

TOWNSHIP OF UNION
GRAND TRAVERSE COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS

Fiscal Year Ended March 31, 2014

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Barry E. Gaudette, CPA, PC
731 S. Garfield Avenue
Traverse City, Michigan 49686

Independent Auditor's Report

Members of the Township Board
Township of Union
Grand Traverse County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the aggregate remaining fund information, as well as each fiduciary fund type of the Union Township, Michigan, as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Union Township, Michigan's basic financial statements as listed in the table of contents. We also have audited each fiduciary fund type of Union Township, Michigan, as of and for the year ended March 31, 2014, as displayed in the Township's basic financial statements.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

Since it was not practical to extend my auditing procedures into the prior unaudited year, I am unable to express an opinion on the consistency of application of accounting principles with the preceding year.

In our opinion, except for the omission of the information mentioned in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information, as well as each fiduciary fund type of the Union Township, Michigan, as of March 31, 2014, and the respective changes in financial position, 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 budgetary comparison information on page 18 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.

Management has omitted the Management Discussion and Analysis, that accounting principles generally accepted in the United States of America is required to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Barry E. Gaudette, CPA, PC

May 16, 2014

TOWNSHIP OF UNION
GOVERNMENT WIDE STATEMENT OF NET POSITION
March 31, 2014

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and equivalents	\$ 47,824
Investments	20,000
Taxes receivable	5,650
Prepaid expenses	977
Internal receivables	17
TOTAL CURRENT ASSETS	74,468
 NON-CURRENT ASSETS	
Property and equipment, net of depreciation	45,723
TOTAL ASSETS	120,191
 LIABILITIES and NET POSITION	
CURRENT LIABILITIES	
Accounts payable	151
TOTAL CURRENT LIABILITIES	151
 NET POSITION	
Net investment in capital assets	45,723
Nonspendable for:	
Prepaid expenses	977
Committed:	
Improvement revolving account	7,084
Park account	1,006
Restricted:	
Fire account	3,288
Unassigned	61,962
TOTAL NET POSITION	\$ 120,040

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities:					
Legislative	\$ 4,648	\$ 0	\$ 0	\$ 0	\$ (4,648)
General government	51,791	170	0	0	(51,621)
Public safety	11,960	0	0	0	(11,960)
Public works	2,430	0	1,865	0	(565)
Community/Economic Development	3,040	0	0	0	(3,040)
Other	2,998	0	0	0	(2,998)
TOTAL	\$ 76,867	\$ 170	\$ 1,865	\$ 0	(74,832)

GENERAL REVENUES

Property taxes & related fees	40,071
State shared revenues and grants	42,878
Unrestricted investment earnings	353
Refunds	743
TOTAL	84,045

CHANGE IN NET POSITION

Net position – beginning	110,827
NET POSITION – ENDING	\$ 120,040

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION
GOVERNMENTAL FUNDS BALANCE SHEET
COMBINED BALANCE SHEET
March 31, 2014

	General Fund
ASSETS	
Cash and equivalents	\$ 47,824
Investments	20,000
Taxes receivable	5,650
Prepaid expenses	977
Due from other funds	17
TOTAL ASSETS	\$ 74,468
LIABILITIES	
Accounts payable	\$ 151
TOTAL LIABILITIES	151
FUND BALANCE	
Nonspendable for prepaid expenses	977
Committed:	
Improvement revolving account	7,084
Park account	1,006
Restricted:	
Fire account	3,288
Unassignable	61,962
TOTAL FUND BALANCE	74,317
TOTAL LIABILITIES AND FUND BALANCE	\$ 74,468

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION
RECONCILIATION OF BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
March 31, 2014

Total fund balance – total governmental funds	\$ 74,317
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds net of related depreciation	<u>45,723</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 120,040</u></u>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION
ALL GOVERNMENTAL FUNDS TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year ended March 31, 2014

	General Fund
REVENUES	
Property taxes & related fees	\$ 40,071
Licenses and permits	170
Federal grants	(517)
State shared revenues and grants	44,743
Interest	353
Refunds and reimbursements	743
	85,563
EXPENDITURES	
Legislative	4,648
General government	51,274
Public safety	11,960
Public works	2,430
Community/Economic Development	3,040
Other:	
Fringe benefits	673
Pension	2,060
Contingencies	265
	76,350
EXCESS OF REVENUES OVER (OVER) EXPENDITURES	9,213
Fund balance – beginning	65,104
Fund balance – ending	\$ 74,317

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION
**RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES**
Year ended March 31, 2014

Net change in fund balance – total governmental funds	\$ 9,213
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures, in the Statement of Activities these costs are allocated over their estimated useful life and reported as depreciation	<u>0</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 9,213</u></u>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
March 31, 2014

	<u>Tax Collection Fund</u>
ASSETS	
Cash and cash equivalent	\$ 17
Total assets	<u>17</u>
LIABILITIES	
Due to other funds	<u>17</u>
Total liabilities	<u>17</u>
NET POSITION	
Held in trust for other purposes	<u><u>\$ 0</u></u>

The Notes to Financial Statements are an integral part of this Statement.

TOWNSHIP OF UNION
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
March 31, 2014

	Tax Collection Fund
ADDITIONS	
Property tax collections and fees	\$ 746,520
Interest earnings	1
Total additions	746,521
DEDUCTIONS	
Transfer to General Fund	40,071
Payments to other governmental units	706,443
Total deductions	746,514
Changes in net position	7
Net position – beginning	10
Net position – ending	\$ 17

The Notes to Financial Statements are an integral part of this Statement.

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Union (Township) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

Reporting Entity

The Township is governed by an elected five member board of trustees. The accompanying financial statements present the government, as the Township does not have any component units that are required to be presented, either discretely or blended. The Township has no component units and is not responsible for any jointly governed organizations, but does have an agreement to contribute a voted fire millage to the Grand Traverse Rural Fire Department.

Government-Wide and Fund Financial Statements

The government-wide statements (i.e., the statement of Net Position and the statement of changes in Net Position) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, normally 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 revenue*.

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

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers 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, relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable – Current Property Taxes

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31. Real property taxes not collected as of March 1st are turned over Grand Traverse County, which advances the Township 100% for the delinquent taxes.

The 2013 taxable valuation (Real and Personal) of the Township totaled \$23,622,840, on which ad valorem taxes levied consisted of 0.7396 mills for Township operating purposes. This amount is recognized in the General Fund as current tax revenue as well as administrative fees of \$4,942 to collect the taxes and applicable interest. Also, the Township has a fire millage levy that was voted for by the Township residents of 0.5000 mills.

The Township 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.

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Township reports the following fiduciary funds:

The *current tax collection fund* is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenue* 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 revenue* rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then restricted resources as they are needed.

Assets, Liabilities, and Net Position or Equity

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

Receivables and Payables – In general, outstanding balances between funds are reported as “due 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 “due to/from other funds”.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Equity (Continued)

Capital Assets – Capital assets; which include property, plant and equipment are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Township has elected not to report its' infrastructure assets which is in compliance with Governmental Accounting Standards Board Statement Number 34 as the Township is a "tier three" entity. All future infrastructure asset additions will be recorded and reported in the government wide financial statements.

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

Land improvements		10 years
Buildings and improvements	10	- 40 years
Equipment		5 years

Fund Equity – In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Township Board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township Board.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Township Board.
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to these purposes.

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

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE B – CASH AND INVESTMENTS

MCL 129.91 authorizes the Township to deposit and invest in the accounts of Federal insured banks. Credit unions, savings and loan associations; bond securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation 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 its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated one credit union for the deposit of Township funds. The investments policy adopted by the board in accordance with Public Act 20 of 1943, as amended, has authorized only a portion of the investments described in the preceding paragraph. The Township's deposits and investment policy are in accordance with statutory authority.

At year end, the Township's deposits and investments were reported on the basic financial statements in the following categories:

Bank deposits (demand and savings deposits)	\$	47,841
Certificates of deposits		20,000
		67,841
TOTAL (includes trust and agency funds)	\$	67,841

The federal insured bank balance of the Township's deposits is \$70,299.

NOTE C – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGET FUNDS

P.A. of 1978, section 18(1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amounts appropriated in any of its budgetary funds.

Included in the "Required Supplemental Information" section of this report is a listing of revenues and expenditures for the budgetary funds. The schedules reflect the original budget, amended budget and actual amounts for each of the fund's activities. No unfavorable variances occurred during the year.

NOTE D – INTERFUND RECEIVABLE AND PAYABLE

The March 31, 2014, balances of interfund receivables and payables are as follows:

Due From	Due to	Amount
Tax Collection Fund	General Fund	\$ 17
		17

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE E – CHANGES IN CAPITAL ASSETS

Capital asset activity for the Township for the year ended March 31, 2014 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Governmental Funds:				
Assets not depreciated				
Land & improvements	\$ 22,168	\$ 0	\$ 0	\$ 22,168
Assets depreciated:				
Land improvements	15,419	0	0	15,419
Buildings	48,885	0	0	48,885
Building improvements	16,621	0	0	16,621
Equipment	8,963	0	0	8,963
Total at Historic Cost	<u>112,056</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>112,056</u>
Less Accumulated Depreciation for:				
Land improvements	(15,419)	\$ 0	\$ 0	(15,419)
Buildings	(34,219)	(1,222)	0	(35,441)
Buildings improvements	(4,808)	(1,702)	0	(6,510)
Equipment	(8,963)	0	0	(8,963)
Total Accumulated Depreciation	<u>(63,409)</u>	<u>\$ (2,924)</u>	<u>\$ 0</u>	<u>(66,333)</u>
Net Governmental Funds-Capital Assets	<u>\$ 48,647</u>			<u>\$ 45,723</u>

NOTE F – RISK MANAGEMENT

The Township of Union is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township of Union maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settlement claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE G – PENSION PLAN

The Township has a defined contribution pension plan covering the Township Board members and the assessor. The Township and the covered employees each contribute one-half of the cost of the plan. Pension expense for the fiscal year ended March 31, 2014, was \$2,060.00.

NOTE H – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Township through May 16, 2014 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED
SUPPLEMENTAL
INFORMATION

TOWNSHIP OF UNION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended March 31, 2014

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning Fund Balance	\$ 63,442	\$ 63,442	\$ 65,104	\$ 1,662
Resources (Inflows):				
Property taxes & related fees	44,455	44,455	40,071	(4,384)
Licenses and permits	195	195	170	(25)
Federal grants	580	580	(517)	(1,097)
State shared revenues and grants	37,360	37,360	44,743	7,383
Interest	315	315	353	38
Refunds and reimbursements	2,000	2,000	743	(1,257)
AMOUNTS AVAILABLE FOR APPROPRIATION	148,347	148,347	150,667	2,320
Charges to Appropriations(Outflows)				
Legislative				
Township Board	4,800	4,800	4,648	152
General Government				
Supervisor	9,448	9,993	9,993	0
Elections	6,000	5,001	2,148	2,853
Clerk	10,648	11,020	11,020	0
Treasurer	10,698	10,698	10,036	662
Assessor	6,177	6,259	6,259	0
Hall & grounds	7,020	7,020	6,844	176
All other general government:				
Attorney	1,000	1,000	295	705
Board of review	1,000	1,000	851	149
Insurance	4,000	4,000	3,828	172
Refunds	1,034	1,034	0	1,034
Public Safety				
Fire protection	12,000	12,000	11,960	40
Public Works				
Roads	8,000	8,000	2,430	5,570
Community/Economic Development:				
Planning and zoning	3,650	3,650	3,040	610
Other				
Payroll taxes	2,010	2,010	673	1,337
Pension	2,500	2,500	2,060	440
Capital outlay	5,000	5,000	0	5,000
Contingencies	1,000	1,000	265	735
TOTAL CHARGES TO APPROPRIATIONS	95,985	95,985	76,350	19,635
BUDGETARY FUND BALANCE- ENDING	\$ 52,362	\$ 52,362	\$ 74,317	\$ 21,955

TOWNSHIP OF UNION
EXPENDITURES BY DETAILED ACCOUNT
GENERAL FUND
Year ended March 31, 2014

Township Board:	
Salaries	\$ 2,400
Office supplies	155
Contractual services	825
Training fees and dues	1,204
Printing and publishing	64
	4,648
Supervisor:	
Salaries	7,748
Office supplies	255
Training fees and dues	1,990
	9,993
Elections:	
Salaries	594
Office supplies	680
Transportation	413
Printing and publishing	271
Training fees and dues	190
	2,148
Assessor:	
Salaries	5,277
Office supplies	34
Contract/computer	375
Training fees and dues	25
Printing and publishing	548
	6,259
Attorney:	
Contractual services	295
Clerk:	
Salaries	8,448
Office supplies	544
Training fees and dues	1,743
Transportation	285
	11,020
Board of Review:	
Salaries	851

TOWNSHIP OF UNION
EXPENDITURES BY DETAILED ACCOUNT
GENERAL FUND
(CONTINUED)
Year ended March 31, 2014

Treasurer:	
Salaries	7,848
Office supplies	873
Contractual services	375
Training fees and dues	849
Transportation	81
Printing and publishing	10
	10,036
Building and Grounds:	
Operating supplies	67
Contractual services	2,115
Communications	443
Utilities	1,885
Rentals	1,620
Office equipment purchase	139
Repairs and maintenance	575
	6,844
Fire Protection:	
Contractual services	11,960
Planning and Zoning:	
Salaries	473
Contractual services	2,567
	3,040
Public Works:	
Roads	2,430
Fringe Benefits:	
Unemployment taxes	50
FICA/medicare	623
Pension	2,060
	2,733
Insurance:	
General and liability insurance	3,828
Other Expense:	
Contingencies	265
Capital Outlays	
	0
Total Expenditures	\$ 76,350

Barry E. Gaudette, CPA, PC
731 S. Garfield Avenue
Traverse City, Michigan 49686

Members of the Township Board
Township of Union
Grand Traverse County, Michigan

We have audited the financial statements of the governmental activities, each major fund, as well as each fiduciary fund type of Union Township, Michigan for the year ended March 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 16, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Union Township, Michigan are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended March 31, 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no major sensitive estimates affecting the Township's financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 16, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

- We noticed that the Township deposits revenues in a savings account and then transfers money to a checking to make disbursements. The savings account as of March 31, 2014 had a balance of \$36,116.80 and normally has between 4 to 6 transfers to the checking account each month not including several electronic withdrawals for payroll taxes. We recommend the Township Board consider depositing all revenue in the checking account and transfer money to the savings account if not needed in the checking account.
- We also noticed that the Township's interest it earns on its two Certificate of Deposits are automatically transferred to the savings accounts as earned. We recommend the Township Board consider keeping the interest that is earned in the Certificate of Deposits.

Other Matters

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

This information is intended solely for the use of Union Township and is not intended to be, and should not be, used by anyone other than the Township Board.

Barry E. Gaudette, CPA, PC

May 16, 2014