



Economic Development Authority Board (EDA)

Regular Meeting – Township Hall

Tuesday June 20, 2017

5:15 p.m.

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF REGULAR MEETING MINUTES MAY 16, 2017
5. PUBLIC COMMENT
6. REPORTS
 - A. ACCOUNTS PAYABLE APPROVAL - MAY
EAST D.D.A. DISTRICT #248 - **CHECK REGISTER**
WEST D.D.A. DISTRICT #250 – **CHECK REGISTER**
WEST D.D.A. GO DEBT SERVICE #396 – **NONE**
 - B. MAY FINANCIAL REPORTS: INCOME/EXPENSE STATEMENT; BALANCE SHEET
EAST D.D.A. DISTRICT #248
WEST D.D.A. DISTRICT #250
WEST DDA: GO DEBT SERVICE #396
 - C. BOARD MEMBER EXPIRATION MATRIX
7. NEW BUSINESS
 - A. AUDIT REPORT ON EDA FY 2016 FINANCIAL STATEMENTS – INFORMATIONAL ONLY
 - B. TOWNSHIP PLANNING UPDATE ON M-20 / LINCOLN ROAD DEVELOPMENT PROPOSAL – INFORMATIONAL ONLY
 - C. APPROVE EDA BANK ACCOUNT SIGNATURE CHANGES
8. PENDING BUSINESS
 - A. PROJECT LIST REVIEW: EAST AND WEST DDA: NO UPDATE
9. ADJOURNMENT UNTIL NEXT REGULAR EDA MEETING: JULY 18, 2017

**Charter Township of Union
Economic Development Authority Board (EDA)
Regular Board Meeting
Tuesday, May 16, 2017**

MINUTES

CALL TO ORDER

Chairman Kequom called to order the EDA Board Meeting at 5:27 pm.

ROLL CALL

Present: Kequom, Perry, Chowdhary, Figg, Gunning, Barz

Excused: Zalud, Johnson

Absent: Bacon, Hunter, Smith

Others Present: Mark Stuhldreher, Township Manager; Amy Peak, Building Dept. Clerk; Angela Schofield, Public Works Assistant

APPROVAL OF AGENDA

MOTION by **Chowdhary** SUPPORTED by **Figg** to APPROVE the agenda as presented. MOTION CARRIED 6-0.

APPROVAL OF MINUTES

MOTION by **Gunning** SUPPORTED by **Perry** to APPROVE minutes from the May 16, 2017 regular meeting as presented.

MOTION CARRIED 6-0.

PUBLIC COMMENT – None

REPORTS

ACCOUNTS PAYABLE/ FINANCIAL STATEMENTS

Manager Stuhldreher began by introducing new Board member Mr. Barz, and Amy Peak, the new Building Department Clerk and EDA Administrative Assistant, replacing Angela Schofield who will be moving to the Public Works Department.

Mr. Frigg welcomed both and thanked Ms. Schofield for her support of the EDA.

Mr. Stuhldreher reviewed the payables, stating there were (3) small payments in the East, and the initial installment on the Lincoln Road Project of \$100,000 in the West..

MOTION by **Barz** SUPPORTED by **Perry** to APPROVE the East DDA payables in the amount of \$1,275.23 as presented.

MOTION CARRIED 6-0.

MOTION by **Chowdhary** SUPPORTED by **Gunning** to APPROVE the West DDA payables in the amount of \$100,000 as presented.

MOTION CARRIED 6-0.

Further discussion was held on the Lincoln Road Project, including invoicing, and anticipated completion date of late June/early July due to weather delays.

Manager Stuhldreher reviewed the financial statements; stating tax revenue post in July, and the fire fund payments would be made in July. He also reminded the Board the auditor's presentation is slated for the June EDA meeting.

The Financial Reports were RECEIVED AND FILED by Chairman Kequom.

Manager Stuhldreher also reviewed updates to the Board Member expiration matrix.

NEW BUSINESS

Manager Stuhldreher reviewed the bid process and analysis for lawn maintenance services, announced Wilson Lawn Care as the low bidder, and reviewed the proposed contract for approval. Discussion was held on the contract, as well as the possibility of including herbicide and/or fertilization services next season.

ACTION ITEM: Gunning and Figg to make recommendation on herbicide/fertilization plan for future Board review.

MOTION by **Barz** SUPPORTED by **Perry** to APPROVE the (3) year service agreement with Wilson Lawn Care Inc. to provide lawn maintenance services to the EDA. MOTION CARRIED 6-0.

Manager Stuhldreher reviewed the CRDL letter regarding TIF participation; Chairmen Kequom presented a few revisions.

MOTION by **Perry** SUPPORTED by **Figg** to APPROVE the CRDL letter as amended. MOTION CARRIED 6-0.

PENDING BUSINESS -PROJECT LIST REVIEW: EAST AND WEST EDA – IN PROCESS, NO UPDATES

Manager Stuhldreher updated the Board on the Welcome Banner repairs, including the addition of east banner repairs at a cost of \$1,200.

The Board discussed the EDA project list and the Master Plan process. They expressed desire to coordinate with the Master Plan updates and the Future Land Use maps developed from that process.

Manager Stuhldreher also mentioned the recently completed traffic study and the possibility of EDA participation in upcoming intersection improvements, sidewalks, etc. He also reminded the Board of the need to have public input/visioning sessions throughout the process.

Meeting was adjourned by Chairman Kequom at 6:28.

APPROVED BY

Secretary Chowdhary

(Recorded by Angela Schofield)

06/14/2017 10:50 AM
 User: SHERRIE
 DB: Union

CHECK REGISTER FOR CHARTER TOWNSHIP OF UNION
 CHECK DATE FROM 05/17/2017 - 06/20/2017

Check Date	Bank	Check	Vendor	Vendor Name	Description	Amount
Bank 248 EDDA CHECKING						
06/05/2017	248	24 (E)	00146	CONSUMERS ENERGY PAYMENT CENTER	2027 FLORENCE ST	35.22
					4923 E PICKARD ST	36.95
					4675 E PICKARD ST	30.69
					4592 E PICKARD ST #B	23.24
					4592 E PICKARD ST #A	35.55
					5771 E PICKARD RD #B	23.24
					5771 E PICKARD RD #A	47.30
					5770 E PICKARD ST #B	23.24
					5770 E PICKARD ST #A	50.85
					5325 E PICKARD ST	82.99
					2029 2ND ST	80.18
					5157 E PICKARD ST #B	22.57
					5157 E PICKARD ST #A	59.15
					4900 E PICKARD ST	48.37
					1940 S ISABELLA RD	44.37
						<u>643.91</u>
06/20/2017	248	3964	00072	BLOCK ELECTRIC	REPLACE BANNERS WEST SIDE FREEWAY	1,400.00
					INSTALL BANNERS	1,600.00
					REPLACE BANNER RODS-EAST SIDE GATEWAY	1,200.00
						<u>4,200.00</u>
06/20/2017	248	3965	01217	CENTRAL MICHIGAN LAWN SPRINKLERS	IRRIGATION SYSTEM START-UP	1,239.46
					REPAIR IRRIGATION SYSTEM	1,108.00
						<u>2,347.46</u>
06/20/2017	248	3966	00450	M M I	PARK BENCH GROUND MAINTENANCE	680.66
06/20/2017	248	3967	00530	PLEASANT THYME HERB FARM	EDDA WALL & HANGING BASKETS & PLANTS	3,928.00
						<u><u>3,928.00</u></u>
248 TOTALS:						
Total of 5 Checks:						11,800.03
Less 0 Void Checks:						0.00
Total of 5 Disbursements:						<u>11,800.03</u>

Check Date	Bank	Check	Vendor	Vendor Name	Amount
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Bank 250 WDDA CHECKING

06/20/2017	250	215	00709	W D D A DEBT RETIREMENT FUND (396)	260,000.00
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250 TOTALS:

Total of 1 Checks:					260,000.00
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Less 0 Void Checks:					0.00
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Total of 1 Disbursements:					260,000.00
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PERIOD ENDING 05/31/2017

GL NUMBER	DESCRIPTION	YTD BALANCE		2017		YTD BALANCE		% BDGT USED
		NORMAL	(ABNORMAL)	ORIGINAL BUDGET	2017 AMENDED BUDGET	NORMAL	(ABNORMAL)	
Fund 248 - EDDA OPERATING								
Revenues								
Dept 000-NONE								
248-000-402.000	CURRENT PROPERTY TAX	419,017.14		430,000.00	430,000.00		0.00	0.00
248-000-402.001	PROPERTY TAX REFUNDS-MTT	0.00		(5,000.00)	(5,000.00)		0.00	0.00
248-000-402.100	PRIOR YEARS PROPERTY TAXES	0.00		250.00	250.00		0.00	0.00
248-000-420.000	DELQ PERSONAL PROPERTY CAPT	0.00		2,000.00	2,000.00		420.88	21.04
248-000-665.000	INTEREST EARNED	741.90		1,000.00	1,000.00		613.78	61.38
248-000-671.000	OTHER REVENUE	0.00		200.00	200.00		0.00	0.00
Total Dept 000-NONE		419,759.04		428,450.00	428,450.00		1,034.66	0.24
TOTAL REVENUES		419,759.04		428,450.00	428,450.00		1,034.66	0.24
Expenditures								
Dept 000-NONE								
248-000-801.000	PROFESSIONAL & CONTRACTUAL SERVICES	2,285.57		3,500.00	3,500.00		1,448.75	41.39
248-000-801.003	SIDEWALK SNOWPLOWING	5,175.00		5,500.00	5,500.00		375.00	6.82
248-000-801.004	EDDA RIGHT OF WAY LAWN MOWING	2,940.00		5,000.00	5,000.00		0.00	0.00
248-000-801.005	IRRIGATION / LIGHTING REPAIRS	2,124.36		2,500.00	2,500.00		2,347.46	93.90
248-000-801.007	FLOWER / LANDSCAPE MAINTENANCE	0.00		15,000.00	15,000.00		3,928.00	26.19
248-000-801.008	PURE MICHIGAN ADVERTISING	0.00		5,000.00	5,000.00		0.00	0.00
248-000-900.000	PUBLISHING & PUBLICATIONS	0.00		200.00	200.00		246.78	123.39
248-000-914.000	LIABILITY	1,125.00		1,400.00	1,400.00		1,162.85	83.06
248-000-920.000	UTILITIES	4,500.12		10,000.00	10,000.00		4,463.16	44.63
248-000-920.100	WATER & SEWER QTR. BILLING	0.00		12,500.00	12,500.00		0.00	0.00
248-000-940.000	LEASE/RENT	687.50		700.00	700.00		550.00	78.57
248-000-976.207	STREET LIGHT BANNERS	4,500.00		5,000.00	5,000.00		5,900.00	118.00
Total Dept 000-NONE		23,337.55		66,300.00	66,300.00		20,422.00	30.80
Dept 336-FIRE DEPARTMENT								
248-336-830.000	PUBLIC SAFETY - FIRE PROTECTION	0.00		60,775.00	60,775.00		0.00	0.00
Total Dept 336-FIRE DEPARTMENT		0.00		60,775.00	60,775.00		0.00	0.00
TOTAL EXPENDITURES		23,337.55		127,075.00	127,075.00		20,422.00	16.07
Fund 248 - EDDA OPERATING:								
TOTAL REVENUES		419,759.04		428,450.00	428,450.00		1,034.66	0.24
TOTAL EXPENDITURES		23,337.55		127,075.00	127,075.00		20,422.00	16.07
NET OF REVENUES & EXPENDITURES		396,421.49		301,375.00	301,375.00		(19,387.34)	6.43

User: SHERRIE

DB: Union

PERIOD ENDING 05/31/2017

GL NUMBER	DESCRIPTION	YTD BALANCE		2017		YTD BALANCE		% BGD USED
		NORMAL	(ABNORMAL)	ORIGINAL BUDGET	2017 AMENDED BUDGET	NORMAL	(ABNORMAL)	
Fund 250 - WDDA OPERATING								
Revenues								
Dept 000-NONE								
250-000-402.000	CURRENT PROPERTY TAX	500,442.91		460,000.00	460,000.00		0.00	0.00
250-000-402.001	PROPERTY TAX REFUNDS-MTT	(8,337.74)		(4,000.00)	(4,000.00)		0.00	0.00
250-000-402.100	PRIOR YEARS PROPERTY TAXES	0.00		250.00	250.00		0.00	0.00
250-000-420.000	DELQ PERSONAL PROPERTY CAPT	0.00		300.00	300.00		0.00	0.00
250-000-665.000	INTEREST EARNED	668.97		1,500.00	1,500.00		684.95	45.66
Total Dept 000-NONE		492,774.14		458,050.00	458,050.00		684.95	0.15
TOTAL REVENUES		492,774.14		458,050.00	458,050.00		684.95	0.15
Expenditures								
Dept 000-NONE								
250-000-801.000	PROFESSIONAL & CONTRACTUAL SERVICES	0.00		500.00	500.00		0.00	0.00
250-000-976.214	LINCOLN ROAD AND BRIDGE	0.00		300,000.00	300,000.00		100,000.00	33.33
Total Dept 000-NONE		0.00		300,500.00	300,500.00		100,000.00	33.28
Dept 336-FIRE DEPARTMENT								
250-336-830.000	PUBLIC SAFETY - FIRE PROTECTION	0.00		37,300.00	37,300.00		0.00	0.00
Total Dept 336-FIRE DEPARTMENT		0.00		37,300.00	37,300.00		0.00	0.00
Dept 996-TRANSFER OUT								
250-996-999.396	TRANSFER OUT TO WDDA G/O DEBT SERVICE	0.00		265,000.00	265,000.00		0.00	0.00
Total Dept 996-TRANSFER OUT		0.00		265,000.00	265,000.00		0.00	0.00
TOTAL EXPENDITURES		0.00		602,800.00	602,800.00		100,000.00	16.59
Fund 250 - WDDA OPERATING:								
TOTAL REVENUES		492,774.14		458,050.00	458,050.00		684.95	0.15
TOTAL EXPENDITURES		0.00		602,800.00	602,800.00		100,000.00	16.59
NET OF REVENUES & EXPENDITURES		492,774.14		(144,750.00)	(144,750.00)		(99,315.05)	68.61

PERIOD ENDING 05/31/2017

GL NUMBER	DESCRIPTION	YTD BALANCE		2017		YTD BALANCE		% BDGT USED
		NORMAL	(ABNORMAL)	ORIGINAL BUDGET	2017 AMENDED BUDGET	NORMAL	(ABNORMAL)	
Fund 396 - WDDA G/O DEBT SERVICE FUND								
Revenues								
Dept 000-NONE								
396-000-665.000	INTEREST EARNED		14.37	50.00	50.00		4.29	8.58
Total Dept 000-NONE			14.37	50.00	50.00		4.29	8.58
Dept 961-TRANSFER IN								
396-961-699.250	TRANSFER IN FROM WDDA		0.00	265,000.00	265,000.00		0.00	0.00
Total Dept 961-TRANSFER IN			0.00	265,000.00	265,000.00		0.00	0.00
TOTAL REVENUES			14.37	265,050.00	265,050.00		4.29	0.00
Expenditures								
Dept 906-DEBT SERVICE								
396-906-991.000	BOND - PRINCIPAL		0.00	32,526.00	32,526.00		0.00	0.00
396-906-996.000	BOND - INTEREST		0.00	232,474.00	232,474.00		0.00	0.00
Total Dept 906-DEBT SERVICE			0.00	265,000.00	265,000.00		0.00	0.00
TOTAL EXPENDITURES			0.00	265,000.00	265,000.00		0.00	0.00
Fund 396 - WDDA G/O DEBT SERVICE FUND:								
TOTAL REVENUES			14.37	265,050.00	265,050.00		4.29	0.00
TOTAL EXPENDITURES			0.00	265,000.00	265,000.00		0.00	0.00
NET OF REVENUES & EXPENDITURES			14.37	50.00	50.00		4.29	8.58
TOTAL REVENUES - ALL FUNDS								
			912,547.55	1,151,550.00	1,151,550.00		1,723.90	0.15
TOTAL EXPENDITURES - ALL FUNDS								
			23,337.55	994,875.00	994,875.00		120,422.00	12.10
NET OF REVENUES & EXPENDITURES			889,210.00	156,675.00	156,675.00		(118,698.10)	75.76

Fund 248 EDDA OPERATING

GL Number	Description	Balance
*** Assets ***		
248-000-001.000	CASH	47,224.03
248-000-002.000	SAVINGS	703,214.09
Total Assets		750,438.12
*** Liabilities ***		
248-000-202.000	ACCOUNTS PAYABLE	9,000.03
Total Liabilities		9,000.03
*** Fund Balance ***		
248-000-365.369	NONSPENDABLE FUND BALANCE	1,537.85
248-000-370.379	RESTRICTED FUND BALANCE	759,287.58
Total Fund Balance		760,825.43
Beginning Fund Balance		760,825.43
Net of Revenues VS Expenditures		(19,387.34)
Ending Fund Balance		741,438.09
Total Liabilities And Fund Balance		750,438.12

Fund 250 WDDA OPERATING

GL Number	Description	Balance
*** Assets ***		
250-000-001.000	CASH	5,184.37
250-000-002.000	SAVINGS	743,042.41
250-000-002.001	SHARES	53.70
Total Assets		748,280.48
*** Liabilities ***		
Total Liabilities		0.00
*** Fund Balance ***		
250-000-370.379	RESTRICTED FUND BALANCE	847,595.53
Total Fund Balance		847,595.53
Beginning Fund Balance		847,595.53
Net of Revenues VS Expenditures		(99,315.05)
Ending Fund Balance		748,280.48
Total Liabilities And Fund Balance		748,280.48

Fund 396 WDDA G/O DEBT SERVICE FUND

GL Number	Description	Balance
*** Assets ***		
396-000-001.000	CASH	8,902.74
Total Assets		8,902.74
*** Liabilities ***		
Total Liabilities		0.00
*** Fund Balance ***		
396-000-370.379	RESTRICTED FUND BALANCE	8,898.45
Total Fund Balance		8,898.45
Beginning Fund Balance		8,898.45
Net of Revenues VS Expenditures		4.29
Ending Fund Balance		8,902.74
Total Liabilities And Fund Balance		8,902.74



Board Expiration Dates

Planning Commission Board Members (9 Members) 3 year term			
#	F Name	L Name	Expiration Date
1-BOT Representative	Norm	Woerle	11/20/2020
2-Chair	Phil	Squatrito	2/15/2020
3- Vice Chair	Bryan	Mielke	2/15/2018
4-Secretary	Alex	Fuller	2/15/2020
5-Vice Secretary	John	Zerbe	2/15/2018
6	Ryan	Buckley	2/15/2019
7	Denise	Webster	2/15/2020
8	Erik	Robinette	2/15/2018
9	Dwayne	Strachan	2/15/2018
Zoning Board of Appeals Members (5 Members, 2 Alternates) 3 year term			
#	F Name	L Name	Expiration Date
1-Chair	Tim	Warner	12/31/2019
2-PC Rep / Vice Chair	Bryan	Mielke	2/18/2018
3-Vice Secretary	Jake	Hunter	12/31/2019
4-Secretary	Mike	Darin	12/31/2019
5	Paul	Gross	12/31/2018
Alt. #1	Andy	Theisen	12/31/2019
Alt. #2	Taylor	Sheahan-Stahl	2/15/2018
Board of Review (3 Members) 2 year term			
#	F Name	L Name	Expiration Date
1-Chair	vacant seat		12/31/2018
2	James	Thering	12/31/2018
3	Brian	Neyer	12/31/2018
Alt #1	Mary Beth	Orr	1/25/2019
Citizens Task Force on Sustainability (4 Members) 2 year term			
#	F Name	L Name	Expiration Date
1	Laura	Coffee	12/31/2018
2	Mike	Lyon	12/31/2018
3	Jay	Kahn	12/31/2018
4	Phil	Mikus	11/20/2020
Construction Board of Appeals (3 Members) 2 year term			
#	F Name	L Name	Expiration Date
1	Colin	Herron	12/31/2017
2	Richard	Klumpp	12/31/2017
3	Andy	Theisen	12/31/2017
Hannah's Bark Park Advisory Board (2 Members from Township) 2 year term			
1	Mark	Stuhldreher	12/31/2018
2	John	Dinse	12/31/2017
Chippewa River District Library Board 4 year term			
1	Ruth	Helwig	12/31/2019



Board Expiration Dates

EDA Board Members (11 Members) 4 year term			
#	F Name	L Name	Expiration Date
1	Thomas	Kequom	4/14/2019
2	James	Zalud	4/14/2019
3	Richard	Barz	2/13/2021
4	Robert	Bacon	1/13/2019
5	Ben	Gunning	11/20/2020
6	Marty	Figg	6/22/2018
7	Sarvjit	Chowdhary	1/20/2018
8	Cheryl	Hunter	6/22/2019
9	Vance	Johnson	2/13/2021
10	Michael	Smith	2/13/2021
11	Mark	Perry	3/26/2018
Mid Michigan Area Cable Consortium (2 Members)			
#	F Name	L Name	Expiration Date
1	Kim	Smith	
2	Vacant		
Cultural and Recreational Commission (1 seat from Township) 3 year term			
#	F Name	L Name	Expiration Date
1	Brian	Smith	12/31/2019

Charter Township of Union

Financial Statements

December 31, 2016

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Charter Township of Union
List of Elected and Appointed Officials
December 31, 2016

Board of Trustees

Ben Gunning, Supervisor

Lisa Cody, Clerk

Kim Rice, Treasurer

Bill Hauck, Trustee

Tim Lannen, Trustee

Phil Mikus, Trustee

Norm Woerle, Trustee

Other Officers and Officials

Mark Stuhldreher, Township Manager

Sherrie Teall, Finance Director

Independent Auditors' Report

Management and Board of Trustees
Charter Township of Union
Mt. Pleasant, Michigan

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, 2016, 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, 2016, 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 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 8, 2017 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 8, 2017

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2016**

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, 2016.

FINANCIAL HIGHLIGHTS

- The Township's combined total net position is \$29.0 million for the fiscal year ended December 31, 2016, compared to \$28.7 million last fiscal year.
- Total net position increased by \$0.3 million.
- In the Township's governmental activities, revenues generated \$2.6 million, while expenses were \$2.9 million.
- In the Township's business-type activities, revenues generated \$4.2 million, while expenses were \$3.6 million.
- The total cost of all the Township's programs, including governmental and business-type activities was \$6.5 million, up \$0.8 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, 2016**

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, 2016**

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, 2016 and 2015:

The Township's total combined net position for the fiscal year ended December 31, 2016 is \$29.0 million, made up of \$23.5 million in business-type activities, and \$5.5 million in governmental activities.

Combined unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, is \$9.3 million. Business-type activities unrestricted total is \$6.2 million, while the unrestricted governmental activities net asset total is \$3.1 million.

A portion of the Township's net position (62%) 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, 2016**

Charter Township of Union Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets	\$ 5,727,594	\$ 5,853,734	\$ 6,718,907	\$ 6,108,829	\$ 12,446,501	\$ 11,962,563
Capital assets	1,088,611	1,069,998	26,317,550	26,970,180	27,406,161	28,040,178
Total assets	6,816,205	6,923,732	33,036,457	33,079,009	39,852,662	40,002,741
Deferred outflows of resources						
Deferred amount on refunding	-	-	193,732	232,478	193,732	232,478
Total assets and deferred outflows of resources	6,816,205	6,923,732	33,230,189	33,311,487	40,046,394	40,235,219
Liabilities						
Current liabilities	205,137	66,897	888,746	845,607	1,093,883	912,504
Long-term liabilities	37,664	13,602	8,843,872	9,548,310	8,881,536	9,561,912
Total liabilities	242,801	80,499	9,732,618	10,393,917	9,975,419	10,474,416
Deferred inflows of resources						
Property taxes	1,011,745	1,006,085	-	-	1,011,745	1,006,085
Total liabilities and deferred inflows of resources	1,254,546	1,086,584	9,732,618	10,393,917	10,987,164	11,480,501
Net position						
Net investment in capital assets	1,041,187	1,069,998	16,926,530	17,035,862	17,967,717	18,105,860
Restricted	1,416,894	1,859,359	337,622	298,910	1,754,516	2,158,269
Unrestricted	3,103,578	2,907,791	6,233,419	5,582,798	9,336,997	8,490,589
Total net position	\$ 5,561,659	\$ 5,837,148	\$ 23,497,571	\$ 22,917,570	\$ 29,059,230	\$ 28,754,718

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2016**

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, 2016 and 2015:

Governmental Activities

Net position for governmental activities decreased by \$0.3 million during the year ended December 31, 2016, compared to a \$0.5 million increase last year.

The Township's total governmental revenue is \$2.6 million, a decrease of \$0.1 million from the prior year. The decrease is due to fewer building and zoning permits being issued and fewer tribal contributions in 2016.

Expenses for governmental activities totaled \$2.9 million, an increase of \$0.7 million over the prior year. The increase was due to several road and street projects that were completed in 2016.

Business-type Activities

Net position for business-type activities increased by \$0.6 million during 2016, compared to a \$0.6 million increase last year.

Total revenue from business-type activities was \$4.2 million, an increase of \$0.1 million over the prior year. The increase is mainly due to higher water sales and more connection fees for the sewer system.

Expenses for business-type activities totaled \$3.6 million, an increase of \$0.2 million over the prior year. The increase was due to an increase in depreciation of fixed assets and equipment repair costs in 2016.

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2016**

Charter Township of Union Change in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for services	\$ 466,390	\$ 497,868	\$ 4,102,540	\$ 4,024,485	\$ 4,568,930	\$ 4,522,353
Operating grants and contributions	3,186	-	-	-	3,186	-
Capital grants and contributions	-	199,664	-	-	-	199,664
General revenues						
Property taxes	1,095,790	1,022,865	-	-	1,095,790	1,022,865
State shared revenue	1,050,237	1,023,216	-	-	1,050,237	1,023,216
Unrestricted investment earnings	30,111	20,885	78,535	40,116	108,646	61,001
Miscellaneous	14,242	4,478	18,730	24,057	32,972	28,535
Total revenues	<u>2,659,956</u>	<u>2,768,976</u>	<u>4,199,805</u>	<u>4,088,658</u>	<u>6,859,761</u>	<u>6,857,634</u>
Expenses						
General government	788,356	700,186	-	-	788,356	700,186
Public safety	972,369	931,873	-	-	972,369	931,873
Public works	1,015,379	425,291	-	-	1,015,379	425,291
Community and economic development	22,312	21,374	-	-	22,312	21,374
Recreation and culture	134,257	190,808	-	-	134,257	190,808
Interest on long-term debt	2,772	-	-	-	2,772	-
Sewer	-	-	2,199,626	2,155,909	2,199,626	2,155,909
Water	-	-	1,420,178	1,298,127	1,420,178	1,298,127
Total expenses	<u>2,935,445</u>	<u>2,269,532</u>	<u>3,619,804</u>	<u>3,454,036</u>	<u>6,555,249</u>	<u>5,723,568</u>
Change in net position	(275,489)	499,444	580,001	634,622	304,512	1,134,066
Net position - beginning of year	<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>
Net position - end of year	<u>\$ 5,561,659</u>	<u>\$ 5,837,148</u>	<u>\$ 23,497,571</u>	<u>\$ 22,917,570</u>	<u>\$ 29,059,230</u>	<u>\$ 28,754,718</u>

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2016**

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 \$3.0 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 176% of total General Fund expenditures including transfers to other funds. The fund balance of the General Fund increased by about \$172,000 during the current fiscal year due to spending within a balanced budget.

The fund balance of the Fire Fund increased by about \$53,000 during the current fiscal year, this amount is being 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 \$415,000 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 \$165,000 during the year. The increase was partly due to an increase in connection fees and user charges.

General Fund Budgetary Highlights

Budgets reflect best estimates of the next year's financial events. Budget amendments are often required to adjust for unexpected events and timing differences between when events are anticipated to happen and when they actually occur. The statements, schedules and notes included in the financial statements present comparisons of original budget, amended budget and actual revenues and expenditures.

The Charter Township of Union had no issues balancing the budget in the past several years, and this year was no exception. The Township continues to grow and remains financially strong with General Fund revenues increasing each year, and overall General Fund expenditures being well under budget. The expenditures in the 2016 original budget were estimated \$370,222 higher than revenues. However, this estimated shortfall was due to plans and commitments for road projects that were unfinished in fiscal year 2015 and carried over to fiscal year 2016. At year-end 2015, the General Fund had actual revenues in excess of expenditures in the amount of \$401,808. That amount increased fund balance and part of the excess funds were expected to be spent on road projects in 2016.

One of the biggest challenges the Township faces in budgeting revenues is estimating building and zoning permit fees which fluctuate from year to year. As the Township grows, it is uncertain if new construction will increase or decrease when compared to past years. Another challenge is budgeting expenditures for Township contributions to the Isabella County Road Commission for several road construction projects. The road projects are a large part of the Township's general fund budget, and the projects can take more than one year to complete. The General Fund

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2016**

budget is amended mid-year when the progress on the various projects is easier to estimate. In 2016, the Township reduced the budgeted amounts for public works by \$270,937, due to completed road projects that cost less than expected or road projects that were not expected to be complete at year-end. Overall, when the 2016 budget was amended, total estimated revenues increased \$34,364 and total estimated expenditures were reduced by \$376,116, changing the estimated surplus (deficit) for the year from (\$370,222) to \$40,258.

In the fiscal year 2016, the General Fund budget for revenues increased by approximately \$34,000 from the original budget to the final amended budget. This was mostly due to the State Revenue Sharing averaging higher than expected based on previous years. The amended budget for State revenue sharing was \$15,900 higher than the original budget. In addition, administrative fees, cable TV revenues and penalty on property taxes were higher than expected. The penalties received by the Township on property taxes were unusually high in 2016 because one of the Township's largest taxpayers paid the taxes late. The original budget for penalties on property tax was increased by \$17,000 in the amended budget.

General Fund appropriations decreased by \$376,116 from original budget to final amended budget in fiscal year 2016. Following are the details for these changes:

In the General Government area, the original budget for benefits for the Township board was reduced by \$14,000 due to an elimination of board benefits near the end of the 2016 fiscal year. The original budget for meeting pay for the Township board was reduced by \$10,000 based on lower than expected claims for meeting pay during the year. The budget was also amended by \$17,000 to increase the budget to cover fees charged by the Michigan Municipal League to conduct an executive search for a new manager during the year. In the accounting area, the original budget was amended to reduce the amount needed for the external annual audit process from \$21,000 to \$15,100. In the Clerk's area, a budget amendment was needed to increase the budget \$18,000 for the addition of a paid deputy clerk position that was not in the original budget. In the Information Technology area, a budget amendment of \$8,500 reduced the budget for I.T. services. In the Assessing area, the original budget was increased by \$12,000 to cover additional legal fees related to Michigan Tax Tribal cases and \$2,500 additional in appraisal fees needed for Michigan Tax Tribunal cases that were not expected at the time the original budget was prepared. The original budget was also amended for \$15,700 in increased spending related to the operations and supplies expenditures needed to run four elections in the 2016 fiscal year, a presidential election year. The original budget for general legal fees was also increased by \$10,000 as the legal fees were substantially higher than originally estimated.

In the Public Works area, the original budget for the Drain Commissioner's assessment to the Township was increased by \$6,500 to cover additional charges for the new Tice drain located in the Township. The original budget for road projects was reduced by \$155,000 based on better estimates for road project completion in 2016. The original budget for sidewalks was reduced by \$124,000 due to no new sidewalk projects commencing or in process during the 2016 fiscal year.

In the Community and Economic Development area, the original budget for the Planning dept. was reduced by \$8,000 in the professional and contractual services area, due to the work on the Master Plan being only partially complete in 2016.

In the Capital Outlay area, the 2016 budget was reduced by \$100,000 for renovations to the Township hall that were not done in 2016 and \$55,000 that was planned for a new recycling depot that was not completed due to higher than expected estimated project costs. The budget for capital outlay was also increased by \$25,200 for a new truck for the Parks department that was not in the original budget.

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2016**

In addition, \$20,000 that was budgeted for contingencies in the General Fund was eliminated in the amended budget because it was decided that the Township would not budget for contingencies going forward.

There was a General Fund final budget shortfall of \$60,000 in Capital Outlay and \$9,900 in Debt Service when actual charges for a Xerox copier lease were reclassified from an operating lease to a capital lease.

CAPITAL ASSETS

The Charter Township of Union's primary government has \$27,406,161 invested in capital assets net of depreciation. Capital assets include all tangible assets that exceed \$5,000 in value and have an expected useful life of greater than two years. Capital assets include land, land improvements, sidewalks, buildings, equipment, vehicles and sewer and water systems. The Township uses straight line depreciation ranging from three to fifty years useful life. From fiscal year 2015 to 2016, net capital assets increased \$18,613 for Governmental Activities and decreased \$652,630 for Business-type Activities. Additional details of capital assets can be found in the Notes to Financial Statements beginning on page 4-26. A summary of the capital assets for the Township's primary government follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Capital assets not being depreciated						
Land	\$ 160,650	\$ 160,650	\$ 275,780	\$ 275,780	\$ 436,430	\$ 436,430
Capital assets being depreciated						
Land improvements	329,743	329,743	41,964	41,964	371,707	371,707
Building & improvements	1,089,260	1,089,260	202,927	202,927	1,292,187	1,292,187
Machinery and equipment	251,973	196,233	1,555,735	1,429,020	1,807,708	1,625,253
Vehicles	314,821	302,876	402,545	350,157	717,366	653,033
Water system	-	-	12,912,087	12,912,087	12,912,087	12,912,087
Sewer system	-	-	13,596,909	13,480,115	13,596,909	13,480,115
Wastewater treatment plant	-	-	12,567,029	12,567,029	12,567,029	12,567,029
Total capital assets	2,146,447	2,078,762	41,554,976	41,259,079	43,701,423	43,337,841
Less: accumulated depreciation	(1,057,836)	(1,008,764)	(15,237,426)	(14,288,899)	(16,295,262)	(15,297,663)
Capital assets, net	<u>\$ 1,088,611</u>	<u>\$ 1,069,998</u>	<u>\$26,317,550</u>	<u>\$26,970,180</u>	<u>\$27,406,161</u>	<u>\$28,040,178</u>

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2016**

LONG-TERM DEBT

Bonded Debt

The Township's current debt outstanding has been issued to fund capital improvements for new water and sewer infrastructure. For the total primary government, \$657,000 of the debt was retired in 2016. In addition, bond discounts were amortized in the amount of \$3,966 for the year.

The Business-type Activities of the Township have \$9,513,762 in outstanding bonded debt as of December 31, 2016. Of the outstanding debt, \$3,518,970 is general obligation bonded debt, and \$5,994,792 is revenue bonds. The general obligation bonded debt is indirect debt issued by Isabella County on the Township's behalf. The revenue bonded debt is direct debt issued by the Township itself.

Currently, there is no bonded debt outstanding for the Governmental Activities of Charter Township of Union.

Capital Lease Debt

In 2016, the Charter Township of Union entered into a capital lease agreement with Xerox for the purchase of seven new copiers that are used in primary government operations. At year end, the Governmental Activities had \$47,424 in new long-term debt outstanding on the lease and Business-type Activities had \$16,594 in long-term debt outstanding on the lease.

Compensated Absences

In the Governmental Activities, the liability for compensated absences decreased by \$2,692 for the year. A leave time payout occurred in 2016 when a long-term employee in Public Safety left the Township which contributed to the reduction. In Business-type Activities, the accrual for compensated absences increased by \$32,476. In 2016, the sick leave payout policy for long term employees was included in the liability calculation for compensated absences. Per the union contracts, a few employees in the Water/Sewer areas are eligible for the sick leave payout at 50% upon termination. This is a liability to the Township and is recorded as such.

A summary of the long-term debt outstanding for the Township's primary government follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ -	\$ -	\$ 9,513,762	\$ 10,166,796	\$ 9,513,762	\$ 10,166,796
Capital lease	47,424	-	16,594	-	64,018	-
Compensated absences	10,910	13,602	70,990	38,514	81,900	52,116
	<u>\$ 58,334</u>	<u>\$ 13,602</u>	<u>\$ 9,601,346</u>	<u>\$ 10,205,310</u>	<u>\$ 9,659,680</u>	<u>\$ 10,218,912</u>

**Charter Township of Union
Managements' Discussion and Analysis
Year Ended December 31, 2016**

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 is 2.0 mills. Total expenditures in the General Fund for the next fiscal year are estimated to be \$2.13 million. Included in those expenses are contributions to the Isabella County Road Commission for road maintenance in the amount of \$503,000 to improve sections of Whiteville Road, four miles of gravel roads, and miscellaneous crack and seal projects in the Township. In addition, the Township is contributing \$43,000 for the non-motorized pathway project between Shepherd and Mt Pleasant.

In 2017, the Township expects to receive about the same amount of General Fund revenues compared to 2016. However, there is always uncertainty in state revenue sharing levels. State shared sales tax revenue is made up of two components. The constitutional component is 13% of the gross collections of the 6% state sales tax. This portion cannot be adjusted by the legislature. Beginning in fiscal year 2014, the Township became eligible for the statutory portion of the State's revenue sharing. The municipality must embrace accountability and transparency and publish a performance "dashboard" that is readily available to the public. This "dashboard" can be found on the Township's website. The Township has consistently met the requirements. Charter Township of Union anticipates qualifying for next year's funding, but State funding for this portion is uncertain from year to year. The Township budgets for the last several fiscal years were prepared with recognition of stagnant revenue sharing proceeds.

The Charter Township of Union is currently in the process of updating the community master plan. The master plan considers the physical characteristics, population and housing, community services available, roadways and transportation available and existing land use to set goals and objectives for future land use and development. The plan addresses such items as zoning requirements, funding sources and capital improvements necessary to develop mutually beneficial and cohesive communities. Township management is looking forward to using the master plan to help plan and guide future economic growth in the Township.

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 finance office at 989-772-4600. Additional information can also be obtained at the Township's website, www.uniontownshipmi.com.

Charter Township of Union
Statement of Net Position
December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 4,275,629	\$ 5,270,899	\$ 9,546,528	\$ 1,624,794
Receivables				
Taxes	612,118	-	612,118	286,621
Customers	33,891	906,224	940,115	-
Special assessments	182,772	148,241	331,013	-
Due from other units of government	360,543	-	360,543	669,454
Due from fiduciary funds	70,877	-	70,877	-
Prepaid items	191,764	55,921	247,685	1,538
Restricted assets				
Cash and cash equivalents	-	337,622	337,622	-
Capital assets not being depreciated	160,650	275,780	436,430	-
Capital assets, net of accumulated depreciation	927,961	26,041,770	26,969,731	137,586
Total assets	6,816,205	33,036,457	39,852,662	2,719,993
Deferred outflows of resources				
Deferred amount on refunding	-	193,732	193,732	-
Total assets and deferred outflows of resources	6,816,205	33,230,189	40,046,394	2,719,993

Charter Township of Union
Statement of Net Position
December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 174,840	\$ 71,518	\$ 246,358	\$ 9,327
Accrued and other liabilities	9,627	59,754	69,381	96,811
Noncurrent liabilities				
Due within one year	20,670	757,474	778,144	32,526
Due in more than one year	37,664	8,843,872	8,881,536	29,228
 Total liabilities	 242,801	 9,732,618	 9,975,419	 167,892
Deferred inflows of resources				
Property taxes	1,011,745	-	1,011,745	955,762
 Total liabilities and deferred inflows of resources	 1,254,546	 9,732,618	 10,987,164	 1,123,654
 Net position				
Net investment in capital assets	1,041,187	16,926,530	17,967,717	137,586
Restricted				
Fire	1,095,748	-	1,095,748	-
Tribal grants	29,704	-	29,704	-
Capital projects	291,442	-	291,442	-
Bond required reserves	-	337,622	337,622	-
East DDA	-	-	-	760,825
West DDA	-	-	-	697,928
Unrestricted	3,103,578	6,233,419	9,336,997	-
 Total net position	 \$ 5,561,659	 \$ 23,497,571	 \$ 29,059,230	 \$ 1,596,339

Charter Township of Union
Statement of Activities
For the Year Ended December 31, 2016

Functions/Programs	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		
Primary government								
Governmental activities								
General government	\$ 788,356	\$ 251,556	\$ 1,062	\$ -	\$ (535,738)	\$ -	\$ (535,738)	\$ -
Public safety	972,369	98,966	2,124	-	(871,279)	-	(871,279)	-
Public works	1,015,379	115,868	-	-	(899,511)	-	(899,511)	-
Community and economic development	22,312	-	-	-	(22,312)	-	(22,312)	-
Recreation and culture	134,257	-	-	-	(134,257)	-	(134,257)	-
Interest on long-term debt	2,772	-	-	-	(2,772)	-	(2,772)	-
Total governmental activities	<u>2,935,445</u>	<u>466,390</u>	<u>3,186</u>	<u>-</u>	<u>(2,465,869)</u>	<u>-</u>	<u>(2,465,869)</u>	<u>-</u>
Business-type activities								
Sewer	2,199,626	2,555,090	-	-	-	355,464	355,464	-
Water	1,420,178	1,547,450	-	-	-	127,272	127,272	-
Total business-type activities	<u>3,619,804</u>	<u>4,102,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,736</u>	<u>482,736</u>	<u>-</u>
Total primary government	<u>\$ 6,555,249</u>	<u>\$ 4,568,930</u>	<u>\$ 3,186</u>	<u>\$ -</u>	<u>(2,465,869)</u>	<u>482,736</u>	<u>(1,983,133)</u>	<u>-</u>
Component units								
East Downtown Development Authority	\$ 632,794	\$ -	\$ 70,566	\$ -	-	-	-	(562,228)
West Downtown Development Authority	263,128	-	6,838	-	-	-	-	(256,290)
Total component units	<u>\$ 895,922</u>	<u>\$ -</u>	<u>\$ 77,404</u>	<u>\$ -</u>				<u>(818,518)</u>
General revenues								
Property taxes					1,095,790	-	1,095,790	876,625
State shared revenue					1,050,237	-	1,050,237	-
Unrestricted investment earnings					30,111	78,535	108,646	3,672
Miscellaneous					14,242	18,730	32,972	101
Total general revenues					<u>2,190,380</u>	<u>97,265</u>	<u>2,287,645</u>	<u>880,398</u>
Change in net position					(275,489)	580,001	304,512	61,880
Net position - beginning of year					5,837,148	22,917,570	28,754,718	1,534,459
Net position - end of year					<u>\$ 5,561,659</u>	<u>\$ 23,497,571</u>	<u>\$ 29,059,230</u>	<u>\$ 1,596,339</u>

See Accompanying Notes to the Financial Statements

Charter Township of Union
Governmental Funds
Balance Sheet
December 31, 2016

	<u>Special Revenue Fund</u>		Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Fire</u>		
Assets				
Cash and cash equivalents	\$ 2,972,737	\$ 1,164,518	\$ 138,374	\$ 4,275,629
Receivables				
Taxes	248,786	363,332	-	612,118
Customers	33,891	-	-	33,891
Special assessments	-	-	182,772	182,772
Due from other units of government	358,419	2,124	-	360,543
Due from fiduciary funds	70,877	-	-	70,877
Prepaid items	20,764	171,000	-	191,764
	<u>2,972,737</u>	<u>1,164,518</u>	<u>138,374</u>	<u>4,275,629</u>
Total assets	<u>\$ 3,705,474</u>	<u>\$ 1,700,974</u>	<u>\$ 321,146</u>	<u>\$ 5,727,594</u>
Liabilities				
Accounts payable	\$ 173,693	\$ 1,147	\$ -	\$ 174,840
Accrued and other liabilities	9,627	-	-	9,627
	<u>183,320</u>	<u>1,147</u>	<u>-</u>	<u>184,467</u>
Total liabilities	<u>183,320</u>	<u>1,147</u>	<u>-</u>	<u>184,467</u>

Charter Township of Union
Governmental Funds
Balance Sheet
December 31, 2016

	<u>Special Revenue Fund</u>		Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Fire</u>		
Deferred inflows of resources				
Property taxes	\$ 407,666	\$ 604,079	\$ -	\$ 1,011,745
Special assessments	-	-	182,772	182,772
	<u>407,666</u>	<u>604,079</u>	<u>182,772</u>	<u>1,194,517</u>
Fund Balances				
Non-spendable				
Prepaid items	20,764	171,000	-	191,764
Restricted for				
Fire	-	924,748	-	924,748
Tribal grants	-	-	29,704	29,704
Capital projects	-	-	108,670	108,670
Committed - non-motorized pathway	43,000	-	-	43,000
Unassigned	3,050,724	-	-	3,050,724
	<u>3,114,488</u>	<u>1,095,748</u>	<u>138,374</u>	<u>4,348,610</u>
Total fund balances				
	<u>3,114,488</u>	<u>1,095,748</u>	<u>138,374</u>	<u>4,348,610</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,705,474</u>	<u>\$ 1,700,974</u>	<u>\$ 321,146</u>	<u>\$ 5,727,594</u>

**Charter Township of Union
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2016**

Total fund balances for governmental funds	\$ 4,348,610
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.	927,961
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.	182,772
Certain liabilities are not due and payable in the current period and are not reported in the funds. Compensated absences	(10,910)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	<u>(47,424)</u>
Net position of governmental activities	<u><u>\$ 5,561,659</u></u>

Charter Township of Union
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	General	Special Revenue Fund Fire	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 480,373	\$ 609,070	\$ -	\$ 1,089,443
Licenses and permits	161,344	-	-	161,344
State revenue sharing	1,050,237	-	-	1,050,237
Other state grants	1,062	8,471	-	9,533
Charges for services	80,403	98,091	-	178,494
Fines and forfeitures	1,089	-	-	1,089
Interest income	21,707	7,330	1,074	30,111
Rental income	8,720	-	-	8,720
Other revenue	37,036	-	63,142	100,178
Total revenues	<u>1,841,971</u>	<u>722,962</u>	<u>64,216</u>	<u>2,629,149</u>
Expenditures				
Current				
General government	739,589	-	-	739,589
Public safety	288,062	669,300	-	957,362
Public works	446,213	-	570,125	1,016,338
Community and economic development	22,333	-	-	22,333
Recreation and culture	117,346	-	-	117,346
Capital outlay	107,510	-	-	107,510
Debt service				
Principal retirement	7,195	-	-	7,195
Interest and fiscal charges	2,772	-	-	2,772
Total expenditures	<u>1,731,020</u>	<u>669,300</u>	<u>570,125</u>	<u>2,970,445</u>
Excess (deficiency) of revenues over expenditures	110,951	53,662	(505,909)	(341,296)
Other financing sources				
Capital lease proceeds	54,619	-	-	54,619
Sale of fixed assets	6,500	-	-	6,500
Total other financing sources	<u>61,119</u>	<u>-</u>	<u>-</u>	<u>61,119</u>
Net change in fund balance	172,070	53,662	(505,909)	(280,177)
Fund balance - beginning of year	2,942,418	1,042,086	644,283	4,628,787
Fund balance - end of year	<u>\$ 3,114,488</u>	<u>\$ 1,095,748</u>	<u>\$ 138,374</u>	<u>\$ 4,348,610</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, 2016**

Net change in fund balances - Total governmental funds	\$ (280,177)
<p>Total change in net position reported for governmental activities in the statement of activities is different because:</p>	
<p>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.</p>	
Depreciation expense	(73,327)
Capital outlay	98,940
Sale of capital assets (net book value)	(7,000)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
Special assessments	30,807
<p>Expenses are recorded when incurred in the statement of activities.</p>	
Compensated absences	2,692
<p>Bond proceeds are reported as financing sources in the governmental 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 governmental funds but reduces the liability in the statement of net position.</p>	
Debt issued - capital lease	(54,619)
Repayments of long-term debt	7,195
	(25,424)
Change in net position of governmental activities	\$ (275,489)

Charter Township of Union
Proprietary Funds
Statement of Net Position
December 31, 2016

	Enterprise Funds		
	Sewer	Water	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,535,612	\$ 2,735,287	\$ 5,270,899
Receivables			
Customers	587,767	318,457	906,224
Special assessments, current	29,396	15,557	44,953
Prepaid items	31,354	24,567	55,921
Total current assets	<u>3,184,129</u>	<u>3,093,868</u>	<u>6,277,997</u>
Noncurrent assets			
Restricted assets			
Cash and cash equivalents			
Operations and maintenance	71,751	-	71,751
Rural development - debt service	90,000	-	90,000
Sewer bond - debt service	175,871	-	175,871
Special assessments receivable, deferred	48,886	54,402	103,288
Capital assets not being depreciated	258,680	17,100	275,780
Capital assets, net of accumulated depreciation	<u>17,018,808</u>	<u>9,022,962</u>	<u>26,041,770</u>
Total noncurrent assets	<u>17,663,996</u>	<u>9,094,464</u>	<u>26,758,460</u>
Total assets	20,848,125	12,188,332	33,036,457
Deferred outflows of resources			
Deferred amount on refunding	<u>193,732</u>	<u>-</u>	<u>193,732</u>
Total assets and deferred outflows of resources	<u>21,041,857</u>	<u>12,188,332</u>	<u>33,230,189</u>

Charter Township of Union
Proprietary Funds
Statement of Net Position
December 31, 2016

	Enterprise Funds		
	Sewer	Water	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 40,032	\$ 31,486	\$ 71,518
Accrued and other liabilities	35,862	23,892	59,754
Current portion of noncurrent liabilities	640,967	116,507	757,474
Total current liabilities	716,861	171,885	888,746
Noncurrent liabilities			
Long-term debt net of current portion	7,286,799	1,557,073	8,843,872
Total liabilities	8,003,660	1,728,958	9,732,618
Net position			
Net investment in capital assets	9,550,978	7,375,552	16,926,530
Restricted for			
Bond required reserves	337,622	-	337,622
Unrestricted	3,149,597	3,083,822	6,233,419
Total net position	<u>\$ 13,038,197</u>	<u>\$ 10,459,374</u>	<u>\$ 23,497,571</u>

Charter Township of Union
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2016

	Enterprise Funds		
	Sewer	Water	Total
Operating revenue			
Customer fees	\$ 2,345,087	\$ 1,412,423	\$ 3,757,510
Connection fees	210,003	94,181	304,184
Rental income	-	40,846	40,846
Other revenue	15,296	3,434	18,730
Total operating revenue	<u>2,570,386</u>	<u>1,550,884</u>	<u>4,121,270</u>
Operating expenses			
Personnel services	655,809	565,537	1,221,346
Supplies	120,955	61,406	182,361
Contractual services	87,411	47,576	134,987
Utilities	214,773	130,748	345,521
Repairs and maintenance	150,117	195,629	345,746
Other expenses	31,365	18,559	49,924
Depreciation	635,219	328,989	964,208
Total operating expenses	<u>1,895,649</u>	<u>1,348,444</u>	<u>3,244,093</u>
Operating income	<u>674,737</u>	<u>202,440</u>	<u>877,177</u>

Charter Township of Union
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2016

	Enterprise Funds		
	Sewer	Water	Total
Nonoperating revenue (expenses)			
Interest income	\$ 44,531	\$ 34,004	\$ 78,535
Loss on disposal of assets	-	(4,449)	(4,449)
Interest expense	(303,977)	(67,285)	(371,262)
Total nonoperating revenues (expenses)	(259,446)	(37,730)	(297,176)
Change in net position	415,291	164,710	580,001
Net position - beginning of year	12,622,906	10,294,664	22,917,570
Net position - end of year	<u>\$ 13,038,197</u>	<u>\$ 10,459,374</u>	<u>\$ 23,497,571</u>

Charter Township of Union
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2016

	Enterprise Funds		
	Sewer	Water	Total
Cash flows from operating activities			
Receipts from customers	\$ 2,567,249	\$ 1,540,116	\$ 4,107,365
Receipts from other funds	600	-	600
Payments to suppliers	(605,476)	(471,641)	(1,077,117)
Payments to employees	(633,908)	(549,924)	(1,183,832)
Net cash provided by operating activities	<u>1,328,465</u>	<u>518,551</u>	<u>1,847,016</u>
Cash flows from capital and related financing activities			
Proceeds from special assessments	9,409	6,755	16,164
Purchases/construction of capital assets	(206,109)	(92,002)	(298,111)
Principal and interest paid on long-term debt	(880,750)	(154,190)	(1,034,940)
Proceeds from sale of capital assets	-	1,196	1,196
Net cash used by capital and related financing activities	<u>(1,077,450)</u>	<u>(238,241)</u>	<u>(1,315,691)</u>
Cash flows from investing activities			
Interest received	44,531	34,004	78,535
Net change in cash and cash equivalents	295,546	314,314	609,860
Cash and cash equivalents - beginning of year	<u>2,577,688</u>	<u>2,420,973</u>	<u>4,998,661</u>
Cash and cash equivalents - end of year	<u><u>\$ 2,873,234</u></u>	<u><u>\$ 2,735,287</u></u>	<u><u>\$ 5,608,521</u></u>
Statement of Net Position classification			
Cash and cash equivalents	\$ 2,535,612	\$ 2,735,287	\$ 5,270,899
Restricted assets			
Cash and cash equivalents			
Operations and maintenance	71,751	-	71,751
Rural development - debt service	90,000	-	90,000
Sewer bond - debt service	175,871	-	175,871
Total cash and cash equivalents	<u><u>\$ 2,873,234</u></u>	<u><u>\$ 2,735,287</u></u>	<u><u>\$ 5,608,521</u></u>

See Accompanying Notes to the Financial Statements

Charter Township of Union
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2016

	Enterprise Funds		
	Sewer	Water	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 674,737	\$ 202,440	\$ 877,177
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation and amortization expense	676,352	330,568	1,006,920
Changes in assets and liabilities			
Receivables (net)	(3,137)	(10,768)	(13,905)
Due from other funds	600	-	600
Prepaid items	(1,394)	(1,683)	(3,077)
Accounts payable	(40,594)	(17,619)	(58,213)
Accrued and other liabilities	2,618	2,420	5,038
Compensated absences	19,283	13,193	32,476
Net cash provided by operating activities	<u>\$ 1,328,465</u>	<u>\$ 518,551</u>	<u>\$ 1,847,016</u>

**Charter Township of Union
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2016**

	Current Tax Collection Fund	Imprest Payroll Fund	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 2,284,521	\$ 21,966	\$ 2,306,487
Receivables			
Other	-	5,736	5,736
Prepaid items	-	43,590	43,590
	\$ 2,284,521	\$ 71,292	\$ 2,355,813
Liabilities			
Accrued and other liabilities	\$ -	\$ 415	\$ 415
Due to other funds	-	70,877	70,877
Due to other units of government	2,284,521	-	2,284,521
	\$ 2,284,521	\$ 71,292	\$ 2,355,813

Charter Township of Union
Combining Statement of Component Units
Statement of Net Position
December 31, 2016

	East Downtown Development Authority	West Downtown Development Authority	Total
Assets			
Cash and cash equivalents	\$ 768,608	\$ 856,186	\$ 1,624,794
Receivables			
Taxes	65,315	221,306	286,621
Due from other units of government	371,616	297,838	669,454
Prepaid items	1,538	-	1,538
Capital assets, net of accumulated depreciation	128,303	9,283	137,586
Total assets	<u>1,335,380</u>	<u>1,384,613</u>	<u>2,719,993</u>
Liabilities			
Accounts payable	9,327	-	9,327
Accrued interest payable	-	96,811	96,811
Noncurrent liabilities			
Due within one year	-	32,526	32,526
Due in more than one year	-	29,228	29,228
Total liabilities	<u>9,327</u>	<u>158,565</u>	<u>167,892</u>
Deferred inflows of resources			
Property taxes	436,925	518,837	955,762
Total liabilities and deferred inflows of resources	<u>446,252</u>	<u>677,402</u>	<u>1,123,654</u>
Net position			
Net investment in capital assets	128,303	9,283	137,586
Restricted			
East DDA	760,825	-	760,825
West DDA	-	697,928	697,928
Total net position	<u>\$ 889,128</u>	<u>\$ 707,211</u>	<u>\$ 1,596,339</u>

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, 2016

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating Grants and Contributions	East	West	Total
			Downtown Development Authority	Downtown Development Authority	
Component units					
East Downtown Development Authority	\$ 632,794	\$ 70,566	\$ (562,228)	\$ -	\$ (562,228)
West Downtown Development Authority	263,128	6,838	-	(256,290)	(256,290)
 Total component units	 \$ 895,922	 \$ 77,404	 (562,228)	 (256,290)	 (818,518)
General revenues					
Property taxes			426,660	449,965	876,625
Interest income			1,884	1,788	3,672
Miscellaneous			101	-	101
 Total general revenues			 428,645	 451,753	 880,398
Change in net position			(133,583)	195,463	61,880
Net position - beginning of year			1,022,711	511,748	1,534,459
Net position - end of year			<u>\$ 889,128</u>	<u>\$ 707,211</u>	<u>\$ 1,596,339</u>

Charter Township of Union
Notes to the Financial Statements
December 31, 2016

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 Authorities 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 activities) 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, 2016

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. The Township's property taxes are recognized as revenues in the fiscal year following 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 Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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.

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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 1st on the taxable valuation of property as of the preceding December 31st. Although the Township's 2016 tax is levied and collectible on December 1, 2016, 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 1st of the following year, at which time penalties and interest are assessed.

The 2015 taxable valuation of the government totaled \$353,259,792, on which ad valorem taxes consisted of 1.000 mills for operating purposes and 2.000 mills for fire services. This resulted in \$353,260 for operating expenses and \$706,520 for fire services, exclusive of East Downtown Development and West Downtown Development tax captures, as well as 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.

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Restricted assets – Certain bonds of the Enterprise Funds require amounts to be set aside for a bond reserve and future operations and maintenance. 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 two years. 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. Policies are as follows:

Employees hired on or before December 31, 2014 who give proper resignation after 20 years of service will be paid for 50% of their accumulated but unused sick leave days.

Employees whose employment relationship with the Township ends receive pay for earned and credited, but unused vacation leave if the employee retires in accordance with the retirement plan in effect or if the employee resigns from employment and a minimum of 2 weeks advance written notice is given to the Township.

Vacation and sick pay is accrued when incurred in the government-wide and proprietary 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.

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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.

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.

Adoption of New Accounting Standards

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. Statements 72 is effective for the year ending December 31, 2016.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This

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Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement 76 is effective for the year ending December 31, 2016.

Statement No. 77, *Tax Abatement Disclosures* requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for the fiscal year ending December 31, 2017.

Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria that, if met, permit external investment pools to elect to measure all of their investments at amortized cost for financial reporting purposes. Also, it establishes additional disclosure requirements for qualifying external investment pools that make that election and for governments that participate in such external investment pools. Statement 79 is effective for the year ending December 31, 2016.

Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement 82 is effective for the year ending December 31, 2016.

Upcoming Accounting and Reporting Changes

The Governmental Accounting Standards Board has released the following Statements.

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.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for the fiscal year ending December 31, 2017.

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Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Statement No. 81 is effective for the fiscal year ending December 31, 2018.

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending December 31, 2019.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The criteria generally is on (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending December 31, 2019.

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending December 31, 2018.

The Township is evaluating the impact that the above GASBs 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 held 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, 2016

Excess of expenditures over appropriations

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Public safety	\$ 287,394	\$ 288,062	\$ 668
Capital outlay	47,350	107,510	60,160
Debt service	-	9,967	9,967

Note 3 - 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	\$ 4,275,629	\$ -	\$ 4,275,629
Business-type activities	5,270,899	337,622	5,608,521
Total primary government	9,546,528	337,622	9,884,150
Fiduciary funds	2,306,487	-	2,306,487
Component unit	1,624,794	-	1,624,794
Total	<u>\$ 13,477,809</u>	<u>\$ 337,622</u>	<u>\$ 13,815,431</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)	\$ 9,883,750	\$ 2,306,487	\$ 1,624,794	\$ 13,815,031
Petty cash and cash on hand	400	-	-	400
	<u>\$ 9,884,150</u>	<u>\$ 2,306,487</u>	<u>\$ 1,624,794</u>	<u>\$ 13,815,431</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.

Charter Township of Union
Notes to the Financial Statements
December 31, 2016

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, \$15,058,871 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Receivables

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

	Due After One Year	Fund
Primary government		
Special assessments	\$ 97,761	Public Improvement Fund
Special assessments	48,886	Sewer Fund
Special assessments	54,402	Water Fund
	<u>\$ 201,049</u>	

Note 5 - 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
Governmental activities				
Capital assets not being depreciated				
Land	\$ 160,650	\$ -	\$ -	\$ 160,650
Capital assets being depreciated				
Land improvements	329,743	-	-	329,743
Buildings, additions and improvements	1,089,260	-	-	1,089,260
Machinery and equipment	196,233	73,740	18,000	251,973
Vehicles	302,876	25,200	13,255	314,821
Total capital assets being depreciated	1,918,112	98,940	31,255	1,985,797
Less accumulated depreciation for				
Land improvements	244,667	13,490	-	258,157
Buildings, additions and improvements	365,545	21,896	-	387,441
Machinery and equipment	159,720	15,398	11,000	164,118
Vehicles	238,832	22,543	13,255	248,120
Total accumulated depreciation	1,008,764	73,327	24,255	1,057,836
Net capital assets being depreciated	909,348	25,613	7,000	927,961
Governmental activities capital assets, net	<u>\$ 1,069,998</u>	<u>\$ 25,613</u>	<u>\$ 7,000</u>	<u>\$ 1,088,611</u>

Charter Township of Union
Notes to the Financial Statements
December 31, 2016

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 275,780	\$ -	\$ -	\$ 275,780
Capital assets being depreciated				
Land improvements	41,964	-	-	41,964
Buildings, additions and improvements	202,927	-	-	202,927
Machinery and equipment	1,429,020	148,041	21,326	1,555,735
Vehicles	350,157	52,388	-	402,545
Water system	12,912,087	-	-	12,912,087
Sewer system	13,480,115	116,794	-	13,596,909
Wastewater treatment plant	12,567,029	-	-	12,567,029
Total capital assets being depreciated	<u>40,983,299</u>	<u>317,223</u>	<u>21,326</u>	<u>41,279,196</u>
Less accumulated depreciation for				
Land improvements	26,554	1,880	-	28,434
Buildings, additions and improvements	94,800	9,020	-	103,820
Machinery and equipment	710,574	89,698	15,681	784,591
Vehicles	183,855	23,761	-	207,616
Water system	4,103,560	277,666	-	4,381,226
Sewer system	6,594,459	289,768	-	6,884,227
Wastewater treatment plant	2,575,097	272,415	-	2,847,512
Total accumulated depreciation	<u>14,288,899</u>	<u>964,208</u>	<u>15,681</u>	<u>15,237,426</u>
Net capital assets being depreciated	<u>26,694,400</u>	<u>(646,985)</u>	<u>5,645</u>	<u>26,041,770</u>
Business-type capital assets, net	<u>\$ 26,970,180</u>	<u>\$ (646,985)</u>	<u>\$ 5,645</u>	<u>\$ 26,317,550</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Component Units				
East Downtown Development Authority				
Capital assets being depreciated				
Land improvements	\$ 233,279	\$ -	\$ -	\$ 233,279
Less accumulated depreciation for				
Land improvements	93,312	11,664	-	104,976
East Downtown Development Authority capital assets, net	<u>\$ 139,967</u>	<u>\$ (11,664)</u>	<u>\$ -</u>	<u>\$ 128,303</u>
West Downtown Development Authority				
Capital assets being depreciated				
Land improvements	\$ 15,473	\$ -	\$ -	\$ 15,473
Less accumulated depreciation for				
Land improvements	5,416	774	-	6,190
West Downtown Development Authority capital assets, net	<u>\$ 10,057</u>	<u>\$ (774)</u>	<u>\$ -</u>	<u>\$ 9,283</u>
Total component units	<u>\$ 150,024</u>	<u>\$ (12,438)</u>	<u>\$ -</u>	<u>\$ 137,586</u>

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

Governmental activities	
General government	\$ 43,649
Public safety	13,156
Recreation and culture	16,522
Total governmental activities	<u>73,327</u>
Business-type activities	
Sewer	635,219
Water	328,989
Total business-type activities	<u>964,208</u>
Total primary government	<u>\$ 1,037,535</u>

Charter Township of Union
Notes to the Financial Statements
December 31, 2016

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

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

Note 6 - Interfund Receivables and Payables

The imprest payroll fund, a fiduciary fund, owes the general fund \$70,877 at December 31, 2016. The imprest payroll fund pays health insurance during the month prior to the coverage month. Funds of the Township which record benefits expense for employees record the expense in the month of coverage and transfer amounts to the imprest payroll fund during that month.

Note 7 - Capital Lease

The Township has a lease for copy machines. The future minimum lease payments are as follows:

Year ending December 31,	
2017	\$ 17,940
2018	17,940
2019	17,940
2020	17,940
2021	4,485
	<hr/>
Total minimum lease payments	76,245
Less amount representing interest	(12,227)
Present value of minimum lease payments	<u>\$ 64,018</u>
Asset	
Machinery and equipment	\$ 73,731
Less accumulated depreciation	(11,060)
Total	<u>\$ 62,671</u>

Note 8 - 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 a capital lease and compensated absences. Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Capital leases	\$ -	\$ 54,619	\$ 7,195	\$ 47,424	\$ 9,760
Compensated absences	13,602	28,588	31,280	10,910	10,910
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities	\$ 13,602	\$ 83,207	\$ 38,475	\$ 58,334	\$ 20,670
Business-type activities					
Bonds and notes payable					
General obligation bonds					
2004 Sewer Revenue Refunding Bonds	\$ 620,000	\$ -	\$ 145,000	\$ 475,000	\$ 155,000
2009 Wastewater Refunding Bonds	2,230,000	-	340,000	1,890,000	355,000
2010 Water Revenue Bonds	1,740,000	-	85,000	1,655,000	85,000
2011 Sanitary Sewer System (Phase I)	1,042,000	-	16,000	1,026,000	16,000
2011 Sanitary Sewer System (Phase II)	4,568,651	-	71,000	4,497,651	73,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	10,200,651	-	657,000	9,543,651	684,000
Less deferred amounts for issuance discounts	(33,855)	-	(3,966)	(29,889)	-
Total bonds payable	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	10,166,796	-	653,034	9,513,762	684,000
Capital leases	-	19,112	2,518	16,594	3,415
Compensated absences	38,514	102,535	70,059	70,990	70,059
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities	\$ 10,205,310	\$ 121,647	\$ 725,611	\$ 9,601,346	\$ 757,474
Component units					
General obligation bonds					
1991 WDDA Series II	\$ 96,922	\$ -	\$ 33,268	\$ 63,654	\$ 32,526
Less deferred amounts For issuance discounts	(2,850)	-	(950)	(1,900)	-
Total component units	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 94,072	\$ -	\$ 32,318	\$ 61,754	\$ 32,526

Charter Township of Union
Notes to the Financial Statements
December 31, 2016

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 \$155,000 to \$165,000 through November 1, 2019, with an interest rate of 5.27 percent, payable semi-annually. \$ 475,000

\$4,130,000 Wastewater Refunding Bonds Series 2009 dated August 27, 2009, due in annual installments ranging from \$355,000 to \$405,000 through April 1, 2021, with an interest rate ranging from 3.50 to 4.00 percent, payable semi-annually. 1,890,000

\$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 2.75 to 4.40 percent, payable semi-annually. 1,655,000

\$1,100,000 Sewer System Revenue Bonds dated November 1, 2011, due in annual installments ranging from \$16,000 to \$47,000 through May 1, 2051, with an interest rate of 3.25 percent, payable semi-annually. 1,026,000

\$1,424,5110 Sewer System Revenue Bonds dated July 17, 2013, due in annual installments ranging from \$73,000 to \$179,000 through May 1, 2051, with an interest rate of 2.75 percent, payable semi-annually. 4,497,651

\$ 9,543,651

Component Units

\$949,982 West Downtown Development Authority Bonds Series II dated August 20, 1991, due in annual installments ranging from \$31,128 to \$32,526 through August 1, 2018, with an interest rate of 8.25 percent, payable semi-annually. \$ 63,654

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
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	609,000	206,015	-	-
2022 - 2026	1,144,000	884,026	-	-
2027 - 2031	1,205,000	670,285	-	-
2032 - 2036	720,000	512,132	-	-
2037 - 2041	829,000	403,522	-	-
2042 - 2046	952,000	278,604	-	-
2047 - 2051	1,093,000	134,882	-	-
2052 - 2053	289,651	10,734	-	-
	<u>\$ 9,543,651</u>	<u>\$ 4,196,131</u>	<u>\$ 63,654</u>	<u>\$ 476,344</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 \$10,910 for governmental activities. Resources from the general fund will be used to liquidate this liability. The business-type activities reported a liability of \$70,990. 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, 2016

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, 2016 is \$193,732.

Note 9 - 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 10 - Employee Retirement and Benefit Systems

Defined contribution plan

The Township participates in a defined contribution plan administered by Municipal Employees' Retirement System. The plan is available for all full-time employees. The plan was available for all elected officials until the Board of Trustees voted to eliminate eligibility for elected officials effective November 20, 2016. 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, 2016, the Township's total payroll was \$1,346,531. The current year employer contribution was \$88,627. Employee contributions for the year ended December 31, 2016, totaled \$29,956.

Note 11 - 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.

Charter Township of Union
Notes to the Financial Statements
December 31, 2016

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 \$24,000 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.

The Township is the defendant in two lawsuits related to an approved site plan. The likelihood of any unfavorable outcome or an estimate of the amount or range of potential loss is not clear at this time.

Subsequent to December 31, 2016 the Township was named as a defendant in a lawsuit where the plaintiff is suing for failure to respond to a freedom of information act request. The likelihood of any unfavorable outcome or an estimate of the amount or range of potential loss is not clear at this time.

Note 12 - 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,	
2017	\$ 684,000
2018	<u>699,000</u>
	<u><u>\$ 1,383,000</u></u>

Note 13 - Subsequent Event

Subsequent to December 31, 2016 the Township paid the balance of the Sewer Revenue Refunding Bond Series 2004 off early. The bond was previously set to mature during 2019.

Charter Township of Union
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Taxes				
Property taxes	\$ 295,237	\$ 295,509	\$ 299,595	\$ 4,086
Other taxes	6,250	5,600	5,633	33
Penalties and interest	4,050	20,200	20,413	213
Administration fee	143,000	156,965	154,732	(2,233)
Licenses and permits	190,015	153,738	161,344	7,606
State revenue sharing	1,010,395	1,029,429	1,050,237	20,808
State grants	-	-	1,062	1,062
Charges for services	92,125	80,365	80,403	38
Fines and forfeitures	1,500	1,200	1,089	(111)
Interest income	10,000	21,000	21,707	707
Rental income	7,400	9,180	8,720	(460)
Other revenue	15,755	30,405	37,036	6,631
Sale of fixed assets	-	6,500	6,500	-
Capital lease proceeds	-	-	54,619	54,619
	<u>1,775,727</u>	<u>1,810,091</u>	<u>1,903,090</u>	<u>92,999</u>

Charter Township of Union
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Expenditures				
General government				
Township board	\$ 135,643	\$ 88,187	\$ 81,778	\$ (6,409)
Supervisor	28,598	36,677	31,047	(5,630)
Manager	34,385	53,155	51,589	(1,566)
Accounting	152,637	150,787	140,112	(10,675)
Clerk	31,854	50,658	48,779	(1,879)
Data processing	45,000	36,500	35,113	(1,387)
Board of review	5,949	6,168	4,941	(1,227)
Treasurer	31,521	34,328	31,888	(2,440)
Assessor	201,852	219,342	214,997	(4,345)
Elections	12,470	28,170	28,365	195
Buildings and grounds	61,600	59,450	43,956	(15,494)
Attorney	10,000	20,000	27,024	7,024
Total general government	751,509	783,422	739,589	(43,833)
Public safety				
Liquor law enforcement	11,753	11,753	10,761	(992)
Building inspection department	52,109	101,553	106,924	5,371
Zoning inspector	45,663	50,363	51,947	1,584
Rental inspections	171,663	123,725	118,430	(5,295)
Total public safety	281,188	287,394	288,062	668

Charter Township of Union
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public works				
Department of public works	\$ 770,750	\$ 499,813	\$ 446,213	\$ (53,600)
Community and economic development				
Planning	28,607	20,528	19,192	(1,336)
Zoning	4,788	3,635	3,141	(494)
Total community and economic development	33,395	24,163	22,333	(1,830)
Recreation and culture				
Parks and recreation	132,457	127,691	117,346	(10,345)
Capital outlay	176,650	47,350	107,510	60,160
Debt service				
Principal retirement	-	-	7,195	7,195
Interest and fiscal charges	-	-	2,772	2,772
Total debt service	-	-	9,967	9,967
Total expenditures	2,145,949	1,769,833	1,731,020	(38,813)
Excess (deficiency) of revenues over expenditures	(370,222)	40,258	172,070	131,812
Fund balance - beginning of year	2,942,418	2,942,418	2,942,418	-
Fund balance - end of year	\$ 2,572,196	\$ 2,982,676	\$ 3,114,488	\$ 131,812

Charter Township of Union
Required Supplementary Information
Budgetary Comparison Schedule
Fire Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 592,899	\$ 598,005	\$ 609,070	\$ 11,065
Other state grants	-	-	8,471	8,471
Charges for services	98,729	98,092	98,091	(1)
Interest income	3,500	7,300	7,330	30
Total revenues	695,128	703,397	722,962	19,565
Expenditures				
Current				
Public safety	695,128	669,300	669,300	-
Excess of revenues over expenditures	-	34,097	53,662	19,565
Fund balance - beginning of year	1,042,086	1,042,086	1,042,086	-
Fund balance - end of year	<u>\$ 1,042,086</u>	<u>\$ 1,076,183</u>	<u>\$ 1,095,748</u>	<u>\$ 19,565</u>

Charter Township of Union
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Tribal 2%	Public Improvement	
Assets			
Cash and cash equivalents	\$ 29,704	\$ 108,670	\$ 138,374
Special assessments	-	182,772	182,772
 Total assets	 \$ 29,704	 \$ 291,442	 \$ 321,146
Deferred inflows of resources			
Special assessments	\$ -	\$ 182,772	\$ 182,772
Fund Balances			
Restricted			
Tribal grants	29,704	-	29,704
Capital projects	-	108,670	108,670
 Total fund balances	 29,704	 108,670	 138,374
 Total deferred inflows of resources and fund balances	 \$ 29,704	 \$ 291,442	 \$ 321,146

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, 2016

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Tribal 2%	Public Improvement	
Revenues			
Interest income	\$ 931	\$ 143	\$ 1,074
Other revenue	-	63,142	63,142
Total revenues	931	63,285	64,216
Expenditures			
Current			
Public works	570,125	-	570,125
Net change in fund balance	(569,194)	63,285	(505,909)
Fund balance - beginning of year	598,898	45,385	644,283
Fund balance - end of year	<u>\$ 29,704</u>	<u>\$ 108,670</u>	<u>\$ 138,374</u>

Charter Township of Union
Component Unit - East Downtown Development Authority
Balance Sheet
December 31, 2016

Assets

Cash and cash equivalents	\$ 768,608
Receivables	
Taxes	65,315
Due from other units of government	371,616
Prepaid items	<u>1,538</u>
 Total assets	 <u><u>\$ 1,207,077</u></u>

Liabilities

Accounts payable	<u>\$ 9,327</u>
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Deferred inflows of resources

Property taxes	<u>436,925</u>
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Fund Balances

Non-spendable	
Prepaid items	1,538
Restricted	
East DDA	<u>759,287</u>
 Total fund balances	 <u><u>760,825</u></u>

Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,207,077</u></u>
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**Charter Township of Union
East Downtown Development Authority
Reconciliation of Fund Balances of Component Unit
to Net Position of Component Unit
December 31, 2016**

Total fund balance for component unit fund \$ 760,825

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.

128,303

Net position of component unit

\$ 889,128

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, 2016

Revenues

Taxes	\$	426,660
Other state grants		70,566
Interest income		1,884
Other revenue		101
		499,211
Total revenues		499,211

Expenditures

Current		
Public safety		60,775
Community and economic development		560,355
		621,130
Total expenditures		621,130
Net change in fund balance		(121,919)
Fund balance - beginning of year		882,744
Fund balance - end of year	\$	760,825

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, 2016

Net change in fund balances - total component unit fund \$ (121,919)

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 (11,664)

Change in net position of component unit \$ (133,583)

Charter Township of Union
Component Unit - West Downtown Development Authority
Balance Sheet
December 31, 2016

	Operating	Debt Service	Debt Service Special Assessment	Total
Assets				
Cash and cash equivalents	\$ 847,288	\$ 8,898	\$ -	\$ 856,186
Receivables				
Taxes	221,306	-	-	221,306
Due from other units of government	297,838	-	-	297,838
	<u>1,366,432</u>	<u>8,898</u>	<u>-</u>	<u>1,375,330</u>
Total assets	<u>\$ 1,366,432</u>	<u>\$ 8,898</u>	<u>\$ -</u>	<u>\$ 1,375,330</u>
Deferred inflows of resources				
Property taxes	<u>\$ 518,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 518,837</u>
Fund Balances				
Restricted				
West DDA	847,595	-	-	847,595
Debt service	-	8,898	-	8,898
	<u>847,595</u>	<u>8,898</u>	<u>-</u>	<u>856,493</u>
Total fund balances	<u>847,595</u>	<u>8,898</u>	<u>-</u>	<u>856,493</u>
	<u>\$ 1,366,432</u>	<u>\$ 8,898</u>	<u>\$ -</u>	<u>\$ 1,375,330</u>
Total deferred inflows of resources and fund balances	<u>\$ 1,366,432</u>	<u>\$ 8,898</u>	<u>\$ -</u>	<u>\$ 1,375,330</u>

**Charter Township of Union
West Downtown Development Authority
Reconciliation of Fund Balances of Component Unit
to Net Position of Component Unit
December 31, 2016**

Total fund balance for component unit fund	\$ 856,493
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.	9,283
Certain liabilities are not due and payable in the current period and are not reported in the funds. Accrued interest	(96,811)
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	(63,654) 1,900
Net position of component unit	<u><u>\$ 707,211</u></u>

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, 2016

	Operating	Debt Service	Debt Service Special Assessment	Total
Revenues				
Taxes	\$ 449,965	\$ -	\$ -	\$ 449,965
Other state grants	6,838	-	-	6,838
Interest income	1,735	48	5	1,788
Total revenues	458,538	48	5	458,591
Expenditures				
Current				
Public safety	37,317	-	-	37,317
Debt service				
Principal retirement	-	33,268	-	33,268
Interest and fiscal charges	-	217,532	-	217,532
Total expenditures	37,317	250,800	-	288,117
Excess (deficiency) of revenues over expenditures	421,221	(250,752)	5	170,474
Other financing sources (uses)				
Transfers in	-	229,926	-	229,926
Transfers out	(220,000)	-	(9,926)	(229,926)
Total other financing sources and uses	(220,000)	229,926	(9,926)	-
Net change in fund balance	201,221	(20,826)	(9,921)	170,474
Fund balance - beginning of year	646,374	29,724	9,921	686,019
Fund balance - end of year	<u>\$ 847,595</u>	<u>\$ 8,898</u>	<u>\$ -</u>	<u>\$ 856,493</u>

**Charter Township of Union
West 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, 2016**

Net change in fund balances - total component unit fund	\$ 170,474
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)
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	(6,555)
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	33,268
Amortization of discount	(950)
Change in net position of component unit	<u>\$ 195,463</u>

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
Mt. Pleasant, Michigan

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, 2016, 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 8, 2017.

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 8, 2017

REQUEST FOR EDA ACTION

To: Economic Development Authority	DATE: June 13, 201
FROM: Mark Stuhldreher, Township Manager	DATE FOR EDA CONSIDERATION: June 20, 2017
ACTION REQUESTED: Request to add Mark Stuhldreher, Twp Manager, to the six Authority bank accounts and remove Brian Smith's name from the same bank accounts.	

Current Action Emergency _____

Funds Budgeted: If Yes _____ Account # N/A No _____ N/A _____

Finance Approval _____

BACKGROUND INFORMATION

Brian Smith, the Township's previous Manager, resigned effective 12-31-15. Township Manager Mark Stuhldreher was hired by the Board of Trustees and commenced employment on 7-25-16. Currently Jim Zalud, EDA Board Treasurer, and Kim Rice, Township Treasurer, are authorized to sign checks for the 6 East DDA and West DDA bank accounts. This action will remove the former Manager and add the current Manager to the signature cards at the bank.

SCOPE OF SERVICES

A resolution by Authority is required to change authorized check signers with the bank. The Township Treasurer and staff recommend adding Mark Stuhldreher as an authorized check signer on all of the East DDA accounts and West DDA accounts. In addition, the Treasurer and staff would like to include Mark Stuhldreher as an authorized signer on any future bank accounts that may need to be added for operations going forward. Jim Zalud and Kim Rice will remain as an authorized check signer on the bank accounts for the West DDA and East DDA.

JUSTIFICATION

In the past, the Township Manager was a check signer on all Authority bank accounts. This facilitates efficiency in Township operations, especially in the event the Authority Treasurer or Township Treasurer is not available to sign checks, transfer funds, etc.

PROJECT IMPROVEMENTS

The following Board of Trustees goals are addressed with the approval of this request (From Policy 1.0: Global End)

1. Prosperity through economic diversity, cultural diversity, and social diversity
2. Safety
3. Commerce

COSTS

None

PROJECT TIME TABLE

Implementation will begin ASAP after Board approval

RESOLUTION

Authorization is hereby given to add Mark Stuhldreher, Township Manager, to all of the Authority Bank accounts and remove Brian Smith, the former Township Manager, from those same accounts. This authorization will remain in effect for the duration of Mark Stuhldreher’s employment or until additional action by the Authority is taken.

Resolved by _____ Seconded by _____

- Yes:
- No:
- Absent: