TOWNSHIP OF UNION

BRANCH COUNTY, MICHIGAN

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2006

Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type	Local Unit Name	County
☐County ☐City ☒Twp ☐Village ☐Other	Union Township	Branch

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
March 31, 2006	September 6, 2006	9/19/06

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

	YES	NO	**Check each applicable box below.** (See instructions for further detail.)
1.	☒	☐	All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2.	☐	☒	There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3.	☒	☐	The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4.	☒	☐	The local unit has adopted a budget for all required funds.
5.	☒	☐	A public hearing on the budget was held in accordance with State statute.
6.	☒	☐	The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7.	☒	☐	The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8.	☒	☐	The local unit only holds deposits/investments that comply with statutory requirements.
9.	☒	☐	The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan,* as revised (see Appendix H of Bulletin).
10.	☒	☐	There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11.	☐	☒	The local unit is free of repeated comments from previous years.
12.	☒	☐	The audit opinion is UNQUALIFIED.
13.	☒	☐	The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14.	☒	☐	The board or council approves all invoices prior to payment as required by charter or statute.
15.	☒	☐	To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	☒	
The letter of Comments and Recommendations	☒	
Other (Describe)	☐	

Certified Public Accountant (Firm Name)	Telephone Number
Angle & Steffes, P.C.	269-686-9050

Street Address	City	State	Zip
430 Western Ave, Suite B	Allegan	MI	49010

Authorizing CPA Signature	Printed Name	License Number
Steven K. Angle CPA	Steven K. Angle, CPA	14653

TOWNSHIP OF UNION

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INDEPENDENT AUDITOR'S REPORT

September 6, 2006

To the Township Board
Township of Union
Branch County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Union, Branch County, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Union Township, Branch County, Michigan management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Union as of March 31, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments, as of March 31, 2004.

The management's discussion and analysis and budgetary comparison information on page 2 and 19 through 20 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

Angle & Steffes P.C.

Angle & Steffes, P.C.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNION TOWNSHIP, BRANCH COUNTY

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer view of the Township finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government wide financial statements.

The Township as a Whole

The Township's combined net assets increased $35,312 from one year ago - increasing from $368,321 to $403,633.

The Township's net assets continue to remain healthy.

Government Activities

The Township has increased its financial position, however has expended funds for improvements and repairs as needed. The Township continues to provide the citizens with dust control and seal-coating for road maintenance. Road work in 2005 involved completing the special assessment of Day and Thomas roads (construction and blacktopping). The cost of blacktopping will be paid back by the occupants within five (5) years. The Township, in 2005, purchased adjacent ground to the cemetery from the Calhoun County Road Commission. This should fill the needs of cemetery space for future generations.

Economic Factors and Next Year's Budget and Rates

State revenue sharing payments declined $206 for 2005. The revenue sharing for the coming year is unsure but is expected to increase slightly due to inflation. Time will tell. There is no significant change expected in the tax base for the coming fiscal year except for inflation. The road construction plans are to start the Mauer Road project.

Contacting the Township's Management

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

TOWNSHIP OF UNION
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2006

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	$ 293,370	$ 293,370
Investments	0	0
Receivables - net	109,737	109,737
Prepaids	1,932	1,932
Long term receivables	47,230	47,230
Capital assets - net	90,251	90,251
Total Assets	542,520	542,520
LIABILITIES		
Accounts payable	112	112
Accrued and other liabilities	79,051	79,051
Noncurrent Liabilities		
Due within one year	2,280	2,280
Due in more than one year	10,214	10,214
Deferred revenues	47,230	47,230
Total Liabilities	138,887	138,887
NET ASSETS		
Invested in Capital Assets		
Net of related debt	77,757	77,757
Restricted For		
Public safety/Cemetery care	63,099	63,099
Special assessment districts - road and lake projects	(41,983)	(41,983)
Unrestricted	304,760	304,760
Total Net Assets	$ 403,633	$ 403,633

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

TOWNSHIP OF UNION
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Government: Governmental Activities	Business-Type Activities	Total
Primary Government							
General government	67,787	300	0	0	(67,487)	0	(67,487)
Public safety/Cemetery care	70,330	19,878	0	0	(50,452)	0	(50,452)
Public works	81,902	0	0	0	(81,902)	0	(81,902)
Community/Economic development	0	0	0	0	0	0	0
Recreation and culture	3,220	0	0	0	(3,220)	0	(3,220)
Total Governmental Activities	223,239	20,178	0	0	(203,061)	0	(203,061)
Total Primary Government	$ 223,239	$ 20,178	$ 0	$ 0	(203,061)	0	(203,061)
General Revenues							
Property taxes					133,298	0	133,298
State-shared revenues					95,602	0	95,602
Unrestricted investment earnings					5,312	0	5,312
Franchise fees					0	0	0
Miscellaneous					4,161	0	4,161
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					238,373	0	238,373
Change in Net Assets					35,312	0	35,312
Net Assets-Beginning					368,321	0	368,321
Net Assets-Ending					$ 403,633	$ 0	$ 403,633

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

TOWNSHIP OF UNION
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2006

	General Fund	Fire & Cemetery Fund	Non Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 263,565	$ 0	$ 29,805	$ 293,370
Investments	0	0	0	0
Receivables - net	22,179	5,100	2,499	29,778
Due from other funds	45,390	28,194	6,375	79,959
Prepaids	1,932	0	0	1,932
Total Assets	333,066	33,294	38,679	405,039
LIABILITIES				
Accounts payable	112	0	0	112
Due to other funds	28,194	0	43,732	71,926
Due to other governments	0	0	7,125	7,125
Total Liabilities	28,306	0	50,857	79,163
FUND BALANCES				
Reserved for				
Road and lake projects	0	0	(41,983)	(41,983)
Public safety/cemetery	0	33,294	0	33,294
Cemetery care	0	0	29,805	29,805
Unreserved	304,760	0	0	304,760
Total Fund Balances	$ 304,760	$ 33,294	$ (12,178)	$ 325,876

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	90,251
Debt principal repayments and proceeds of debt are not reported on the statement of activities.	(12,494)
Net Assets of Governmental Activities	$ 403,633

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

TOWNSHIP OF UNION
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
March 31, 2006

	General Fund	Fire & Cemetery Fund	Non-Major Funds	Total Governmental Funds
Revenues				
Taxes and penalties	68,943	46,734	17,621	133,298
Licenses and permits	0	0	0	0
State aid	95,602	0	0	95,602
Charges for services	300	19,878	0	20,178
Interest and rentals	4,207	249	856	5,312
Other revenue	4,161	0	0	4,161
Total Revenues	173,213	66,861	18,477	258,551
Expenditures				
Current				
General government	66,945	0	0	66,945
Public safety/cemetery care	0	67,305	625	67,930
Public works	22,298	0	59,604	81,902
Health and welfare	0	0	0	0
Recreation and cultural	3,220	0	0	3,220
Community/Economic development	0	0	0	0
Capital outlay	60,893	0	0	60,893
Total Expenditures	153,356	67,305	60,229	280,890
Excess of Revenues Over (Under) Expenditures	19,857	(444)	(41,752)	(22,339)
Other Financing Sources (Uses)				
Transfers in	38,622	0	0	38,622
Transfers (out)	0	(38,622)	0	(38,622)
Proceeds from debt	12,494	0	0	12,494
Total Other Financing Sources (Uses)	51,116	(38,622)	0	12,494
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	70,973	(39,066)	(41,752)	(9,845)
Fund Balance - April 1, 2005	233,787	72,360	29,574	335,721
Fund Balance-March 31, 2006	$ 304,760	$ 33,294	$ (12,178)	$ 325,876

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

TOWNSHIP OF UNION
FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
MARCH 31, 2006

	Agency Fund Type (Winter Tax Collection Fund	Agency Fund (Summer Tax Collection Fund)
ASSETS		
Cash and cash equivalents	$ 7,486	$ 546
Total Assets	$ 7,486	$ 546
LIABILITIES		
Due to other funds	$ 7,486	$ 546
Due to other governmental units	0	0
Total Liabilities	$ 7,486	$ 546
NET ASSETS		

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Union, Branch County, Michigan is a general law Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Union conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. 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. 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 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, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

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

The Fire & Cemetery Fund is a Special Revenue Fund of the Township. This Fund is used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for the fire and cemetery.

The government reports three non-major fund types:

The cemetery trust fund earns interest to be spent on grave site care. The special assessment lake and road pavings funds account for two districts that are legally restricted for lake clean up and road paving projects approved by its residents residing in these districts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Union does not have enterprise funds.

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.

Finally, the government reports the following fund types:

The Summer and Winter Tax Collection Funds are Fiduciary Funds accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

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.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $500 and an estimated useful life in excess of two years. 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.

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

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets, less related debt.

Capitalized Asset Costs	$ 230,313
Less Accumulated Depreciation	(140,062)
Capital Assets, net	90,251
Less Related Debt	(12,494)
Governmental Fund Balances	325,876
Net Assets of Governmental Activities	$ 403,633

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.

2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).

3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.

4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit did not incur expenditures in budgeted funds which were in excess of the amounts appropriated.

Fund Deficits-The Local Governmental Unit has one fund balance deficit at this time. The special assessment road paving project will collect taxes over four remaining years to repay the General Fund for current year costs to pave the district.

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit 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 direct obligations of the United States or any agency or instrumentality of the United States; United States government of 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 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.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Total Government
Cash and Cash Equivalents	$ 293,370	$ 293,370

The breakdown between deposits and investments is as follows:

	Total Government
Bank Deposits (checking and savings accounts, certificates of deposit)	$ 293,370
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	$ 293,370

The bank balance of the primary government's deposits is $293,370 of which $158,438 is covered by federal depository insurance.

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	Major Funds			
	General Fund	Fire & Cemetery Fund	Non-Major & Other Funds	Total
Taxes receivable	$ 6,816	$ 5,100	$ 2,499	$ 14,415
State share revenues receivable	15,363	0	0	15,363
Due from other funds	45,390	28,194	6,375	79,959
Less: allowance for uncollectibles	0	0	0	0
Net Receivables	$ 67,569	$ 33,294	$ 8,874	$ 109,737

NOTE 6 - CAPITAL ASSETS

Capital asset 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	$ 23,000	$ 51,940	$ 0	$ 74,940
Construction in Progress	0	0	0	0
Subtotal	23,000	51,940	0	74,940
Capital Assets Being Depreciated				
Buildings	49,367	0	0	49,367
Land Improvements	0	6,012	0	6,012
Machinery and equipment	27,602	0	0	27,602
Fire Trucks	72,392	0	0	72,392
Subtotal	149,361	6,012	0	155,373
Less Accumulated Depreciation for				
Buildings	49,367	0	0	49,367
Land Improvements	0	401	0	401
Machinery and equipment	24,661	441	0	25,102
Fire Trucks	62,792	2,400	0	65,192
Subtotal	136,820	3,242	0	140,062
Net Capital Assets Being Depreciated	12,541	2,770	0	15,311
Governmental Activities Capital Total Capital Assets-Net of Depreciation	$ 35,541	$ 54,710	$ 0	$ 90,251

The Township assets have been evaluated according to GASB 34 guidelines. The Township owns cemetery property and a township hall where historical dates and cost values were known or estimated. Generally, these assets are fully depreciated, as applicable, with unknown salvage values. The most recent asset acquisitions are recorded and depreciated.

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

Governmental Activities	
General government	$ 842
Public safety	2,400
Public works	0
Economic development	0
Recreation and culture	0
Total Governmental Activities	$ 3,242

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds

Receivable Fund		Payable Fund		Amount
General	$ 1,657	Tax Collection Funds	$	1,657
Fire & Cemetery Fund	28,194	General		28,194
General	43,733	Spec. Assess - Road Paving		43,733
Spec Assess - Lake	6,375	Tax Collection		6,375
Total	$ 79,959		$	79,959

Interfund Transfers

	Transfers (Out)			
Transfers In	General Fund	Fire & Cemetery Fund	Non-Major Governmental Funds	Total
General Fund	$ 0	$ 38,622	0	$ 38,622
Non-Major Governmental Funds	0	0	0	0
Total	$ 0	$ 38,622	$ 0	$ 38,622

NOTE 8 - SPECIAL REVENUE FUND - FIRE & CEMETERY

The Township voters approved a millage which provides tax funds for the special purpose to fund fire protection services and cemetery care. There is no break out proportion for the separate uses.

Fire Safety costs of $21,929 and cemetery care expenditures of $45,375 were offset by tax collections of $46,734 and cemetery charges of $19,878.

Land was purchased for cemetery use in July 2005. The total cost of $51,939 was funded by a CD balance held for this purpose and a loan borrowed from a local bank of $12,494. This loan will be paid back over a five (5) year period.

Part of the 2005 winter tax collections are being held in the General Fund cash account to fund cemetery and fire functions in the 2006/2007 fiscal year. This balance is $28,194.

NOTE 9 - LIBRARY SERVICES

The Township building is utilized by the local Library association in exchange for a no-charge Library contract. The Township maintains the building as its only cost for these services.

NOTE 10 - LONG TERM DEBT FOR CEMETERY LAND PURCHASE

The Township has borrowed from a local bank a total of $12,494 to be repaid over a five (5) year term at 4.58% annual interest. Annual payment requirements are as follows:

	Principal	Interest	Total
2006	$2,280	$ 572	$ 2,852
2007	2,384	468	$ 2,852
2008	2,494	358	$ 2,852
2009	2,608	244	$ 2,852
2010	2,728	124	$ 2,852
Total requirements	$12,494	$ 1,766	$14,260

NOTE 11 - SPECIAL ASSESSMENT DISTRICTS

New special assessment districts were created in the recent fiscal year. Lake clean up services are being collected and paid directly to Sherwood Township for the full performance of this task. Levied for this purpose was a total of $7,125 for this fiscal year.

The road paving project on Day/Thomas Road was approved in 2004 and began in 2005. The paving was completed during this fiscal year with total costs of $52,479 expended. This was paid by the General Fund and the special assessment's first year collections of $10,496. The special assessment will be levied to property owners over a remaining four (4) year period. Timing of this project creates a $41,983 deficit fund balance. This will be resolved in the following manner:

Total costs of:	$52,479	
Tax levied 2005	(10,496)	
2006-2009 levies	(47,230)	
Remaining balance of:	$ 5,247	due to General Fund for interest on prepaid project

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF UNION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2006

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	$ 233,787	$ 233,787	$ 233,787	$ 0
Resources (Inflows)				
Property taxes	58,398	58,398	68,943	10,545
State aid	89,328	89,328	95,602	6,274
Licenses and permits	0	0	0	0
Charges for services	0	0	300	300
Interest and rentals	2,500	2,500	4,207	1,707
Miscellaneous revenues	7,500	7,500	4,161	(3,339)
Transfers from other funds	38,700	38,700	38,622	78
Proceeds from debt	13,000	13,000	12,494	(506)
Amounts Available for Appropriation	443,213	443,213	458,116	14,903
Charges to Appropriations (Outflows)				
General government				
Township board	12,126	12,126	10,545	1,581
Supervisor	8,800	8,800	7,731	1,069
Finance	2,500	2,500	2,450	50
Board of Review	2,000	2,000	1,260	740
Treasurer	17,500	17,500	15,562	1,938
Assessing	16,000	16,000	13,553	2,448
Clerk	12,000	12,000	11,389	611
Elections	4,000	4,000	1,031	2,969
Buildings and grounds	5,000	5,000	3,424	1,576
Public Safety	0	0	0	0
Public Works	61,000	61,000	22,298	38,702
Recreation and culture	5,500	5,500	3,220	2,280
Capital outlay	63,000	63,000	60,893	2,107
Transfers to other funds	0	0	0	0
Total Charges to Appropriations	209,426	209,426	153,356	56,070
Budgetary Fund Balance-March 31	$ 233,787	$ 233,787	$ 304,760	$ 70,973

TOWNSHIP OF UNION
BUDGETARY COMPARISON SCHEDULE
MAJOR FIRE & CEMETERY FUND
YEAR ENDED MARCH 31, 2006

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	$ 72,360	72,360	72,360	0
Resources (Inflows)				
Property taxes	45,041	45,041	46,734	1,693
State aid	0	0	0	0
Charges for services	14,500	14,500	19,878	5,378
Interest and rentals	0	0	249	249
Miscellaneous revenues	0	0	0	0
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	131,901	131,901	139,221	7,320
Charges to Appropriations (Outflows)				
Fire & Cemetery services	68,000	68,000	67,305	695
Transfers to other funds	38,700	38,700	38,622	78
Total Charges to Appropriations	106,700	106,700	105,927	774
Budgetary Fund Balance-March 31	$ 25,201	$ 25,201	$ 33,294	$ 8,093

ADDITIONAL INFORMATION

TOWNSHIP OF UNION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2006

	Cemetery Trust Fund	Special Assessment Funds: Day/Thomas Road Funds	Special Assessment Funds: Lake Fund	Total Non-Major Governmental Funds
Assets				
Cash and cash equivalents	$ 29,805	$ 0	$ 0	$ 29,805
Investments	0	0	0	0
Receivables - net	0	1,749	750	2,499
Due from other funds	0	0	6,375	6,375
Total Assets	$ 29,805	$ 1,749	$ 7,125	$ 38,679
Liabilities and Fund Equity				
Liabilities				
Accounts payable	$ 0	$ 0	$ 0	$ 0
Due to other funds	0	43,732	0	43,732
Due to other governments	0	0	7,125	7,125
Total Liabilities	0	43,732	7,125	50,857
Fund Balance				
Reserved	29,805	(41,983)	0	(12,178)
Unreserved	0	0	0	0
Total Fund Equity	29,805	(41,983)	0	(12,178)
Total Liabilities and Fund Equity	$ 29,805	$ 1,749	$ 7,125	$ 38,679

TOWNSHIP OF UNION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2006

	Cemetery Trust Fund	Day/Thomas Road Fund	Lake Fund	Total Non-Major Governmental Funds
Revenues				
Taxes and penalties	0	10,496	7,125	17,621
Interest	856	0	0	856
Total Revenues	856	10,496	7,125	18,477
Expenditures				
Current				
Road projects	0	52,479	0	52,479
Lake clean up	0	0	7,125	7,125
Cemetery services	625	0	0	625
Total Expenditures	625	52,479	7,125	60,229
Excess of Revenues Over (Under) Expenditures	231	(41,983)	0	(41,752)
Other Financing Sources (Uses)				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	231	(41,983)	0	(41,752)
Fund Balance-April 1, 2005	29,574	0	0	29,574
Fund Balance-March 31, 2006	$ 29,805	$ (41,983)	$ 0	$ (12,178)

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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September 6, 2006

In planning and performing our audit of the Financial Statements of the Township of Union for the year ended March 31, 2006, we considered the Township's internal control structure to determine audit procedures for the purpose of expressing an opinion of the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are an opportunity to strengthen internal control and increase operating efficiency. We offer the following items for your consideration.

Uninsured Bank Deposits
As of the audit date, the balances of cash accounts exceeds the levels of federal deposit insurance. The maximum insurable balance is $200,000 in each bank, $100,000 for each demand and savings account types. As of the audit date, insured demand deposit accounts total $100,000, insured savings accounts total $58,438, while uninsured demand deposit accounts total $134,932. We recommend that cash balances are spread among account types and local banks to stay within the insurable limits.

Reconciliation of System Cash Balances
During our reconciliation of system reported cash balances, we noted a few transactions that were recorded with incorrect dates, allowing the system cash balances to differ from the reconciled bank balances in the manual ledgers. We are aware that the Township accounting system was just converted from a manual to a computer system software. The Township officials have taken great strides to improve its accounting system and continued diligence is required.

Special Assessment Districts
During the period of audit, the Township began two special assessment districts. It was recently resolved that the lake clean up work would be completed by another township, requiring Union Township to pass on the collected funds. It is recommended that the lake tax collections be passed to the Township account and paid to the local township outside of the tax collection fund to show accountability of the tax collections.

The road paving special assessment district began its first year of tax collections in the year of audit, and will continue to collect taxes for four years. The work was completed in the current year, funded by the General Fund. The timing of tax collection and the completion and payment of work done created a deficit fund balance. The State of Michigan requires a deficit reduction plan, which notifies them of the project and its completion. We have informed the Township officials of this reporting requirement and require immediate board action to approve the notification for the State.

General
In general the internal control systems of the Township are good and functioning properly. The comments noted above will help the Township strengthen the existing controls and will help provide greater accountability to residents of the Township.

We greatly appreciate the help and cooperation given us by all the Township employees and officials.

Respectfully submitted,

Angle & Steffes P.C.

Angle & Steffes, P.C.
Certified Public Accountants