			
Net investment in capital assets	9,481,512	7,554,350	17,035,862
Restricted for			
Debt reserve	298,910	-	298,910
Unrestricted	2,842,484	2,740,314	5,582,798
Total net position	<u>\$ 12,622,906</u>	<u>\$ 10,294,664</u>	<u>\$ 22,917,570</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2015**

	Enterprise Funds		
	Sewer	Water	Total
<b>Operating revenue</b>			
Customer fees	\$ 2,347,413	\$ 1,352,834	\$ 3,700,247
Connection fees	171,651	81,650	253,301
Rental income	-	40,119	40,119
Other revenue	2,876	51,999	54,875
<b>Total operating revenue</b>	<b>2,521,940</b>	<b>1,526,602</b>	<b>4,048,542</b>
<b>Operating expenses</b>			
Personnel services	624,120	526,338	1,150,458
Supplies	120,191	55,448	175,639
Contractual services	97,491	43,626	141,117
Utilities	234,831	122,394	357,225
Repairs and maintenance	159,136	179,501	338,637
Other expenses	32,528	10,885	43,413
Depreciation	574,614	292,742	867,356
<b>Total operating expenses</b>	<b>1,842,911</b>	<b>1,230,934</b>	<b>3,073,845</b>
<b>Operating income</b>	<b>679,029</b>	<b>295,668</b>	<b>974,697</b>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2015**

	Enterprise Funds		
	Sewer	Water	Total
<b>Nonoperating revenue (expenses)</b>			
Interest income	\$ 17,246	\$ 22,870	\$ 40,116
Gain on disposal of assets	555	1,594	2,149
Interest expense	(313,553)	(68,787)	(382,340)
Total nonoperating revenues (expenses)	(295,752)	(44,323)	(340,075)
Change in net position	383,277	251,345	634,622
Net position - beginning of year	12,239,629	10,043,319	22,282,948
Net position - end of year	<u>\$ 12,622,906</u>	<u>\$ 10,294,664</u>	<u>\$ 22,917,570</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**

	Enterprise Funds		
	Sewer	Water	Total
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 2,766,861	\$ 1,530,031	\$ 4,296,892
Payments to other funds	(600)	-	(600)
Payments to suppliers	(1,046,652)	(601,539)	(1,648,191)
Payments to employees	(629,368)	(532,340)	(1,161,708)
Net cash provided by operating activities	1,090,241	396,152	1,486,393
<b>Cash flows from capital and related financing activities</b>			
Proceeds from capital debt	436,122	-	436,122
Proceeds from special assessments	22,293	9,778	32,071
Purchases/construction of capital assets	(522,528)	(385,558)	(908,086)
Principal and interest paid on long-term debt	(974,832)	(149,284)	(1,124,116)
Proceeds from sale of capital assets	3,130	6,370	9,500
Net cash used by capital and related financing activities	(1,035,815)	(518,694)	(1,554,509)
<b>Cash flows from investing activities</b>			
Interest received	17,246	22,870	40,116
Net change in cash and cash equivalents	71,672	(99,672)	(28,000)
Cash and cash equivalents - beginning of year	2,207,106	2,520,645	4,727,751
Cash and cash equivalents - end of year	\$ 2,278,778	\$ 2,420,973	\$ 4,699,751

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**

	Enterprise Funds		
	Sewer	Water	Total
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ 679,029	\$ 295,668	\$ 974,697
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation and amortization expense	615,748	294,320	910,068
Changes in assets and liabilities			
Receivables (net)	(5,957)	3,429	(2,528)
Due from other units of government	250,878	-	250,878
Due from other funds	(600)	-	(600)
Prepaid items	1,093	(1,085)	8
Restricted cash and cash equivalents	(214,583)	-	(214,583)
Accounts payable	(225,622)	(187,929)	(413,551)
Accrued and other liabilities	425	164	589
Due to component unit	(4,497)	(2,249)	(6,746)
Compensated absences	(5,673)	(6,166)	(11,839)
<b>Net cash provided by operating activities</b>	<b>\$ 1,090,241</b>	<b>\$ 396,152</b>	<b>\$ 1,486,393</b>

See Accompanying Notes to the Financial Statements

**Charter Township of Union  
Fiduciary Funds  
Statement of Fiduciary Net Position  
December 31, 2015**

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	Current Tax Collection Fund	Imprest Payroll Fund	Total Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 2,932,712	\$ 10,432	\$ 2,943,144
Prepaid items	-	41,600	41,600
<b>Total assets</b>	<b>\$ 2,932,712</b>	<b>\$ 52,032</b>	<b>\$ 2,984,744</b>
<b>Liabilities</b>			
Accrued and other liabilities	\$ -	\$ 52,032	\$ 52,032
Due to other units of government	2,932,712	-	2,932,712
<b>Total liabilities</b>	<b>\$ 2,932,712</b>	<b>\$ 52,032</b>	<b>\$ 2,984,744</b>

See Accompanying Notes to the Financial Statements



**Charter Township of Union**  
**Combining Statement of Component Units**  
**Statement of Net Position**  
**December 31, 2015**

	East Downtown Development Authority	West Downtown Development Authority	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 910,635	\$ 686,237	\$ 1,596,872
Receivables			
Taxes	101,919	172,510	274,429
Customers	267	-	267
Due from other units of government	332,933	285,585	618,518
Prepaid items	1,263	-	1,263
Capital assets, net of accumulated depreciation	139,967	10,057	150,024
Total assets	<u>1,486,984</u>	<u>1,154,389</u>	<u>2,641,373</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Combining Statement of Component Units**  
**Statement of Net Position**  
**December 31, 2015**

	East Downtown Development Authority	West Downtown Development Authority	Total
<b>Liabilities</b>			
Accounts payable	\$ 29,489	\$ 500	\$ 29,989
Accrued interest payable	-	90,256	90,256
Noncurrent liabilities			
Due within one year	-	33,268	33,268
Due in more than one year	-	60,804	60,804
<b>Total liabilities</b>	<b>29,489</b>	<b>184,828</b>	<b>214,317</b>
<b>Deferred inflows of resources</b>			
Property taxes	434,784	457,813	892,597
<b>Total liabilities and deferred inflows of resources</b>	<b>464,273</b>	<b>642,641</b>	<b>1,106,914</b>
<b>Net position</b>			
Net investment in capital assets	139,967	10,057	150,024
Restricted			
East DDA	882,744	-	882,744
West DDA	-	501,691	501,691
<b>Total net position</b>	<b>\$ 1,022,711</b>	<b>\$ 511,748</b>	<b>\$ 1,534,459</b>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Combining Statement of Component Units**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	East	West	Total
				Downtown Development Authority	Downtown Development Authority	
<b>Component units</b>						
East Downtown Development Authority	\$ 1,333,892	\$ -	\$ -	\$ (1,333,892)	\$ -	\$ (1,333,892)
West Downtown Development Authority	254,531	23,459	-	-	(231,072)	(231,072)
<b>Total component units</b>	<b>\$ 1,588,423</b>	<b>\$ 23,459</b>	<b>\$ -</b>	<b>(1,333,892)</b>	<b>(231,072)</b>	<b>(1,564,964)</b>
<b>General revenues</b>						
Property taxes				414,780	498,838	913,618
Interest income				3,608	4,687	8,295
Miscellaneous				264	-	264
<b>Total general revenues</b>				<b>418,652</b>	<b>503,525</b>	<b>922,177</b>
<b>Change in net position</b>				<b>(915,240)</b>	<b>272,453</b>	<b>(642,787)</b>
<b>Net position - beginning of year</b>				<b>1,937,951</b>	<b>239,295</b>	<b>2,177,246</b>
<b>Net position - end of year</b>				<b>\$ 1,022,711</b>	<b>\$ 511,748</b>	<b>\$ 1,534,459</b>

See Accompanying Notes to the Financial Statements

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**Note 1 - Summary of Significant Accounting Policies**

**Reporting entity**

The Charter Township of Union, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen townships in Isabella County. The Township is governed by an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four Trustees and provides services to its residents in many areas including water and sewer, general government, fire protection and prevention, maintenance of highway, streets and bridges, and community enrichment.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each 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 government (see discussion below for description).

**Discretely Presented Component Units** – The component unit column in the entity wide financial statements includes the financial data of the Township's East Downtown Development Authority and West Downtown Development Authority. These units are reported in a separate column to emphasize that they are legally separate from the Township. The members of the Governing Board of the Downtown Development Authorities are appointed by the Board of Trustees. The budgets and expenditures of the Downtown Development Authority must be approved by the Board of Trustees. The Township also has the ability to significantly influence operations of the Downtown Development Authorities. The Downtown Development Authorities do not issue any other form of financial statements except as contained in the Charter Township of Union annual financial statements.

In 2014, the Township created a Brownfield Redevelopment Authority ("Authority") to promote the redevelopment of environmentally distressed, functionally obsolete and/or blighted areas of the Township. The Authority has not yet had any financial activity.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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.

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

The Fire Fund accounts for resources used to provide fire services to residents of the Township and the surrounding area.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

Additionally, the government reports the following:

The Nonmajor Special Revenue Fund accounts for the proceeds of a specific revenue source requiring separate accounting because of administrative requirements.

The Capital Projects Fund accounts for the proceeds of special assessments, and the improvements made with those funds.

The Agency Fund accounts for assets held by the Township acting as an agent for individuals and/or other funds. The Township's agency funds include the Current Tax Collection Fund and an Imprest Payroll Fund.

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

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As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues 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 revenues of the sewer and water funds are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for sewer and water funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Assets, liabilities, and net position or equity**

**Deposits** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Certificate of deposits are stated at cost which approximates fair value.

**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 arrangement 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."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The Township considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on each December 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Although the Township's 2015 tax is levied and collectible on December 1, 2015, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

The 2014 taxable valuation of the government totaled \$331,132,845, on which ad valorem taxes consisted of 1.0000 mills for operating purposes and 2.1000 mills for fire services. This resulted in \$331,133 for operating expenses and \$695,379 for fire services, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

**Prepaid items** – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Township follows the consumption method, and they therefore are capitalized as prepaid items in both entity-wide and fund financial statements.

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

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Restricted assets – Certain bonds of the Enterprise Funds require amounts to be set aside for a bond reserve. These amounts have been classified as restricted cash.

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

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

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

Land improvements	10 - 20 years
Building improvements	15 - 50 years
Machinery and equipment	5 - 20 years
Vehicles	5 - 10 years
Water and sewer systems	40 - 50 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Compensated absences – It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when

employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

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Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the government's highest level of decision-making, its Board of Trustees. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Trustees.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Trustees. The Board of Trustees has not approved a policy indicating who is to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Trustees. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

The Township has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

**Upcoming Accounting and Reporting Changes**

The Governmental Accounting Standards Board has released the following Statements.

*Statement 72, Fair Value Measurements and Applications.* Statement 72 addresses accounting and financial reporting issues related to fair value measurements. Fair value is defined as an exit price (what a government would get to sell the asset), and fair value measurements primarily apply to investments. The statement enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This statement requires additional disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques. Statement 72 is effective for the year ending December 31, 2016 although earlier application is allowed.

*Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement 67 and 68.* The purpose of this Statement is provide the readers of the financial statements information about the effects of the pension-related transactions on the financial statements of state and local government employers. It will assist in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period in addition to providing information about the government's pension obligation. The first objective of this Statement is to improve the information about financial support provided by certain nonemployer entities for pensions that are provided to the employees of other entities that are not within the scope of Statement No. 68. These requirements are effective for the fiscal year ending December 31, 2017. The second objective is to improve the quality of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions that are not within the scope of Statement 68 and the third objective is to clarify the



**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

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application of certain provisions of Statement No. 67 and 68. These two requirements are effective for the fiscal year ending December 31, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending December 31, 2017.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending December 31, 2018.

The Township is evaluating the impact GASB 72 through 75 will have on its financial reporting.

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

**Budgetary information**

The government is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to December 31, the Township Manager submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to December 31.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township Manager is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Board of Trustees.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

**Deposits and Investments**

At year end the government's deposits were reported in the financial statements as follows:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Governmental activities	\$ 4,516,866	\$ -	\$ 4,516,866
Business-type activities	4,875,622	123,039	4,998,661
Total primary government	9,392,488	123,039	9,515,527
Fiduciary funds	2,943,144	-	2,943,144
Component unit	1,596,872	-	1,596,872
Total	<u>\$ 13,932,504</u>	<u>\$ 123,039</u>	<u>\$ 14,055,543</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 9,515,127	\$ 2,943,144	\$ 1,596,872	\$ 14,055,143
Petty cash and cash on hand	400	-	-	400
	<u>\$ 9,515,527</u>	<u>\$ 2,943,144</u>	<u>\$ 1,596,872</u>	<u>\$ 14,055,543</u>

*Interest rate risk* – The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market rate interest rates, by structuring the investment portfolio to attain a market average rate of return while taking into account investment risk constraints and liquidity needs.

*Credit risk* – State statutes authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which 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 investment policy adopted by the government authorizes investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

*Concentration of credit risk* – The government has no policy that would limit the amount that may be issued in any one issuer.

*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year end, \$15,043,994 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

**Note 3 - Receivables**

The only receivables not expected to be collected within one year are as follows:

	Due After One Year	Fund
<b>Primary government</b>		
Special assessments	\$ 125,044	Public Improvement Fund
Special assessments	65,398	Sewer Fund
Special assessments	67,031	Water Fund
	<u>\$ 257,473</u>	

**Note 4 - Capital Assets**

At year end capital assets activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 160,650	\$ -	\$ -	\$ 160,650
Construction in progress	81,496	-	81,496	-
<b>Total capital assets not being depreciated</b>	<u>242,146</u>	<u>-</u>	<u>81,496</u>	<u>160,650</u>
Capital assets being depreciated				
Land improvements	329,743	-	-	329,743
Buildings, additions and improvements	944,865	144,395	-	1,089,260
Machinery and equipment	257,833	-	61,600	196,233
Vehicles	302,876	-	-	302,876
<b>Total capital assets being depreciated</b>	<u>1,835,317</u>	<u>144,395</u>	<u>61,600</u>	<u>1,918,112</u>
Less accumulated depreciation for				
Land improvements	227,926	16,741	-	244,667
Buildings, additions and improvements	345,574	19,971	-	365,545
Machinery and equipment	204,902	8,244	53,426	159,720
Vehicles	218,599	20,233	-	238,832
<b>Total accumulated depreciation</b>	<u>997,001</u>	<u>65,189</u>	<u>53,426</u>	<u>1,008,764</u>
<b>Net capital assets being depreciated</b>	<u>838,316</u>	<u>79,206</u>	<u>8,174</u>	<u>909,348</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 1,080,462</u>	<u>\$ 79,206</u>	<u>\$ 89,670</u>	<u>\$ 1,069,998</u>

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 275,780	\$ -	\$ -	\$ 275,780
Construction in progress	5,758,610	-	5,758,610	-
<b>Total capital assets not being depreciated</b>	<b>6,034,390</b>	<b>-</b>	<b>5,758,610</b>	<b>275,780</b>
<b>Capital assets being depreciated</b>				
Land improvements	41,964	-	-	41,964
Buildings, additions and improvements	218,240	-	15,313	202,927
Machinery and equipment	1,159,681	345,962	76,623	1,429,020
Vehicles	339,364	28,419	17,626	350,157
Water system	11,264,028	1,648,059	-	12,912,087
Sewer system	12,947,686	532,429	-	13,480,115
Wastewater treatment plant	8,455,202	4,111,827	-	12,567,029
<b>Total capital assets being depreciated</b>	<b>34,426,165</b>	<b>6,666,696</b>	<b>109,562</b>	<b>40,983,299</b>
<b>Less accumulated depreciation for</b>				
Land improvements	24,673	1,881	-	26,554
Buildings, additions and improvements	99,117	9,021	13,338	94,800
Machinery and equipment	703,049	78,772	71,247	710,574
Vehicles	176,063	25,418	17,626	183,855
Water system	3,849,927	253,633	-	4,103,560
Sewer system	6,307,720	286,739	-	6,594,459
Wastewater treatment plant	2,363,205	211,892	-	2,575,097
<b>Total accumulated depreciation</b>	<b>13,523,754</b>	<b>867,356</b>	<b>102,211</b>	<b>14,288,899</b>
<b>Net capital assets being depreciated</b>	<b>20,902,411</b>	<b>5,799,340</b>	<b>7,351</b>	<b>26,694,400</b>
<b>Business-type capital assets, net</b>	<b>\$ 26,936,801</b>	<b>\$ 5,799,340</b>	<b>\$ 5,765,961</b>	<b>\$ 26,970,180</b>

Capital assets activity of the component units for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Units</b>				
<b>East Downtown Development Authority</b>				
Capital assets being depreciated				
Land improvements	\$ 233,279	\$ -	\$ -	\$ 233,279
Less accumulated depreciation for Land improvements	81,648	11,664	-	93,312
<b>East Downtown Development Authority capital assets, net</b>	<b>\$ 151,631</b>	<b>\$ (11,664)</b>	<b>\$ -</b>	<b>\$ 139,967</b>
<b>West Downtown Development Authority</b>				
Capital assets being depreciated				
Land improvements	\$ 15,473	\$ -	\$ -	\$ 15,473
Less accumulated depreciation for Land improvements	4,642	774	-	5,416
<b>West Downtown Development Authority capital assets, net</b>	<b>\$ 10,831</b>	<b>\$ (774)</b>	<b>\$ -</b>	<b>\$ 10,057</b>
<b>Total component units</b>	<b>\$ 162,462</b>	<b>\$ (12,438)</b>	<b>\$ -</b>	<b>\$ 150,024</b>

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

<b>Governmental activities</b>	
General government	\$ 35,213
Public safety	13,156
Recreation and culture	16,820
<b>Total governmental activities</b>	<b>65,189</b>
<b>Business-type activities</b>	
Sewer	574,614
Water	292,742
<b>Total business-type activities</b>	<b>867,356</b>
<b>Total primary government</b>	<b>\$ 932,545</b>

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

Depreciation expense was charged to the following programs for component units:

East Downtown Development Authority	\$ 11,664
West Downtown Development Authority	<u>774</u>
<b>Total component units</b>	<b><u>\$ 12,438</u></b>

**Note 5 - Long-Term Debt**

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Other long-term obligations include compensated absences. Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Compensated absences	\$ 21,428	\$ -	\$ 7,826	\$ 13,602	\$ -
<b>Business-type activities</b>					
<b>Bonds and notes payable</b>					
General obligation bonds					
2004 Sewer Revenue Refunding Bonds	\$ 760,000	\$ -	\$ 140,000	\$ 620,000	\$ 145,000
2009 Wastewater Refunding Bonds	2,565,000	-	335,000	2,230,000	340,000
2010 Water Revenue Bonds	1,820,000	-	80,000	1,740,000	85,000
2011 Sanitary Sewer System (Phase I)	1,057,000	-	15,000	1,042,000	16,000
2011 Sanitary Sewer System (Phase II)	4,300,562	436,122	168,033	4,568,651	71,000
	<u>10,502,562</u>	<u>436,122</u>	<u>738,033</u>	<u>10,200,651</u>	<u>657,000</u>
Less deferred amounts for issuance discounts	(37,820)	-	(3,965)	(33,855)	-
<b>Total bonds payable</b>	<u>10,464,742</u>	<u>436,122</u>	<u>734,068</u>	<u>10,166,796</u>	<u>657,000</u>
Compensated absences	50,353	-	11,839	38,514	-
<b>Total business-type activities</b>	<b><u>\$ 10,515,095</u></b>	<b><u>\$ 436,122</u></b>	<b><u>\$ 745,907</u></b>	<b><u>\$ 10,205,310</u></b>	<b><u>\$ 657,000</u></b>
<b>Component units</b>					
General obligation bonds					
1991 WDDA Series II	\$ 131,950	\$ -	\$ 35,028	\$ 96,922	\$ 33,268
1991 Water/Sewer Special	75,000	-	75,000	-	-
	<u>206,950</u>	<u>-</u>	<u>110,028</u>	<u>96,922</u>	<u>33,268</u>
Less deferred amounts For issuance discounts	(3,800)	-	(950)	(2,850)	-
<b>Total component units</b>	<b><u>\$ 203,150</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 109,078</u></b>	<b><u>\$ 94,072</u></b>	<b><u>\$ 33,268</u></b>

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

Significant details regarding outstanding long-term debt are presented below:

**Primary Government**

\$1,920,000 Sewer Revenue Refunding Bonds Series 2004 dated May 13, 2004, due in annual installments ranging from \$145,000 to \$165,000 through November 1, 2019, with an interest rate of 5.27 percent, payable semi-annually. \$ 620,000

\$4,130,000 Wastewater Refunding Bonds Series 2009 dated August 27, 2009, due in annual installments ranging from \$340,000 to \$405,000 through April 1, 2021, with an interest rate ranging from 3.25 to 4.00 percent, payable semi-annually. 2,230,000

\$2,105,000 General Obligation Water Revenue Bonds Series 2010 dated July 21, 2010, due in annual installments ranging from \$85,000 to \$155,000 through October 1, 2030, with an interest rate ranging from 2.50 to 4.40 percent, payable semi-annually. 1,740,000

\$1,100,000 Sewer System Revenue Bonds dated November 1, 2011, due in annual installments ranging from \$13,000 to \$47,000 through May 1, 2051, with an interest rate of 3.25 percent, payable semi-annually. 1,042,000

\$1,424,5110 Sewer System Revenue Bonds dated July 17, 2013, due in annual installments ranging from \$71,000 to \$179,000 through May 1, 2051, with an interest rate of 2.75 percent, payable semi-annually. 4,568,651

\$ 10,200,651

**Component Units**

\$949,982 West Downtown Development Authority Bonds Series II dated August 20, 1991, due in annual installments ranging from \$31,128 to \$33,268 through August 1, 2018, with an interest rate ranging from 8.10 to 8.25 percent, payable semi-annually. \$ 96,922

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending December 31,	Business-type Activities		Component Unit	
	Principal	Interest	Principal	Interest
2016	\$ 657,000	\$ 331,479	\$ 33,268	\$ 216,733
2017	684,000	310,520	32,526	232,474
2018	702,000	287,451	31,128	243,870
2019	729,000	262,579	-	-
2020	587,000	235,381	-	-
2021 - 2025	1,508,000	928,704	-	-
2026 - 2030	1,318,000	717,470	-	-
2031 - 2035	700,000	532,058	-	-
2036 - 2040	806,000	426,488	-	-
2041 - 2045	926,000	304,998	-	-
2046 - 2050	1,066,000	165,292	-	-
2051 - 2053	517,651	25,190	-	-
	<u>\$ 10,200,651</u>	<u>\$ 4,527,610</u>	<u>\$ 96,922</u>	<u>\$ 693,077</u>

**Compensated Absences**

Individual employees have vested rights upon termination of employment to receive payment for unused sick and vacation time. The dollar amount of these vested rights including related payroll taxes, which have been accrued on the financial statements in the government-wide financial statements, amounted to \$13,602 for governmental activities. Resources from the general fund will be used to liquidate this liability. The business-type activities reported a liability of \$38,514. Resources from the sewer and water funds will be used to liquidate this liability.

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**Deferred Amount on Refunding**

The Township issued bonds in 2009 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$464,957. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2021. The balance at December 31, 2015 is \$232,478.

**Note 6 - Risk Management**

The Township participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

The Township also participates in a pool, the Michigan Township Participating Plan with other municipalities for various risks of loss including general, employee benefits, public officials, law enforcement, inland marine, crime, auto, boiler and machinery, and EDP liability, errors and omissions, and property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

**Note 7 - Employee Retirement and Benefit Systems**

**Defined contribution plan**

The Township participated in a defined contribution plan administered by Municipal Employees' Retirement System. The plan is available for all Township Officials and full-time employees. The Township is required to contribute 7.5 percent of each participant's annual compensation. Employees are required to contribute 2.5 percent of their annual compensation. Contributions can be made by employees on a pre-tax basis. Upon early retirement or termination of service, other than because of death, disability, or normal retirement, benefits in the plan vest at 100% after twenty months of service.

For the year ended December 31, 2015, the Township's total payroll was \$1,313,169. The current year employer contribution was \$91,802. Employee contributions for the year ended December 31, 2015, totaled \$30,150.

**Note 8 - Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The Township's zoning board of appeals (ZBA) has been named in a lawsuit. The ZBA granted a zoning variance to a property owner neighboring the plaintiff, which, the plaintiff alleges, was improperly granted. The plaintiff is seeking to have the variance revoked. The likelihood of an unfavorable outcome or the amount or range of potential loss is not estimable at this time.

**Charter Township of Union**  
**Notes to the Financial Statements**  
**December 31, 2015**

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Reductions in existing taxable value due to commercial property tax appeals to Michigan Tax Tribunal have been a concern at the Township in recent years. The latest tax tribunal cases that are creating potential losses to the Township in the next fiscal year could amount to over \$30,000 in reduced revenue to the Township. The property tax amounts lost in Michigan Tax Tribunal cases are not just one time losses, but also reduces revenue in all subsequent tax years. In addition, the costs to defend the current tax base, in the form of legal fees and appraisal fees are a major concern. The Township has been negotiating with other local taxing authorities for help with expenditures relating to these tax appeals. Fortunately, the Township has been growing with new construction creating an increase in the tax base that helps to offset the losses sustained at the Michigan Tax Tribunal.

**Note 9 - Contractual Commitments**

The Township has contracted with the City of Mount Pleasant for fire protection. The contract currently runs through 2018. The Township's future anticipated operating revenues are expected to be sufficient to cover this commitment.

The remaining contractual commitment is as follows:

Year Ending December 31,	
2016	\$ 669,300
2017	684,000
2018	699,000
	\$ 2,052,300

**Note 10 - Fund Consolidation**

The Township consolidated the Construction Code Enforcement Fund into the General Fund during 2015 upon the determination that the Construction Code Enforcement Fund could not generate enough revenues to sustain the level of expenditures required. The beginning fund balance of the General Fund was restated by \$32,029, restating it from \$2,508,581 to \$2,540,610. The Construction Code Enforcement Fund was recorded in the 2014 financial statements as a major fund.



**Charter Township of Union**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
<b>Revenues</b>				
<b>Taxes</b>				
Property taxes	\$ 283,974	\$ 273,974	\$ 279,233	\$ 5,259
Other taxes	5,250	5,250	5,161	(89)
Penalties and interest	4,050	4,050	3,254	(796)
Administration fee	141,750	141,750	143,467	1,717
Licenses and permits	177,505	253,505	264,179	10,674
State revenue sharing	995,343	995,343	1,023,216	27,873
Charges for services	74,250	84,250	88,705	4,455
Fines and forfeitures	1,500	1,500	1,357	(143)
Interest income	6,050	6,050	14,713	8,663
Rental income	7,450	7,450	12,250	4,800
Other revenue	28,575	18,575	21,980	3,405
Sale of fixed assets	150	150	-	(150)
Transfers in	50,000	-	-	-
<b>Total revenues</b>	<b>1,775,847</b>	<b>1,791,847</b>	<b>1,857,515</b>	<b>65,668</b>
<b>Expenditures</b>				
<b>General government</b>				
Township board	233,401	282,994	90,979	(192,015)
Supervisor	30,806	31,206	27,730	(3,476)
Manager	36,480	36,490	40,741	4,251
Accounting	112,954	128,314	119,115	(9,199)
Clerk	41,182	42,182	27,423	(14,759)
Audit and accounting	20,500	20,500	17,950	(2,550)
Data processing	25,000	37,505	33,766	(3,739)
Board of review	5,949	5,949	3,650	(2,299)

**Charter Township of Union**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Treasurer	\$ 33,245	\$ 33,935	\$ 33,598	\$ (337)
Assessor	200,816	216,911	214,256	(2,655)
Elections	8,428	11,338	5,267	(6,071)
Buildings and grounds	58,300	60,700	47,591	(13,109)
Attorney	10,000	5,000	2,445	(2,555)
Total general government	<u>817,061</u>	<u>913,024</u>	<u>664,511</u>	<u>(248,513)</u>
<b>Public safety</b>				
Liquor law enforcement	14,009	14,019	10,565	(3,454)
Building inspection department	275,490	52,353	48,114	(4,239)
Zoning inspector	-	61,659	47,180	(14,479)
Rental inspections	-	170,603	157,319	(13,284)
Total public safety	<u>289,499</u>	<u>298,634</u>	<u>263,178</u>	<u>(35,456)</u>
<b>Public works</b>				
Sidewalks	125,000	125,000	120,947	(4,053)
Drains	7,500	7,500	3,132	(4,368)
Highways, streets and bridges	265,250	125,820	123,928	(1,892)
Street lighting	20,000	20,000	20,746	746
Total public works	<u>417,750</u>	<u>278,320</u>	<u>268,753</u>	<u>(9,567)</u>

**Charter Township of Union**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Community and economic development				
Planning	\$ 12,282	\$ 20,157	\$ 18,377	\$ (1,780)
Zoning	5,013	5,213	2,982	(2,231)
Total community and economic development	17,295	25,370	21,359	(4,011)
Recreation and culture				
Parks and recreation	139,477	186,307	165,699	(20,608)
Other functions				
Insurance and bonds	20,000	10,000	9,308	(692)
Capital outlay	76,625	80,192	62,899	(17,293)
Transfers out	50,000	-	-	-
Total expenditures	1,827,707	1,791,847	1,455,707	(336,140)
Excess (deficiency) of revenues over expenditures	(51,860)	-	401,808	401,808
Fund balance - beginning of year	2,540,610	2,540,610	2,540,610	-
Fund balance - end of year	<u>\$ 2,488,750</u>	<u>\$ 2,540,610</u>	<u>\$ 2,942,418</u>	<u>\$ 401,808</u>

**Charter Township of Union**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Fire Fund**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
<b>Revenues</b>				
Taxes	\$ 604,196	\$ 584,196	\$ 591,750	\$ 7,554
Charges for services	100,530	100,530	100,940	410
Interest income	900	900	5,023	4,123
<b>Total revenues</b>	<u>705,626</u>	<u>685,626</u>	<u>697,713</u>	<u>12,087</u>
<b>Expenditures</b>				
Current				
Public safety	705,626	685,626	654,902	(30,724)
<b>Excess of revenues over expenditures</b>	-	-	42,811	42,811
<b>Fund balance - beginning of year</b>	<u>999,275</u>	<u>999,275</u>	<u>999,275</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 999,275</u>	<u>\$ 999,275</u>	<u>\$ 1,042,086</u>	<u>\$ 42,811</u>

**Charter Township of Union**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2015**

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Tribal 2%	Public Improvement	
<b>Assets</b>			
Cash and cash equivalents	\$ 598,898	\$ 45,385	\$ 644,283
Receivables			
Special assessments	-	151,965	151,965
<b>Total assets</b>	<b>\$ 598,898</b>	<b>\$ 197,350</b>	<b>\$ 796,248</b>
<b>Deferred inflows of resources</b>			
Special assessments	\$ -	\$ 151,965	\$ 151,965
<b>Fund Balances</b>			
Restricted			
Tribal grants	598,898	-	598,898
Capital projects	-	45,385	45,385
<b>Total fund balances</b>	<b>598,898</b>	<b>45,385</b>	<b>644,283</b>
<b>Total deferred inflows of resources and fund balances</b>	<b>\$ 598,898</b>	<b>\$ 197,350</b>	<b>\$ 796,248</b>

**Charter Township of Union**  
**Other Supplementary Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2015**

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Tribal 2%	Public Improvement	
<b>Revenues</b>			
Local contributions	\$ 199,664	\$ -	\$ 199,664
Interest income	1,081	68	1,149
Other revenue	-	46,078	46,078
<b>Total revenues</b>	<b>200,745</b>	<b>46,146</b>	<b>246,891</b>
<b>Expenditures</b>			
Current			
Public works	96,136	-	96,136
Capital outlay	-	60,149	60,149
<b>Total expenditures</b>	<b>96,136</b>	<b>60,149</b>	<b>156,285</b>
<b>Net change in fund balance</b>	<b>104,609</b>	<b>(14,003)</b>	<b>90,606</b>
<b>Fund balance - beginning of year</b>	<b>494,289</b>	<b>59,388</b>	<b>553,677</b>
<b>Fund balance - end of year</b>	<b>\$ 598,898</b>	<b>\$ 45,385</b>	<b>\$ 644,283</b>

**Charter Township of Union**  
**Component Unit - East Downtown Development Authority**  
**Balance Sheet**  
**December 31, 2015**

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<b>Assets</b>	
Cash and cash equivalents	\$ 910,635
Receivables	
Taxes	101,919
Customers	267
Due from other units of government	332,933
Prepaid items	<u>1,263</u>
<b>Total assets</b>	<b><u><u>\$ 1,347,017</u></u></b>
<b>Liabilities</b>	
Accounts payable	<u>\$ 29,489</u>
<b>Deferred inflows of resources</b>	
Property taxes	<u>434,784</u>
<b>Fund Balances</b>	
Non-spendable	
Prepaid items	1,263
Restricted	
East DDA	<u>881,481</u>
<b>Total fund balances</b>	<b><u><u>882,744</u></u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u><u>\$ 1,347,017</u></u></b>

**Charter Township of Union  
East Downtown Development Authority  
Reconciliation of Fund Balances of Component Unit  
to Net Position of Component Unit  
December 31, 2015**

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**Total fund balance for component unit fund** **\$ 882,744**

Total net position for component unit activities in the statement of net position is different because:

Capital assets net of accumulated depreciation used in the government wide statements are not financial resources and therefore are not reported in the funds.

139,967

**Net position of component unit**

\$ 1,022,711



**Charter Township of Union**  
**Component Unit - East Downtown Development Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2015**

<b>Revenues</b>		
Taxes	\$	414,780
Interest income		3,608
Other revenue		<u>264</u>
Total revenues		<u>418,652</u>
<b>Expenditures</b>		
Current		
Public safety		61,917
Community and economic development		<u>1,260,311</u>
Total expenditures		<u>1,322,228</u>
Net change in fund balance		(903,576)
Fund balance - beginning of year		<u>1,786,320</u>
Fund balance - end of year	\$	<u><u>882,744</u></u>

**Charter Township of Union**  
**East Downtown Development Authority**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Component Units to the Statement of Activities**  
**For the Year Ended December 31, 2015**

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<b>Net change in fund balances - total component unit fund</b>	<b>\$ (903,576)</b>
 Total change in net position reported for component unit activities in the statement of activities is different because:	
 Governmental funds report capital outlays as expenditures. However, in the government wide statements the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	<u>(11,664)</u>
 <b>Change in net position of component unit</b>	 <u><u>\$ (915,240)</u></u>

**Charter Township of Union**  
**Component Unit - West Downtown Development Authority**  
**Balance Sheet**  
**December 31, 2015**

	Operating	Debt Service	Debt Service Special Assessment	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 646,092	\$ 29,724	\$ 10,421	\$ 686,237
Receivables				
Taxes	172,510	-	-	172,510
Due from other units of government	285,585	-	-	285,585
	<u>285,585</u>	<u>-</u>	<u>-</u>	<u>285,585</u>
Total assets	<u>\$ 1,104,187</u>	<u>\$ 29,724</u>	<u>\$ 10,421</u>	<u>\$ 1,144,332</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 500	\$ 500
	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
<b>Deferred inflows of resources</b>				
Property taxes	457,813	-	-	457,813
	<u>457,813</u>	<u>-</u>	<u>-</u>	<u>457,813</u>
<b>Fund Balances</b>				
Restricted				
West DDA	646,374	-	-	646,374
Debt service	-	29,724	9,921	39,645
	<u>-</u>	<u>29,724</u>	<u>9,921</u>	<u>39,645</u>
Total fund balances	<u>646,374</u>	<u>29,724</u>	<u>9,921</u>	<u>686,019</u>
	<u>646,374</u>	<u>29,724</u>	<u>9,921</u>	<u>686,019</u>
Total deferred inflows of resources and fund balances	<u>\$ 1,104,187</u>	<u>\$ 29,724</u>	<u>\$ 10,421</u>	<u>\$ 1,144,332</u>

**Charter Township of Union  
West Downtown Development Authority  
Reconciliation of Fund Balances of Component Unit  
to Net Position of Component Unit  
December 31, 2015**

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<b>Total fund balance for component unit fund</b>	<b>\$ 686,019</b>
 Total net position for component unit activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in the government wide statements are not financial resources and therefore are not reported in the funds.	10,057
Certain liabilities are not due and payable in the current period and are not reported in the funds. Accrued interest	(90,256)
Long-term liabilities applicable to component unit activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Bonds payable Discount on bonds	(96,922) 2,850
<b>Net position of component unit</b>	<b><u>\$ 511,748</u></b>

**Charter Township of Union**  
**Component Unit - West Downtown Development Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2015**

	Operating	Debt Service	Debt Service Special Assessment	Total
<b>Revenues</b>				
Taxes	\$ 498,838	\$ -	\$ -	\$ 498,838
Interest income	1,306	56	3,325	4,687
Other revenue	-	-	34,047	34,047
<b>Total revenues</b>	<b>500,144</b>	<b>56</b>	<b>37,372</b>	<b>537,572</b>
<b>Expenditures</b>				
Current				
Public safety	39,023	-	-	39,023
Debt service				
Principal retirement	-	35,028	75,000	110,028
Interest and fiscal charges	-	205,772	4,904	210,676
<b>Total expenditures</b>	<b>39,023</b>	<b>240,800</b>	<b>79,904</b>	<b>359,727</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>461,121</b>	<b>(240,744)</b>	<b>(42,532)</b>	<b>177,845</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	220,000	-	220,000
Transfers out	(220,000)	-	-	(220,000)
<b>Total other financing sources and uses</b>	<b>(220,000)</b>	<b>220,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>241,121</b>	<b>(20,744)</b>	<b>(42,532)</b>	<b>177,845</b>
Fund balance - beginning of year	405,253	50,468	52,453	508,174
<b>Fund balance - end of year</b>	<b>\$ 646,374</b>	<b>\$ 29,724</b>	<b>\$ 9,921</b>	<b>\$ 686,019</b>

**Charter Township of Union  
 East Downtown Development Authority  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
 of Component Units to the Statement of Activities  
 For the Year Ended December 31, 2015**

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<b>Net change in fund balances - total component unit fund</b>	<b>\$ 177,845</b>
 Total change in net position reported for component unit activities in the statement of activities is different because:	
 Governmental funds report capital outlays as expenditures. However, in the government wide statements the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(774)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	(10,588)
 Expenses are recorded when incurred in the statement of activities.	
Accrued interest	(3,108)
 Bond proceeds are reported as financing sources in the component unit funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the component unit funds but reduces the liability in the statement of net position.	
Repayments of long-term debt	110,028
Amortization of discount	<u>(950)</u>
 <b>Change in net position of component unit</b>	 <b><u><u>\$ 272,453</u></u></b>



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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

### **Independent Auditors' Report**

Management and the Board of Trustees  
Charter Township of Union

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Charter Township of Union as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Charter Township of Union's basic financial statements, and have issued our report thereon dated May 20, 2016.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Charter Township of Union's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Charter Township of Union's internal control. Accordingly, we do not express an opinion on the effectiveness of Charter Township of Union's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Charter Township of Union's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Yeo & Yeo, P.C.*

Alma, Michigan  
May 20, 2016





1406 N Mitchell Street  
Cadillac, MI 49601  
855-306-1099 Phone  
855-306-1098 Fax  
www.44n.com

May 10, 2016

Bill Newkirk  
Charter Township of Union  
2010 S. Lincoln Road  
Mt. Pleasant, MI 48858

Re: Enclosed Plan Amendment

Dear Mr. Newkirk:

Your plan document has been amended in order to best comply with Medicare Secondary Payer regulations and recent Affordable Care Act guidance that relates to opt-out payment programs/cash-in-lieu payment programs.

Opt-Out payments/Cash-In-Lieu payments to Medicare eligible employees are prohibited for employers of 20 or more because they are considered prohibited incentives under Medicare Secondary Payer (MSP) rules. The general rule is that an employer (with 20 or more employees) cannot offer, subsidize, or incent any active Medicare eligible employee to not enroll in the employer's group health plan. We recommend adopting the revised language to clarify that the opt-out program offered through the cafeteria plan will operate in accordance with all applicable laws and regulations, include those required by the Medicare Secondary Payer rules.

IRS Notice 2015-17 states that a general pay increase that is conditioned upon the purchase of health insurance constitutes an "employer payment plan" prohibited by the Affordable Care Act. It is possible that an employer's opt-out program may be deemed a general pay increase that is conditional upon the purchase of other health coverage, especially if the opt-out program requires proof of other coverage in order to receive the opt-out payment. To avoid this situation, we recommend adopting the revised language which expressly disclaims that the opt-out payment program is not an employer payment plan.

The enclosed plan amendment and summary of material modifications (SMM) modify your cafeteria plan document to a) state that the opt-out payment program will operate pursuant to all applicable laws, including Medicare Secondary Payer rules and b) expressly disclaim that the opt-out program is not an employer payment plan. If you would like to adopt this amendment, please complete the Amendment and the Adoption Agreement, then return a copy of both in the enclosed envelope. Please distribute the SMM to all employees eligible to participate in the cafeteria plan, including those who are not enrolled.

As always, if you have any questions, please do not hesitate to contact your Account Coordinator or a member of your service team.

Sincerely,

Your  Service Team

KH:kh

**Charter Township of Union  
Section 125 Cafeteria Plan  
Summary of Material Modifications (SMM)  
Describing Amendment  
Employer "Opt-Out" or "Cash in Lieu of" Payments  
Pursuant to IRS Notice 2015-87**

What follows is a Summary of Material Modifications to the Charter Township of Union Amendment Employer "Opt-Out" or "Cash in Lieu of" Payments Section 125 Cafeteria Plan (the "Plan"). It is intended to notify you of important changes made to the Plan effective March 01, 2016. You should take the time to read this Summary carefully and keep it with the copy of the Summary Plan Description that was previously provided to you. If you need another copy of the Summary Plan Description or if you have any questions regarding these changes to the Plan, please contact the Charter Township of Union office during normal business hours at 2010 S. Lincoln Road, Mt Pleasant, MI 48858, telephone number 989-772-4600.

Section III of the Plan Document is hereby amended as follows:

**Opt-Out Option.** An Eligible Employee may opt out of Charter Township of Union group benefit plan and receive additional cash payment in lieu of benefits only to the extent permitted by applicable law (which include Medicare Secondary Payer rules). Employees enrolled in the employer's group benefit Plan as a dependent of another employee (i.e. spouse or parent) are not eligible for cash in lieu of. The amount of payment in lieu of benefits will be communicated to participants at the time of the enrollment period.

The opt-out option is not intended to be a reimbursement benefit of any kind. The cash benefit is taxable and is considered unrestricted cash compensation, and is not intended for the direct or indirect purchase/reimbursement of any other medical insurance premium (whether individual or group coverage).

This Summary is intended to provide you with an easy-to-understand description of certain changes to the Plan. While every effort has been made to make this description as complete and as accurate as possible, this Summary, of course, cannot contain a full restatement of the terms and provisions of the Plan. If any conflict should arise between this Summary and the Plan, or if any point is not discussed in this Summary or is only partially discussed, the terms of the Plan will govern in all cases. The Employer or its authorized representative, reserves the right, to amend, modify or terminate the Plan, or any benefits provided under the Plan.

**Charter Township of Union  
Section 125 Cafeteria Plan Amendment  
Employer "Opt-Out" or "Cash in Lieu of" Payments**

Section III of the Plan Document is hereby amended as follows:

**Opt-Out Option.** An Eligible Employee may opt out of Charter Township of Union group benefit plan and receive additional cash payment in lieu of benefits only to the extent permitted by applicable law (which include Medicare Secondary Payer rules). Employees enrolled in the employer's group benefit Plan as a dependent of another employee (i.e. spouse or parent) are not eligible for cash in lieu of. The amount of payment in lieu of benefits will be communicated to participants at the time of the enrollment period.

The opt-out option is not intended to be a reimbursement benefit of any kind. The cash benefit is taxable and is considered unrestricted cash compensation, and is not intended for the direct or indirect purchase/reimbursement of any other medical insurance premium (whether individual or group coverage).

IN WITNESS WHEREOF, and as conclusive evidence of the adoption of the foregoing amendment to the Charter Township of Union Section 125 Cafeteria Plan, Charter Township of Union has caused this Amendment to be executed in its name and on its behalf, on this \_\_\_\_ day of \_\_\_\_\_, 2016, to be effective as of March 01, 2016.

Charter Township of Union

By: \_\_\_\_\_  
Printed Name and Title

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**CERTIFICATE OF ADOPTING RESOLUTION**

The Employer hereby certifies that the following resolutions were duly adopted by the Employer on \_\_\_\_\_, 2016, and that such resolutions have not been modified or rescinded as of the date hereof;

**Amendment  
Employer “Opt-Out” or “Cash in Lieu of” Payments**

RESOLVED, that the Amendment Employer “Opt-Out” or “Cash in Lieu of” Payments to the Charter Township of Union Section 125 Cafeteria Plan effective March 01, 2016 is hereby approved and adopted and that the proper officers of the Employer are hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the Amendment.

RESOLVED, that the proper officers of the Employer shall act as soon as possible to notify employees of the Employer of the adoption of this Amendment to the Plan by delivering to each employee a copy of the summary description of the changes to the Plan in the form of the Summary of Material Modifications, which form is hereby approved.

The undersigned further certifies that attached hereto, are true copies of this Amendment to the Plan and Summary of Material Modifications approved and adopted in the foregoing resolutions.

Charter Township of Union

By: \_\_\_\_\_  
Printed Name and Title

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## TOWNSHIP PARTICIPATION CONTRACT

This Agreement is made and entered into by and between the Board of County Road Commissioners for the County of Isabella, hereinafter referred to as the "Road Commission" and Union Township, hereinafter referred to as the "Township", for the following improvements:

<b>Project No. 465 – 014 – 631411 Isabella Road (Broadway &amp; Remus/ Broomfield &amp; Bluegrass) Traffic Study</b>	
Estimated Cost before	\$15,100.00
Less ICRC Share of ½	<u>- 7,550.00</u>
Union Township Share	\$ 7,550.00

Payment as stated above will be due upon receipt of invoice. The Road Commission is hereby authorized to add to the unpaid balance a service charge of one percent (1%) per month on the unpaid balance of any and all of said sums remaining unpaid after thirty (30) days. Projects which carryover between fiscal years may be billed as the ratio of costs incurred to date. Carryover projects are those which require extensive work to be deemed complete.

The undersigned Township officials, by executing this agreement, certify they are authorized to enter into this agreement on behalf of the Township.

### UNION TOWNSHIP

### ISABELLA COUNTY ROAD COMMISSION

By: \_\_\_\_\_  
Supervisor

By: \_\_\_\_\_  
Manager

By: \_\_\_\_\_  
Clerk

By: \_\_\_\_\_  
Board Secretary

Board Approval on: \_\_\_\_\_

Board Approval on: \_\_\_\_\_

## Bill Newkirk

---

**From:** Steve Clark [SClark@rowepsc.com]  
**Sent:** Wednesday, May 25, 2016 1:10 PM  
**To:** Bill Newkirk  
**Cc:** Russ Alwood; Steve Clark  
**Subject:** Deerfield Road Recycling Center  
**Attachments:** Deerfield Road Recycling Center Cost Estimate.pdf; Preliminary Site Plan.pdf

**Importance:** High

Bill,

Hello, we hope things are going well for you and the township. Attached you will find a very preliminary site plan and cost opinion for the above project. I wanted to have a site plan available with the cost opinion, so everyone understood what the costs were being based upon. Feel free to contact me with any questions you may have.

Thanks!

Steven M. Clark | Associate | Project Administrator

**ROWE PROFESSIONAL  
SERVICES COMPANY**



127 S. Main Street | Mt. Pleasant, MI 48858

O: (989) 772-2138 | F: (989) 773-7757 | C: (810) 923-5439

[www.rowepsc.com](http://www.rowepsc.com) | Follow us on: [Facebook](#) | [LinkedIn](#)

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Conceptual Construction Cost Opinion for:  
**Charter Township of Union - Deerfield Road Recycling Center**

5/25/2016

Prepared by:



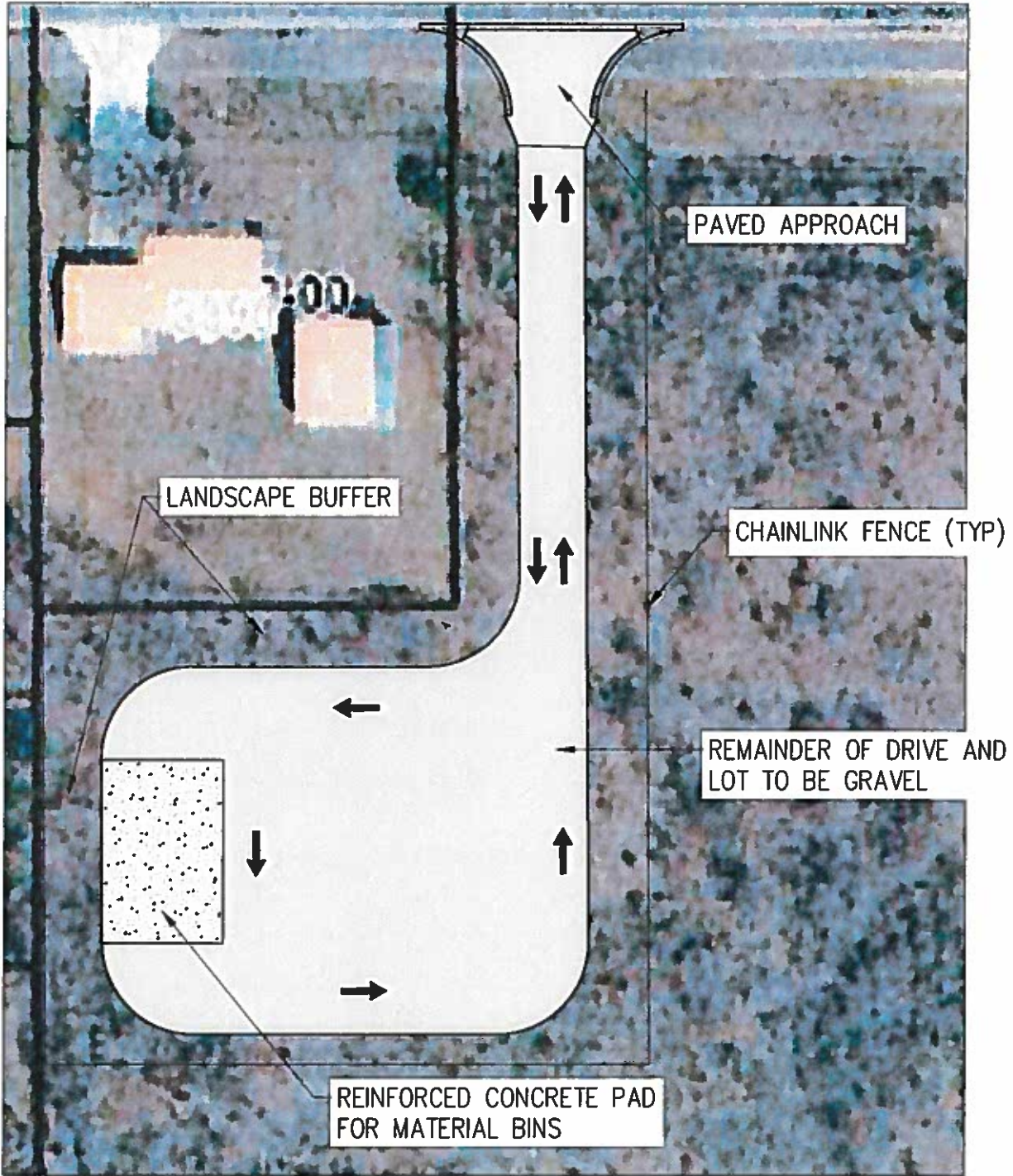
**ROWE PROFESSIONAL  
SERVICES COMPANY**

127 S. Main Street  
Mt Pleasant, MI 48858

PAY ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL
Mobilization	1	LS	\$ 14,100.00	\$ 14,100.00
Curb and Gutter, Rem	100	Ft	\$ 10.00	\$ 1,000.00
Pavt, Rem	100	Syd	\$ 8.00	\$ 800.00
Earthwork	1	LS	\$ 3,000.00	\$ 3,000.00
SESC	1	LS	\$ 1,000.00	\$ 1,000.00
Driveway Opening, Conc, Det M	90	Ft	\$ 20.00	\$ 1,800.00
Curb and Gutter, Conc, Det F4	100	Ft	\$ 20.00	\$ 2,000.00
Detectable Warning Surface	20	Ft	\$ 30.00	\$ 600.00
Aggregate Base, 8 inch	2900	Syd	\$ 15.00	\$ 43,500.00
HMA Approach	40	Ton	\$ 110.00	\$ 4,400.00
Conc Pavt, Reinf. 9 inch	267	Syd	\$ 50.00	\$ 13,350.00
Cleanup and Restoration	1	LS	\$ 5,000.00	\$ 5,000.00
Lighting and Security	1	LS	\$ 35,000.00	\$ 35,000.00
Landscape Buffer	1	LS	\$ 7,500.00	\$ 7,500.00
Fence, Chain Link, 72 inch	970	Ft	\$ 20.00	\$ 19,400.00
Fence Gate, 12 foot, for 72 inch Chain Link Fence	2	Ea	\$ 1,200.00	\$ 2,400.00
			Subtotal	\$ 154,850.00
			Contingency (20%)	\$ 30,970.00
			Subtotal	\$ 185,820.00
			Engineering	\$ 25,000.00
			Total	\$ 210,820.00

Comments:

- 1) Cost opinion created without any soil boring or survey data.
- 2) Cost opinion is based on pricing from projects bid in 2015-16.
- 3) Cost opinion is only to be used as a budgeting tool.
- 4) Engineering includes: survey, design, permitting, site plan approval, bidding, and construction oversight.
- 5) Engineering is budgetary as of this time and will be refined as the scope of the project is refined.



PREPARED FOR:  
**CHARTER TOWNSHIP OF UNION**  
**DEERFIELD ROAD RECYCLING CENTER**  
**PRELIMINARY SITE PLAN**

**ROWE PROFESSIONAL SERVICES COMPANY**

127 S. Main Street  
 Mt. Pleasant, MI 48859

Ch (800) 778-2139  
 P: (508) 778-7737  
 www.rowepsc.com

PLAN NO. \_\_\_\_\_ TBD \_\_\_\_\_  
 DATE: \_\_\_\_\_ MAY, 2016 \_\_\_\_\_  
 PROJECT MGR: \_\_\_\_\_ SMC \_\_\_\_\_  
 REVIEWER: \_\_\_\_\_ JBM \_\_\_\_\_  
 SCALE: 1" = 60' SHEET NO: 1