

**VILLAGE OF UNIONVILLE  
UNIONVILLE, MICHIGAN**

**FINANCIAL REPORT  
MARCH 31, 2015**

# VILLAGE OF UNIONVILLE, MICHIGAN

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## INDEPENDENT AUDITOR'S REPORT

To the Village Council  
Village of Unionville  
Unionville, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Unionville, Michigan, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Village'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.

### *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.



## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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***

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, each major fund, and the aggregate remaining fund information of the Village of Unionville, Michigan, as of March 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2015, on our consideration of the Village of Unionville, Michigan'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 Village of Unionville, Michigan's internal control over financial reporting and compliance.

*Nietzke & Faupel P.C.*

Nietzke & Faupel, P.C.  
Pigeon, Michigan

June 25, 2015



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the Village of Unionville presents to readers of the Village's financial statements this narrative financial information. It contains an objective overview and analysis of the financial position of the Village as of and for the year ended March 31, 2015. As management of the Village, we encourage readers to consider information contained in this discussion and the Village's financial statements, which follows this section.

### **Financial Highlights**

- The Village's assets exceeded its liabilities at the end of the fiscal year by \$2,357,121.
- Net position decreased by a total of \$21,745, or by approximately 0.9% of last year's total net position of \$2,378,866.
- The fund balance of the Village's General Fund increased by \$13,859. The fund balance for the other Governmental Funds (Major Street, Local Street, and Municipal Street Funds) decreased by \$43,732.

### **Financial Statements Overview**

This Management Discussion and Analysis serves to introduce the reader to the Village of Unionville's essential financial statements. These financial statements consist of three components as follows:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The above financial information will provide the reader with a general understanding of the Village's current financial condition. Also, this report contains supplementary information in addition to the basic financial statements which provides a more detailed understanding of the Village's finances.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, similar to private sector businesses.

The **Statement of Net Position** presents information on all of the assets and liabilities of the Village, with the difference between the two identified as net position. Over a given period of time increases or decreases in net position can serve as a useful indicator of improving or declining financial position of the Village.

The **Statement of Activities** shows changes in net position that occurred during the most recent fiscal year. These changes were recorded on an accrual basis, which distinguishes between the time when a financial transaction occurs and when payment is actually made. An example of accrual accounting is when debt interest payments are scheduled between the fiscal year ends. The Statement of Activities will show additional interest expense for the time period between the last interest payment and the end of the fiscal year as an accrual.



The Government-wide Financial Statements, are broken down into two Activities; Governmental Activities and Business-Type Activities. Governmental activities are primarily supported through tax and intergovernmental revenue. Business-type activities are primarily supported through user fees and charges.

Governmental activities for the Village of Unionville include general governmental functions, such as Administration, Village Buildings and Grounds (General government); Police and Fire (Public safety); Major Street, Local Street, Municipal Street, Public Works and Park (Highways and public improvements). Business-type activities include the Sewer and Water systems.

### **Fund Financial Statements**

A fund is a set of closely related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The Village of Unionville uses fund accounting to demonstrate compliance with legal financial requirements, like all state and local governments. All Village Funds can be categorized as either governmental or proprietary funds.

**Governmental Funds** account for essentially the same activities as the Governmental Activities in the Government-wide financial statements, but with a narrower focus. Governmental Funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources available to the government at the end of the fiscal year. This information can be useful in evaluating the government's short-term financing requirements.

Comparing similar information presented in the Government-wide statements for the Governmental Activities with that presented in Governmental Funds statements can provide useful information because the different focus to the two approaches. With the long-term focus of the Government-wide statements, a reader may be able to better understand the long-term effects of the near term financing decisions. To aid in the comparison, both the Governmental Fund balance sheet and the Governmental Fund statement of revenues, expenditures and changes in fund balance show a reconciliation between the Governmental Fund financial statements to the Governmental Activities in the Government-wide financial statements.

The Village of Unionville uses four different individual Governmental Funds. The Village considers all the funds to be major funds of the Village of Unionville. The funds are presented separately in the Fund Financial Statements. The Village adopts an annual appropriated budget for all its Governmental Funds.

The basic governmental fund financial statements can be found as listed in the table of contents.

**Proprietary Funds** include enterprise funds and an internal service fund. Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. The Internal Service Fund is used to report activities that provide goods or services to other funds or departments of the Village.

The Enterprise Funds maintained by the Village of Unionville include the sewer and water funds. The Village uses the Internal Service Fund to account for vehicles and equipment activities. Because they charge fees and charges to outside users of their systems, the Enterprise Funds are included in the Business-type Activities column of the government-wide financial statements. The Internal Service Fund, which accounts for equipment and vehicles that support the Village functions, is included under the Governmental Activities column.

Proprietary Funds present the same information as in government-wide financial statements, except in more detail. The fund financial statements for proprietary funds provide separate information for the Sewer and Water funds which are considered to be major funds of the Village of Unionville.

The basic proprietary fund financial statements can be found as listed in the table of contents.

**Notes to the Financial Statements** contain additional financial information to give the reader a complete understanding of the information contained in the government-wide and fund financial statements. Although these Notes provide detailed explanation and information related to the financial statements, this information is typically easy for the reader to follow. Notes to the Financial Statements are located after the financial statements as listed in the table of contents.

**Government-wide Financial Analysis**

**VILLAGE OF UNIONVILLE'S NET POSITION  
March 31, 2015**

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Current assets	\$ 346,157	\$ 118,744	\$ 464,901
Capital assets	527,600	1,697,150	2,224,750
Restricted and other assets	-	<u>75,852</u>	<u>75,852</u>
Total assets	<u>\$ 873,757</u>	<u>\$ 1,891,746</u>	<u>\$ 2,765,503</u>
Current liabilities	\$ 6,209	\$ 7,999	\$ 14,208
Long-term liabilities	<u>1,059</u>	<u>393,115</u>	<u>394,174</u>
Total liabilities	<u>\$ 7,268</u>	<u>\$ 401,114</u>	<u>\$ 408,382</u>
Net position:			
Net investment in capital assets	\$ 527,600	\$ 1,304,035	\$ 1,831,635
Restricted	-	75,852	75,852
Unrestricted	<u>338,889</u>	<u>110,745</u>	<u>449,634</u>
Total net position	<u>\$ 866,489</u>	<u>\$ 1,490,632</u>	<u>\$ 2,357,121</u>

(Continued)



As shown in the Statement of Net Position provided, the largest portion, by far of the Net Position of the Village of Unionville is its investment in capital assets. The Village of Unionville uses these capital assets to provide essential services to citizens who live, work or visit the Village. These assets, by design, are not available for future spending. Additionally, even though these capital assets are reported net of any related debt, resources needed to repay this debt must come from other sources, as these assets cannot be used to satisfy their related obligations.

**Activities, Governmental and Business-Type**

Net position of Governmental Activities increased by \$17,593 for the year ended March 31, 2015. This is approximately a 2.1% change from beginning net position.

Net position of Business-type Activities decreased by \$39,338 for the year ended March 31, 2015. This is approximately a 2.6% change from beginning net position.

**VILLAGE OF UNIONVILLE'S CHANGES IN NET POSITION  
For the Year Ended March 31, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Program revenues:			
Charges for services	\$ 23,369	\$ 160,374	\$ 183,743
General revenues:			
Property taxes	130,858	-	130,858
State shared revenues	107,038	-	107,038
Unrestricted investment earnings	1,092	909	2,001
Miscellaneous	<u>19,800</u>	<u>-</u>	<u>19,800</u>
Total revenue	<u>282,157</u>	<u>161,283</u>	<u>443,440</u>
Expenses:			
General government	62,208	-	62,208
Public safety	35,728	-	35,728
Highways and public improvements	143,950	-	143,950
Sanitation	22,678	-	22,678
Sewer	-	86,907	86,907
Water	<u>-</u>	<u>113,714</u>	<u>113,714</u>
Total expenses	<u>264,564</u>	<u>200,621</u>	<u>465,185</u>
Change in net position	17,593	(39,338)	(21,745)
Net position – Beginning	<u>848,896</u>	<u>1,529,970</u>	<u>2,378,866</u>
Net position – Ending	<u>\$ 866,489</u>	<u>\$ 1,490,632</u>	<u>\$ 2,357,121</u>

(Continued)

**Financial Analysis of Village of Unionville's Funds**

The Village of Unionville's governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources and the unreserved portion of this total is a measure of the available spendable resources as of March 31, 2015.

For the year ended March 31, 2015, the Village's governmental funds reported a combined fund balance amount of \$315,771, of this amount \$123,752 is unassigned. The fund balance decrease for the current fiscal year was \$29,873.

**Governmental Fund Budgetary Highlights**

The major difference in the original versus final budget was in the local street fund. The street construction costs were higher than originally budgeted, so the budget was amended to cover the additional expenses.

**Capital Asset and Debt Administration**

The Village of Unionville's investment in capital assets, net of related debt, for its governmental and business-type activities combined totaled \$1,831,635. The types of assets in this category are land, buildings, machinery and equipment, park and recreation equipment, roads and sewer collection system and water supply system. The Village's investment in capital assets equals over seventy-seven percent (77%) of total net position.

**VILLAGE OF UNIONVILLE'S CAPITAL ASSETS  
March 31, 2015**

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Land (Nondepreciated)	\$ 166,126	\$ 155,531	\$ 321,657
Buildings	410,098	1,733	411,831
Equipment	301,181	-	301,181
Roads and sidewalks	215,683	-	215,683
Water system	-	1,106,378	1,106,378
Sewer system	-	2,433,382	2,433,382
Accumulated depreciation	(565,488)	(1,999,874)	(2,565,362)
Net book value	<u>\$ 527,600</u>	<u>\$ 1,697,150</u>	<u>\$ 2,224,750</u>

The Village of Unionville's debt consists of a general obligation enterprise bond (\$70,000), water supply system revenue bonds (\$323,115) and compensated absences (\$1,059). Normal payments of principal and interest in accordance with the associated debt service schedules were made during the fiscal year.



### **Economic Factors and Future Budget Issues**

The fiscal year budget for 2014-15 was \$513,646 in revenue with anticipated expenses of \$607,444. Actual revenue was \$493,946 and expenditures came to \$566,527 which was \$21,217 under the overall budget. The fiscal year budget for 2015-16 is set at \$510,099 with anticipated expenses of \$498,002. The Village of Unionville has set their new budget for a \$12,097 surplus. This is designed to give some leeway for emergencies.

The Village continues to review and plan for storm sewer repairs in the near future. All three wells have been pulled recently and the next major preventive maintenance work that will come up with the water system is the inspection of the water tower which is due in approximately three years. The Village has been purchasing and replacing water meters and under the current plan the work should be completed by the end of 2016.

The Village is looking into replacing the water main that runs along the state highway while the highway work is being completed in 2016. The Village is currently doing research on the project's costs and benefits.

The cost of health insurance will increase again this year adding additional strain on the budget.

Through careful spending the Village of Unionville has been able to operate without a tax increase for approximately 30 years but this has not been without challenges.

### **Requests for Information**

This financial report is designed to give the reader a basic understanding of the Village of Unionville's finances. Any questions or requests for financial information contained in this report may be obtained by contacting the Village Clerk, Village of Unionville, 6454 Merry Street, Unionville, Michigan 48767.

**BASIC FINANCIAL STATEMENTS**

**VILLAGE OF UNIONVILLE, MICHIGAN**

**STATEMENT OF NET POSITION  
MARCH 31, 2015**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS - TYPE ACTIVITIES</b>	<b>TOTALS</b>
<b><u>ASSETS</u></b>			
Cash and deposits	\$ 333,982	\$ 107,851	\$ 441,833
Receivables:			
Accounts receivable	574	3,892	4,466
Internal balances	(3,163)	3,163	-
Due from other governments	9,007	-	9,007
Prepaid expenses	5,756	3,838	9,594
Restricted assets:			
Cash and deposits	-	75,852	75,852
Capital assets, not being depreciated	166,126	155,531	321,657
Capital assets, net of accumulated depreciation	361,474	1,541,619	1,903,093
<b>TOTAL ASSETS</b>	<b>873,757</b>	<b>1,891,746</b>	<b>2,765,503</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	1,839	1,082	2,922
Accrued wages	4,370	2,030	6,400
Accrued interest	-	4,887	4,887
Noncurrent liabilities:			
Long-term liabilities due within one year	-	40,000	40,000
Bonds, notes and loans payable	-	353,115	353,115
Compensated absences	1,059	-	1,059
<b>TOTAL LIABILITIES</b>	<b>7,268</b>	<b>401,114</b>	<b>408,382</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	527,600	1,304,035	1,831,635
Restricted for:			
Debt service	-	75,852	75,852
Unrestricted	338,889	110,745	449,634
<b>TOTAL NET POSITION</b>	<b>\$ 866,489</b>	<b>\$ 1,490,632</b>	<b>\$ 2,357,121</b>

The accompanying notes are an integral part of the financial statements.



VILLAGE OF UNIONVILLE, MICHIGAN

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2015

	PROGRAM REVENUES			NET (EXPENSES) REVENUES & CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 62,208	\$ -	\$ -	\$ -	\$ (62,208)	\$ -	\$ (62,208)
Public safety	35,728	-	-	-	(35,728)	-	(35,728)
Highways and public improvements	143,950	-	-	-	(143,950)	-	(143,950)
Sanitation	22,678	23,369	-	-	691	-	691
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>264,564</b>	<b>23,369</b>	<b>-</b>	<b>-</b>	<b>(241,195)</b>	<b>-</b>	<b>(241,195)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Sewer	86,907	58,613	-	-	-	\$ (28,294)	(28,294)
Water	113,714	101,761	-	-	-	(11,953)	(11,953)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>200,621</b>	<b>160,374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40,247)</b>	<b>(40,247)</b>
<b>TOTAL GOVERNMENT</b>	<b>\$ 465,185</b>	<b>\$ 183,743</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(241,195)</b>	<b>(40,247)</b>	<b>(281,442)</b>
<b>GENERAL REVENUE:</b>							
Property taxes					130,858	-	130,858
State shared revenues					107,038	-	107,038
Unrestricted investment earnings					1,092	909	2,001
Miscellaneous					19,800	-	19,800
<b>TOTAL GENERAL REVENUE</b>					<b>258,788</b>	<b>909</b>	<b>259,698</b>
<b>CHANGE IN NET POSITION</b>					<b>17,593</b>	<b>(39,338)</b>	<b>(21,745)</b>
<b>NET POSITION - BEGINNING OF THE YEAR</b>					<b>848,896</b>	<b>1,529,970</b>	<b>2,378,866</b>
<b>NET POSITION - END OF THE YEAR</b>					<b>\$ 866,489</b>	<b>\$ 1,490,632</b>	<b>\$ 2,357,121</b>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**MARCH 31, 2015**

	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>MUNICIPAL STREET</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>					
Cash and deposits	\$ 128,034	\$ 65,774	\$ 113,951	\$ 803	\$ 308,562
Receivables:					
Accounts receivable	574	-	-	-	574
Due from other governments	-	6,027	2,980	-	9,007
Prepaid expenses	3,837	-	-	-	3,837
<b>TOTAL ASSETS</b>	<u>\$ 132,445</u>	<u>\$ 71,801</u>	<u>\$ 116,931</u>	<u>\$ 803</u>	<u>\$ 321,980</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 1,839	\$ -	\$ -	\$ -	\$ 1,839
Accrued wages	3,017	885	468	-	4,370
<b>TOTAL LIABILITIES</b>	<u>4,856</u>	<u>885</u>	<u>468</u>	<u>-</u>	<u>6,209</u>
<b>FUND BALANCES:</b>					
Nonspendable	3,837	-	-	-	3,837
Restricted	-	70,916	116,463	803	188,182
Unassigned	123,752	-	-	-	123,752
<b>TOTAL FUND BALANCES</b>	<u>127,589</u>	<u>70,916</u>	<u>116,463</u>	<u>803</u>	<u>315,771</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 132,445</u>	<u>\$ 71,801</u>	<u>\$ 116,931</u>	<u>\$ 803</u>	<u>\$ 321,980</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**RECONCILIATION OF GOVERNMENTAL FUND BALANCES**  
**TO GOVERNMENTAL ACTIVITIES NET POSITION**  
**MARCH 31, 2015**

<b>Total governmental fund balances</b>	\$ 315,771
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 therefore, are not reported in the funds. The cost of the assets is \$1,093,088 less the accumulated depreciation of \$565,488.	527,600
Internal service fund is not included in the governmental funds.	24,176
Long-term liabilities, including compensated absences, notes payable and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,059)
<b>Net position - governmental activities</b>	<u>\$ 866,489</u>

VILLAGE OF UNIONVILLE, MICHIGAN

STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2015

	GENERAL	MAJOR STREET	LOCAL STREET	MUNICIPAL STREET	TOTAL GOVERNMENTAL FUNDS
<b>REVENUE:</b>					
Taxes	\$ 103,535	-	\$ 12,161	\$ 15,162	\$ 130,858
Licenses and permits	1,004	-	-	-	1,004
Intergovernmental	53,721	36,377	15,936	-	106,034
Charges for services	23,369	-	-	-	23,369
Fines and other	191	-	-	-	191
Interest and rentals	5,640	205	388	34	6,267
Miscellaneous	19,149	-	-	-	19,149
<b>TOTAL REVENUE</b>	<u>206,609</u>	<u>36,582</u>	<u>28,485</u>	<u>15,196</u>	<u>286,872</u>
<b>EXPENDITURES:</b>					
Current:					
General government	62,791	-	-	-	62,791
Public safety	29,373	-	-	-	29,373
Public works	95,402	-	-	-	95,402
Streets	-	25,540	83,455	-	108,995
Recreation	5,503	-	-	-	5,503
Capital outlay	14,681	-	-	-	14,681
<b>TOTAL EXPENDITURES</b>	<u>207,750</u>	<u>25,540</u>	<u>83,455</u>	<u>-</u>	<u>316,745</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(1,141)</u>	<u>11,042</u>	<u>(54,970)</u>	<u>15,196</u>	<u>(29,873)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	15,000	-	6,788	-	21,788
Operating transfers (out)	-	(6,788)	-	(15,000)	(21,788)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>15,000</u>	<u>(6,788)</u>	<u>6,788</u>	<u>(15,000)</u>	<u>-</u>
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	<u>13,859</u>	<u>4,254</u>	<u>(48,182)</u>	<u>196</u>	<u>(29,873)</u>
<b>FUND BALANCE - BEGINNING OF THE YEAR</b>	113,730	66,662	164,645	607	345,644
<b>FUND BALANCE - END OF THE YEAR</b>	<u>\$ 127,589</u>	<u>\$ 70,916</u>	<u>\$ 116,463</u>	<u>\$ 803</u>	<u>\$ 315,771</u>

The accompanying notes are an integral part of the financial statements.



**VILLAGE OF UNIONVILLE, MICHIGAN**

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2015**

**Net change in fund balances - governmental funds** \$ (29,873)

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlay as expenditures. However, in the  
statement of activities, assets with an initial, individual cost of more than  
\$1,000 are capitalized and the cost is allocated over their estimated useful  
lives and reported as depreciation expense. The amount by which capital  
outlays differs from depreciation in the current period is as follows:

Capital outlays	77,118	
Depreciation expense	<u>(25,222)</u>	51,896

The net gain (loss) of certain activities of the internal service fund is reported  
with governmental activities. (3,371)

The (increase) decrease in accrued compensated absences is not reported  
with governmental activities. (1,059)

**Change in net position - governmental activities** \$ 17,593



**VILLAGE OF UNIONVILLE, MICHIGAN**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**MARCH 31, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
	SEWER	WATER	TOTALS	ACTIVITIES- INTERNAL SERVICE FUND
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and deposits	\$ 44,859	\$ 62,992	\$ 107,851	\$ 25,420
Receivables:				
Accounts receivable	1,740	2,152	3,892	-
Due from other funds	17,134	-	17,134	-
Prepaid expenses	1,919	1,919	3,838	1,919
<b>TOTAL CURRENT ASSETS</b>	<b>65,652</b>	<b>67,063</b>	<b>132,715</b>	<b>27,339</b>
<b>NONCURRENT ASSETS:</b>				
Restricted assets:				
Cash and deposits	49,852	26,000	75,852	-
Capital assets, not being depreciated	127,406	28,125	155,531	-
Capital assets, net of accumulated depreciation	1,012,281	529,338	1,541,619	15,583
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,189,539</b>	<b>583,463</b>	<b>1,773,002</b>	<b>15,583</b>
<b>TOTAL ASSETS</b>	<b>1,255,191</b>	<b>650,526</b>	<b>1,905,717</b>	<b>42,922</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	220	862	1,082	-
Accrued wages	265	1,765	2,030	-
Accrued interest	384	4,503	4,887	-
Due to other funds	-	17,134	17,134	-
Current portion of noncurrent liabilities	30,000	10,000	40,000	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>30,869</b>	<b>34,264</b>	<b>65,133</b>	<b>-</b>
<b>NONCURRENT LIABILITIES:</b>				
Bonds, notes and loans payable	40,000	313,115	353,115	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>40,000</b>	<b>313,115</b>	<b>353,115</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>70,869</b>	<b>347,379</b>	<b>418,248</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,069,687	234,348	1,304,035	15,583
Restricted for:				
Debt service	49,852	26,000	75,852	-
Unrestricted	64,783	42,799	107,582	27,339
<b>TOTAL NET POSITION</b>	<b>\$ 1,184,322</b>	<b>\$ 303,147</b>	<b>1,487,469</b>	<b>\$ 42,922</b>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds			3,163	
Net position of business-type activities			<b>\$ 1,490,632</b>	

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**STATEMENT OF REVENUE, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND
	SEWER	WATER	TOTALS	
<b>OPERATING REVENUE:</b>				
Charges for services	\$ 26,276	\$ 101,761	\$ 128,037	\$ 23,928
<b>TOTAL OPERATING REVENUE</b>	26,276	101,761	128,037	23,928
<b>OPERATING EXPENSES:</b>				
Salaries	9,953	18,738	28,691	2,740
Employee benefits	9,246	9,855	19,102	8,697
Contracted services	3,045	2,480	5,525	-
Depreciation	48,962	32,672	81,634	5,369
Equipment rental	2,611	2,474	5,084	-
Insurance	4,841	4,841	9,682	4,841
Miscellaneous	49	5,771	5,820	126
Office supplies	680	556	1,236	-
Operating supplies	85	1,570	1,655	3,167
Professional fees	330	330	660	-
Rentals	-	1,585	1,585	-
Repairs and maintenance	-	2,902	2,902	3,365
Telephone	579	-	579	-
Utilities	1,020	4,141	5,161	-
Capital outlay	-	11,368	11,368	-
<b>TOTAL OPERATING EXPENSES</b>	81,401	99,284	180,685	28,305
<b>OPERATING INCOME (LOSS)</b>	(55,125)	2,477	(52,648)	(4,377)
<b>NONOPERATING REVENUE (EXPENSES):</b>				
Interest earned	667	242	909	75
Charges for services - Restricted	32,337	-	32,337	-
Interest expense	(5,028)	(13,976)	(19,004)	-
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	27,976	(13,734)	14,242	75
<b>CHANGE IN NET POSITION</b>	(27,149)	(11,257)	(38,407)	(4,302)
<b>NET POSITION - BEGINNING OF THE YEAR</b>	1,211,471	314,405		47,224
<b>NET POSITION - END OF THE YEAR</b>	\$ 1,184,322	\$ 303,148		\$ 42,922

Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds

(931)

Change in net position of business-type activities

\$ (39,338)

The accompanying notes are an integral part of the financial statements.



**VILLAGE OF UNIONVILLE, MICHIGAN**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2015**

	<u>BUSINESS-TYPE ACTIVITIES</u>			<u>GOVERNMENTAL</u>
	<u>ENTERPRISE FUNDS</u>		<u>TOTALS</u>	<u>ACTIVITIES</u>
	<u>SEWER</u>	<u>WATER</u>		<u>INTERNAL</u>
				<u>SERVICE FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 58,529	\$ 101,826	\$ 160,355	\$ -
Receipts from interfund services	-	-	-	23,928
Payments to suppliers of goods and services	(5,961)	(43,280)	(49,240)	(11,716)
Payments to employees	(10,074)	(18,030)	(28,104)	(2,740)
Payments for fringe benefits	(9,246)	(9,855)	(19,102)	(8,697)
Payments for interfund services	(2,611)	(2,474)	(5,084)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>30,637</u>	<u>28,188</u>	<u>58,825</u>	<u>775</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of fixed assets	-	-	-	(5,710)
Principal paid on long-term debt	(30,000)	(10,000)	(40,000)	-
Interest and fees paid on bonds	(5,000)	(15,152)	(20,152)	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(35,000)</u>	<u>(25,152)</u>	<u>(60,152)</u>	<u>(5,710)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	667	242	909	75
<b>NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH</b>	<u>(3,696)</u>	<u>3,278</u>	<u>(418)</u>	<u>(4,860)</u>
<b>CASH AND RESTRICTED CASH - BEGINNING OF THE YEAR</b>	98,407	85,714	184,121	30,280
<b>CASH AND RESTRICTED CASH - END OF THE YEAR</b>	<u>\$ 94,711</u>	<u>\$ 88,992</u>	<u>\$ 183,703</u>	<u>\$ 25,420</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (55,125)	\$ 2,477	\$ (52,648)	\$ (4,377)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	48,962	32,672	81,634	5,369
Charges for services	32,337	-	32,337	-
(Increase) decrease in current assets:				
Accounts receivable	(84)	65	(19)	-
Due from other funds	4,613	-	4,613	-
Prepaid expenses	(63)	(63)	(126)	(63)
Increase (decrease) in current liabilities:				
Accounts payable	117	(3,059)	(2,942)	-
Accrued wages	(121)	708	588	(153)
Due to other funds	-	(4,613)	(4,613)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 30,637</u>	<u>\$ 28,188</u>	<u>\$ 58,825</u>	<u>\$ 775</u>

The accompanying notes are an integral part of the financial statements.



**VILLAGE OF UNIONVILLE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Village of Unionville operates a council-president form of government under provisions of a revised charter, and provides the following services as authorized by its charter: public safety, (police and inspection), highways and streets, sanitation, water, parks and recreation, public improvements, planning and zoning, and general administration.

The Village's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting policies of the Village conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the Village are discussed below.

**Reporting Entity:**

This report includes all of the funds of the Village of Unionville. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Based upon the application of these criteria, the Village has no component units.

**Government Wide and Fund Financial Statements:**

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's public safety and general administrative services are classified as governmental activities. The Village's sewer system and water system are classified as business-type activities.



**VILLAGE OF UNIONVILLE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Government Wide and Fund Financial Statements: (Continued)**

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 Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental 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.

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 which 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Village are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

(Continued)



**VILLAGE OF UNIONVILLE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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

State revenue sharing, charges for services, and earned but unreimbursed state and federal grants 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. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the Village.

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The Village reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Major Street Fund and the Local Street Fund are special revenue funds used to account for revenue from State Revenue Sharing. The Municipal Street Fund is a special revenue fund used to account for revenue from a special tax assessed for street and sidewalk maintenance.

The Village reports the following major proprietary funds:

The Sewer Fund is used to account for the sewer operations in the Village and the Water Fund provides water to residents of the Village.

Additionally, the Village reports the following non-major fund type:

**Internal Service Funds (Equipment Rental Fund)** - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Village, or to other governments, on a cost-reimbursement basis.

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 to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.



## VILLAGE OF UNIONVILLE, MICHIGAN

### NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2015

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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

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 operation. The principal operating revenues of the utility enterprise funds and the Village's internal service fund are charges to customers for use of the system. Operating expenses for enterprise funds and the internal service fund 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.

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

##### **Budgets and Budgetary Accounting:**

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

1. In accordance with the Village charter, prior to March 31, the Village Clerk submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with actual data for the preceding year. The Village Clerk submits the budget in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse at the end of each fiscal year.
7. The Village Council may authorize supplemental appropriations during the year. The budget was amended throughout the year at regular Village Council meetings.

##### **Cash and Cash Equivalents:**

Cash and cash equivalents of the Village include cash on hand and all deposits with financial institutions, including all certificates of deposit.

##### **Receivables and Payables:**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Receivables and Payables: (Continued)**

Other receivables at March 31, 2015 consist of billings for user charged services, including utility services.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	10 to 50
Buildings	25 to 50
Office equipment	5 to 10
Machinery and equipment	5 to 10
Vehicles	5
Improvements other than buildings	15 to 20

Depreciation of capital assets used by governmental funds is charged as an expense against their operations on the Statement of Activities. Accumulated depreciation is reported on the Statement of Net Position. Depreciation expense for the year ended March 31, 2015, was \$30,591. Capital asset acquisitions in the governmental funds totaled \$82,828 (governmental funds \$77,118 and internal service funds \$5,710) for the year ended March 31, 2015, and there were dispositions of \$23,187.



**VILLAGE OF UNIONVILLE, MICHIGAN**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Capital Assets: (Continued)**

A summary of Governmental Fund Capital assets follows:

	March 31,	
	2015	2014
Land (Nondepreciated)	\$ 166,126	\$ 166,126
Buildings	410,098	405,032
Equipment	126,283	144,470
Internal Service Fund assets	174,898	169,188
Roads and sidewalks	<u>215,683</u>	<u>148,631</u>
Total capital assets	1,093,088	1,033,447
Accumulated depreciation	<u>(565,488)</u>	<u>(558,084)</u>
<b>Net Governmental-Type Capital Assets</b>	<b><u>\$ 527,600</u></b>	<b><u>\$ 475,363</u></b>

Depreciation of capital assets used by business-type funds is charged as an expense against their operations. Accumulated depreciation is reported on business-type fund balance sheets. Depreciation expense for the year ended March 31, 2015, was \$48,962 for the Sewer Fund and \$32,672 for the Water Fund. Capital asset acquisitions were \$0 for Sewer Fund and \$0 for Water Fund; there were no disposals for the year ended March 31, 2015.

A summary of Business-Type Fund capital assets follows:

	March 31,	
	2015	2014
Land (Nondepreciated)	\$ 155,531	\$ 155,531
Buildings	1,733	1,733
Water system	1,106,378	1,106,378
Sewer system	<u>2,433,382</u>	<u>2,433,382</u>
Total capital assets	3,697,024	3,697,024
Accumulated depreciation	<u>(1,999,874)</u>	<u>(1,918,240)</u>
<b>Net Business-Type Capital Assets</b>	<b><u>\$ 1,697,150</u></b>	<b><u>\$ 1,778,784</u></b>

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

Governmental activities:	
General government	\$ 1,769
Public safety	333
Highways and public improvements	23,120
Equipment rental service	<u>5,369</u>
Total depreciation expense – governmental activities	<b><u>\$ 30,591</u></b>
Business-type activities:	
Utility services	<b><u>\$ 81,634</u></b>

(Continued)

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Compensated Absences:**

The Village of Unionville full-time employees are allowed to carryover a maximum of five days (PTO) into a new fiscal year. Paid time off may be accumulated up to a maximum balance limit for any employee of thirty-one days (248 hours). The compensated absences accrual for the year ended March 31, 2015 is \$1,059.

**Long-term Debt:**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

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

**Fund Balance:**

The Village implemented GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions.*" This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable fund balance** – amounts that are in nonspendable form (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.

**Restricted fund balance** – amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**Committed fund balance** – amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (Village Council). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.

**Assigned fund balance** – amounts the Village intends to use for a specific purpose. Intent can be expressed by the Village Council or by an official or body to which the Village Council delegates the authority.

**Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the general fund.



**VILLAGE OF UNIONVILLE, MICHIGAN**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Fund Balance: (Continued)**

The Village would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.

**Property Taxes:**

Property taxes attach as an enforceable lien on property as of December 31. Village taxes are levied on the following July 1 and are payable without penalty through September 15. The Village bills and collects its own property taxes. Village property tax revenue is recognized as revenue in the fiscal year levied. The delinquent taxes of the Village are purchased through a revolving fund by Tuscola County and are therefore included as revenue in the fiscal year levied.

**Use of Estimates:**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statement. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 – BUDGET COMPLIANCE:**

P.A. 2 of 1968, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the required supplementary information, the Village's expenditures and budgeted expenditures for the budgetary funds have been shown on a line item basis. The approved budgets of the Village for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2015, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund:</b>			
Clerk	\$ 12,122	\$ 12,337	\$ (215)
<b>Major Street:</b>			
State trunkline	4,709	5,094	(385)



**VILLAGE OF UNIONVILLE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**NOTE 3 – CASH AND DEPOSITS:**

Michigan Compiled Laws Section 129.91, authorizes the Village to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Village's deposits are in accordance with statutory authority. The Village has authorized management to deposit and invest in the accounts of federally insured banks and savings and loan associations within the State of Michigan and bonds, securities and other obligations of the United States, or any agency of the United States in which the principal and interest is fully guaranteed by the United States. The Village's deposits and investments are within the authorization as set forth by the Village of Unionville. The Village's investment policy does not identify interest rate risk, foreign currency risk, or concentration of credit risk.

The carrying amount of cash and deposits with financial institutions of the Village of Unionville amounted to \$517,685 at March 31, 2015. The total bank balance as of the same date was \$530,421.

Deposits with financial institutions are categorized as follows:

Amount insured by the NCIU	\$ 130,510
Amount insured by the FDIC	399,861
Uncollateralized	<u>50</u>
Total deposits with financial institutions	\$ <u>530,421</u>

The cash and deposits include restricted cash in the amount of \$76,458 for bond debt retirement for the Village.

All deposits categorized as uncollateralized are the property of the Village of Unionville.

The amount of uncollateralized deposits throughout the fiscal year did not significantly exceed the amount of uncollateralized deposits at March 31, 2015.

**NOTE 4 – RESTRICTED ASSETS AND REVENUE:**

Special assessment proceeds, unpaid balances and accrued interest, and 58.75% of customer charges for services are restricted for payment of sewer general obligation bonds.

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**NOTE 5 – LONG-TERM DEBT:**

**General Obligation Enterprise Bonds** - The Sewer Fund provides the annual debt service requirement on certain general obligation enterprise bonds issued to finance construction of a new sewer system. Since the Sewer Fund provides the annual debt service on these general obligation enterprise bonds, the bonds are considered to be obligations of the Sewer Fund and have been reported on the balance sheet of the Sewer Fund.

Although the general obligation enterprise bonds are reported on the balance sheet of the Sewer Fund, they are backed by the full faith and credit of the Village and are, therefore, a contingent liability to the general government.

General obligation enterprise bonds were issued for payment of the local share of sewer construction costs. The total bond issue was for \$880,000. The bonds bear interest at the rate of 5% per annum. Interest is payable on April 1 and October 1 of each year. Principal payments are payable October 1 of each year. Debt service requirements are as follows:

<b>Years Ending</b>			
<b><u>March 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2016	\$ 30,000	\$ 3,500	\$ 33,500
2017	30,000	2,000	32,000
2018	10,000	500	10,500
<b>Totals</b>	<b><u>\$ 70,000</u></b>	<b><u>\$ 6,000</u></b>	<b><u>\$ 76,000</u></b>

**Water Supply System Revenue Bond, Series B:**

The Village of Unionville received two separate bond issues for the construction of the water improvement project. The bonds are single, fully-registered, non-convertible bonds. The first series of Series B bonds was issued under Ordinance No. 141 in the amount of \$267,000. The second series of Series B bonds was issued under Ordinance No. 142 in the amount of \$204,000.

The principal and interest payments shall be payable out of net revenues derived from user fees. The bonds bear interest at the rate of 4.5% per annum. Interest is payable on June 1 and December 1 of each year. Principal payments are payable June 1 of each year. The bonds are serial bonds and are issued in chronological order. The following is a schedule of payments for each bond:



**VILLAGE OF UNIONVILLE, MICHIGAN**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2015**

**NOTE 5 – LONG-TERM DEBT: (CONTINUED)**

**SERIES B BOND #2 ISSUE AMOUNT \$267,000:**

Years Ending

<u>March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,000	\$ 7,430	\$ 13,430
2017	7,000	7,160	14,160
2018	7,000	6,845	13,845
2019	7,000	6,530	13,530
2020	8,000	6,215	14,215
2021-2025	40,000	25,676	65,676
2026-2030	50,000	15,776	65,776
2031-2034	<u>40,115</u>	<u>4,526</u>	<u>44,641</u>
<b>Totals</b>	<b><u>\$ 165,115</u></b>	<b><u>\$ 80,158</u></b>	<b><u>\$ 245,273</u></b>

**SERIES B BOND #3 ISSUE AMOUNT \$204,000:**

Years Ending

<u>March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,000	\$ 7,110	\$ 11,110
2017	4,000	6,930	10,930
2018	4,000	6,750	10,750
2019	5,000	6,570	11,570
2020	4,000	6,345	10,345
2021-2025	27,000	28,530	55,530
2026-2030	33,000	21,915	54,915
2031-2035	42,000	13,680	55,680
2036-2038	<u>35,000</u>	<u>3,375</u>	<u>38,375</u>
<b>Totals</b>	<b><u>\$ 158,000</u></b>	<b><u>\$ 101,205</u></b>	<b><u>\$ 259,205</u></b>

The following is a summary of the changes in the long-term liabilities during the year ended March 31, 2015:

	<u>Balance March 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance March 31, 2015</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 100,000	\$ -	\$ 30,000	\$ 70,000	\$ 30,000
Water supply system					
Revenue bonds					
Series B #2	171,115	-	6,000	165,115	6,000
Series B #3	162,000	-	4,000	158,000	4,000
Compensated absences	-	<u>1,059</u>	-	<u>1,059</u>	-
<b>Totals</b>	<b><u>\$ 433,115</u></b>	<b><u>\$ 1,059</u></b>	<b><u>\$ 40,000</u></b>	<b><u>\$ 394,174</u></b>	<b><u>\$ 40,000</u></b>

(Continued)



**VILLAGE OF UNIONVILLE, MICHIGAN**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2015**

**NOTE 6 - CONTINGENT LIABILITIES:**

The Village is a reimbursing employer for purposes of unemployment insurance claims against the Village. The Village reimburses the State of Michigan for all benefits charged against it in the event of termination of employment and subsequent claims of its employees. The contingent liability for unemployment insurance claims is not recognized in the accompanying financial statements. This expense is recognized as incurred.

**NOTE 7 - RISK MANAGEMENT:**

The Village of Unionville purchased commercial insurance coverage for property, general liability, medical insurance for employees, and coverage for losses related to worker's compensation claims. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**REQUIRED SUPPLEMENTARY INFORMATION**



VILLAGE OF UNIONVILLE, MICHIGAN

GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>REVENUE:</b>				
<b>Taxes:</b>				
Current property taxes	\$ 103,123	\$ 103,123	\$ 103,535	\$ 412
<b>Total taxes</b>	<u>103,123</u>	<u>103,123</u>	<u>103,535</u>	<u>412</u>
<b>Licenses and permits</b>	<u>1,000</u>	<u>1,000</u>	<u>1,004</u>	<u>4</u>
<b>Intergovernmental:</b>				
State revenue sharing	<u>54,571</u>	<u>54,571</u>	<u>53,721</u>	<u>(850)</u>
<b>Total intergovernmental</b>	<u>54,571</u>	<u>54,571</u>	<u>53,721</u>	<u>(850)</u>
<b>Charges for services:</b>				
Trash collection	<u>22,942</u>	<u>22,942</u>	<u>23,369</u>	<u>427</u>
<b>Total charges for services</b>	<u>22,942</u>	<u>22,942</u>	<u>23,369</u>	<u>427</u>
<b>Fines and other</b>	<u>100</u>	<u>100</u>	<u>191</u>	<u>91</u>
<b>Interest and rentals:</b>				
Interest earned	300	300	390	90
Rent	<u>2,400</u>	<u>2,400</u>	<u>5,250</u>	<u>2,850</u>
<b>Total interest and rentals</b>	<u>2,700</u>	<u>2,700</u>	<u>5,640</u>	<u>2,940</u>
<b>Miscellaneous:</b>				
Other revenue	<u>17,526</u>	<u>17,526</u>	<u>19,149</u>	<u>1,623</u>
<b>Total miscellaneous</b>	<u>17,526</u>	<u>17,526</u>	<u>19,149</u>	<u>1,623</u>
<b>TOTAL REVENUE</b>	<u>201,962</u>	<u>201,962</u>	<u>206,609</u>	<u>4,647</u>
<b>EXPENDITURES:</b>				
<b>General government:</b>				
<b>Legislative:</b>				
Salaries	3,990	3,990	3,705	285
Employee benefits	<u>13,291</u>	<u>13,832</u>	<u>13,266</u>	<u>566</u>
<b>Total legislative</b>	<u>17,281</u>	<u>17,822</u>	<u>16,971</u>	<u>851</u>
<b>Clerk:</b>				
Salaries	11,930	11,930	12,146	(216)
Office supplies	<u>120</u>	<u>192</u>	<u>191</u>	<u>1</u>
<b>Total clerk</b>	<u>12,050</u>	<u>12,122</u>	<u>12,337</u>	<u>(215)</u>

VILLAGE OF UNIONVILLE, MICHIGAN

GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>Treasurer:</b>				
Salaries	5,331	5,331	5,330	1
<b>Total treasurer</b>	<u>5,331</u>	<u>5,331</u>	<u>5,330</u>	<u>1</u>
<b>Elections:</b>				
Salaries	600	600	285	315
<b>Total elections</b>	<u>600</u>	<u>600</u>	<u>285</u>	<u>315</u>
<b>Buildings and grounds:</b>				
Repairs and maintenance	1,000	5,325	5,325	-
Utilities	5,550	6,652	5,698	954
Miscellaneous	740	750	641	109
<b>Total buildings and grounds</b>	<u>7,290</u>	<u>12,727</u>	<u>11,665</u>	<u>1,063</u>
<b>Other general government:</b>				
Insurance	4,906	5,538	5,378	160
Office supplies	3,000	3,000	2,802	198
Printing and publishing	1,280	1,280	860	420
Professional fees	1,280	2,196	1,710	486
Community promotion	100	100	15	85
Repairs and maintenance	300	600	488	113
Miscellaneous	4,900	5,105	4,951	154
<b>Total other general government</b>	<u>15,766</u>	<u>17,819</u>	<u>16,204</u>	<u>1,616</u>
<b>Total general government</b>	<u>58,318</u>	<u>66,421</u>	<u>62,791</u>	<u>3,631</u>
<b>Public safety:</b>				
<b>Police department:</b>				
Salaries	19,344	19,344	12,921	6,424
Insurance	4,806	5,051	4,986	65
Operating supplies	1,500	1,500	1,074	426
Professional fees	750	750	200	550
Community promotion	1,700	1,700	-	1,700
Repairs and maintenance	1,000	1,000	997	3
Miscellaneous	700	850	226	624
<b>Total police department</b>	<u>29,800</u>	<u>30,195</u>	<u>20,403</u>	<u>9,792</u>



VILLAGE OF UNIONVILLE, MICHIGAN

GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>Fire department:</b>				
Contracted services	8,970	8,970	8,970	-
<b>Total fire department</b>	<u>8,970</u>	<u>8,970</u>	<u>8,970</u>	<u>-</u>
<b>Total public safety</b>	<u>38,770</u>	<u>39,165</u>	<u>29,373</u>	<u>9,792</u>
<b>Public works:</b>				
<b>Department of public works:</b>				
Salaries	28,815	29,182	28,505	677
Contracted services	1,000	1,000	-	1,000
Equipment rental	13,000	13,000	9,304	3,696
Repairs and maintenance	12,000	12,100	10,231	1,869
Miscellaneous	1,000	1,000	407	593
<b>Total department of public works</b>	<u>55,815</u>	<u>56,282</u>	<u>48,448</u>	<u>7,835</u>
<b>Street lighting</b>	<u>23,343</u>	<u>26,354</u>	<u>24,276</u>	<u>2,078</u>
<b>Sanitation</b>				
Contracted services	22,945	22,945	22,678	267
<b>Total public works</b>	<u>102,103</u>	<u>105,581</u>	<u>95,402</u>	<u>10,180</u>
<b>Recreation:</b>				
<b>Parks and recreation:</b>				
Operating supplies	100	100	-	100
Repairs and maintenance	2,000	2,500	2,466	34
Utilities	4,500	4,500	3,037	1,463
<b>Total parks and recreation</b>	<u>6,600</u>	<u>7,100</u>	<u>5,503</u>	<u>1,597</u>
<b>Total recreation</b>	<u>6,600</u>	<u>7,100</u>	<u>5,503</u>	<u>1,597</u>
<b>Capital outlay:</b>				
General	3,200	3,200	2,437	763
Public safety	500	13,000	6,023	6,977
Recreation	2,000	7,000	6,221	779
<b>Total capital outlay</b>	<u>5,700</u>	<u>23,200</u>	<u>14,681</u>	<u>8,519</u>
<b>TOTAL EXPENDITURES</b>	<u>211,491</u>	<u>241,467</u>	<u>207,750</u>	<u>33,719</u>

VILLAGE OF UNIONVILLE, MICHIGAN

GENERAL FUND  
 STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED MARCH 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(9,529)</u>	<u>(39,505)</u>	<u>(1,141)</u>	<u>38,366</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	<u>10,100</u>	<u>10,100</u>	<u>15,000</u>	<u>4,900</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,100</u>	<u>10,100</u>	<u>15,000</u>	<u>4,900</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>571</u>	<u>(29,405)</u>	<u>13,859</u>	<u>43,266</u>
FUND BALANCE - BEGINNING OF THE YEAR	113,730	113,730	113,730	-
FUND BALANCE - END OF THE YEAR	<u>\$ 114,301</u>	<u>\$ 84,325</u>	<u>\$ 127,589</u>	<u>\$ 43,266</u>



**VILLAGE OF UNIONVILLE, MICHIGAN**

**MAJOR STREET FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2015**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>REVENUE:</b>				
Intergovernmental:				
Gas and weight tax	\$ 27,000	\$ 27,000	\$ 27,152	\$ 152
State trunkline preservation	3,300	3,300	3,766	466
Other state revenue	-	-	5,459	5,459
Interest earned	200	200	205	5
<b>TOTAL REVENUE</b>	<u>30,500</u>	<u>30,500</u>	<u>36,582</u>	<u>6,082</u>
<b>EXPENDITURES:</b>				
Construction	3,000	3,000	1,300	1,700
Routine maintenance	17,631	17,631	14,989	2,642
Winter maintenance	3,100	3,282	1,929	1,353
State trunkline	2,980	4,709	5,094	(385)
Administration	2,580	2,580	2,227	353
<b>TOTAL EXPENDITURES</b>	<u>29,291</u>	<u>31,202</u>	<u>25,540</u>	<u>5,662</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>1,209</u>	<u>(702)</u>	<u>11,042</u>	<u>11,744</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers (out)	-	(6,788)	(6,788)	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	(6,788)	(6,788)	0
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	<u>1,209</u>	<u>(7,490)</u>	<u>4,254</u>	<u>11,744</u>
<b>FUND BALANCE - BEGINNING OF THE YEAR</b>	66,662	66,662	66,662	-
<b>FUND BALANCE - END OF THE YEAR</b>	<u>\$ 67,871</u>	<u>\$ 59,172</u>	<u>\$ 70,916</u>	<u>\$ 11,744</u>

**VILLAGE OF UNIONVILLE, MICHIGAN**

**LOCAL STREET FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2015**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>REVENUE:</b>				
Taxes:				
Current property taxes	\$ 11,910	\$ 11,910	\$ 12,161	\$ 251
Intergovernmental:				
Gas and weight tax	13,064	13,064	15,936	2,872
Interest earned	800	800	388	(412)
Other revenue	-	1,900	-	(1,900)
<b>TOTAL REVENUE</b>	<u>25,774</u>	<u>27,674</u>	<u>28,485</u>	<u>811</u>
<b>EXPENDITURES:</b>				
Construction	9,000	72,000	69,753	2,247
Routine maintenance	11,440	11,440	9,906	1,534
Winter maintenance	2,069	2,762	2,080	682
Administration	2,539	2,539	1,716	823
<b>TOTAL EXPENDITURES</b>	<u>25,048</u>	<u>88,741</u>	<u>83,455</u>	<u>5,286</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>726</u>	<u>(61,067)</u>	<u>(54,970)</u>	<u>6,097</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	5,000	11,788	6,788	(5,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	5,000	11,788	6,788	(5,000)
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	<u>5,726</u>	<u>(49,279)</u>	<u>(48,182)</u>	<u>1,097</u>
<b>FUND BALANCE - BEGINNING OF THE YEAR</b>	164,645	164,645	164,645	-
<b>FUND BALANCE - END OF THE YEAR</b>	<u>\$ 170,371</u>	<u>\$ 115,366</u>	<u>\$ 116,463</u>	<u>\$ 1,097</u>



**VILLAGE OF UNIONVILLE, MICHIGAN**  
**MUNICIPAL STREET FUND**  
**STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2015**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>REVENUE:</b>				
Taxes:				
Current property taxes	\$ 15,101	\$ 15,101	\$ 15,162	\$ 61
Interest earned	20	20	34	14
<b>TOTAL REVENUE</b>	<u>15,121</u>	<u>15,121</u>	<u>15,196</u>	<u>75</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers (out)	(15,000)	(15,000)	(15,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	<u>121</u>	<u>121</u>	<u>196</u>	<u>75</u>
<b>FUND BALANCE - BEGINNING OF THE YEAR</b>	607	607	607	-
<b>FUND BALANCE - END OF THE YEAR</b>	<u>\$ 728</u>	<u>\$ 728</u>	<u>\$ 803</u>	<u>\$ 75</u>

**INDEPENDENT AUDITOR'S 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**

To the Village Council  
Village of Unionville  
Unionville, 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, each major fund, and the aggregate remaining fund information of Village of Unionville, Michigan, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise Village of Unionville, Michigan's basic financial statements and have issued our report thereon dated June 25, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Village of Unionville, Michigan'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 Village of Unionville, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Unionville, Michigan'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies. (2009-1, 2009-2).



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Unionville, Michigan'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*.

## **Village of Unionville, Michigan's Response to Findings**

Village of Unionville, Michigan's response to the findings identified in our audit is described in the accompanying schedule of findings. Village of Unionville, Michigan's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

## **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.

*Nietzke & Faupel P.C.*

Nietzke & Faupel, P.C.  
Pigeon, Michigan

June 25, 2015

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**FINDINGS-FINANCIAL STATEMENTS AUDIT**

**SIGNIFICANT DEFICIENCIES**

2009-1      Preparation of the U.S. GAAP Basis Financial Statements

*Condition:* Along with assisting with the year end closing procedures to the Village's accounting records, we also assisted the Village by preparing the annual financial statements (including related notes) of the Village prepared in accordance with generally accepted accounting principles.

*Criteria:* The responsibility for the Village's annual financial statements prepared in accordance with generally accepted accounting principles rests with the management of the Village. Management is also responsible for the system of internal accounting controls used to ensure that the financial statements are not materially misstated.

*Effect:* This situation could allow the misstatement of the financial statements.

*Recommendation:* We recommend that the Village acquire the expertise necessary to prepare the annual financial statements including the required disclosures in accordance with generally accepted accounting principles.

*Response:* We are aware of this deficiency and believe it is not cost beneficial in our situation to acquire this expertise. We will continue to use our external auditors for this technical assistance. We would expect this situation to be ongoing in future years.

2009-2      Preparation of Year End Closing Procedures

*Condition:* This year, as in the past, we assisted the accounting staff with the basic year-end bookkeeping and accounting procedures that are necessary to prepare the books for audit purposes. This also included the preparation of several material year end adjusting entries that were necessary to keep the financial statements from being materially misstated.

*Criteria:* The accounting staff should be able to perform the year end closing procedures and prepare the appropriate year end closing entries in order to ensure that the year end financial statements are not materially misstated. Also, the year end closing procedures should be supervised and reviewed by Village employees with an adequate knowledge of the Village's activities during the fiscal year.

*Effect:* This situation could allow the misstatement of the financial statements.

*Recommendation:* With adequate training, the accounting staff should become familiar with the necessary procedures to complete the year end accounting. In time, the condition of the accounting records should become better and less assistance will be required in this area by the auditors. We suggest that the Village provide its accounting staff with the necessary training to ensure they are able to efficiently prepare the year end accounting for the audit.

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**FINDINGS-FINANCIAL STATEMENTS AUDIT: (CONTINUED)**

**SIGNIFICANT DEFICIENCIES: (CONTINUED)**

*Response:* We are aware of this deficiency and believe it is not cost beneficial in our situation to acquire this expertise. We will continue to use our external auditors for this technical assistance. We would expect this situation to be ongoing in future years.