

**VILLAGE OF UNIONVILLE  
UNIONVILLE, MICHIGAN**

**FINANCIAL STATEMENTS  
MARCH 31, 2017**

# 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, and each major fund, of Village of Unionville, Michigan, as of and for the year ended March 31, 2017, 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, and each major fund, of the Village of Unionville, Michigan, as of March 31, 2017, 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 August 4, 2017, 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

August 4, 2017

## **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, 2017. 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 \$2,371,157.
- Net position increased by a total of \$12,943, or by approximately 0.5% of last year's total net position of \$2,358,214.
- The fund balance of the Village's General Fund increased by \$26,016. The fund balance for the other Governmental Funds (Major Street, Local Street, and Municipal Street Funds) decreased by \$6,505.

### **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 financial 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 financial 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, 2017**

|                                  | Governmental<br><u>Activities</u> | Business-Type<br><u>Activities</u> | <u>Total</u>       |
|----------------------------------|-----------------------------------|------------------------------------|--------------------|
| Current assets                   | \$434,624                         | \$ 105,463                         | \$ 540,087         |
| Capital assets                   | 531,880                           | 1,589,665                          | 2,121,545          |
| Restricted and other assets      | -                                 | 26,000                             | 26,000             |
| Total assets                     | <u>\$966,504</u>                  | <u>\$1,721,128</u>                 | <u>\$2,687,632</u> |
|                                  |                                   |                                    |                    |
| Current liabilities              | \$ 5,125                          | \$ 7,879                           | \$ 13,004          |
| Long-term liabilities            | 1,356                             | 302,115                            | 303,471            |
| Total liabilities                | <u>\$ 6,481</u>                   | <u>\$ 309,994</u>                  | <u>\$ 316,475</u>  |
|                                  |                                   |                                    |                    |
| Net position:                    |                                   |                                    |                    |
| Net investment in capital assets | \$531,880                         | \$1,287,550                        | \$1,819,430        |
| Restricted                       | -                                 | 26,000                             | 26,000             |
| Unrestricted                     | 428,143                           | 97,584                             | 525,727            |
| Total net position               | <u>\$960,023</u>                  | <u>\$1,411,134</u>                 | <u>\$2,371,157</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 \$51,137 for the year ended March 31, 2017. This is approximately a 5.6% change from beginning net position.

Net position of business-type activities decreased by \$38,194 for the year ended March 31, 2017. This is approximately a 2.6% change from beginning net position.

**VILLAGE OF UNIONVILLE'S CHANGES IN NET POSITION  
Year Ended March 31, 2017**

|                                  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|----------------------------------|------------------------------------|-------------------------------------|---------------------|
| Program revenues:                |                                    |                                     |                     |
| Charges for services             | \$ 24,985                          | \$ 169,452                          | \$ 194,437          |
| General revenues:                |                                    |                                     |                     |
| Property taxes                   | 120,204                            | -                                   | 120,204             |
| State shared revenues            | 125,169                            | -                                   | 125,169             |
| Unrestricted investment earnings | 1,669                              | 1,051                               | 2,720               |
| Miscellaneous                    | 22,936                             | -                                   | 22,936              |
| Total revenue                    | <u>294,963</u>                     | <u>170,503</u>                      | <u>465,466</u>      |
| Expenses:                        |                                    |                                     |                     |
| General government               | 60,797                             | -                                   | 60,797              |
| Public safety                    | 25,048                             | -                                   | 25,048              |
| Highways and public improvement  | 136,884                            | -                                   | 136,884             |
| Sanitation                       | 21,097                             | -                                   | 21,097              |
| Sewer                            | -                                  | 86,618                              | 86,618              |
| Water                            | -                                  | 122,079                             | 122,079             |
| Total expenses                   | <u>243,826</u>                     | <u>208,697</u>                      | <u>452,523</u>      |
| Change in net position           | 51,137                             | (38,194)                            | 12,943              |
| Net position - Beginning         | <u>908,886</u>                     | <u>1,449,328</u>                    | <u>2,358,214</u>    |
| Net position - Ending            | <u>\$ 960,023</u>                  | <u>\$ 1,411,134</u>                 | <u>\$ 2,371,157</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 unassigned portion of this total is a measure of the available spendable resources as of March 31, 2017.

For the year ended March 31, 2017, the Village's governmental funds reported a combined fund balance amount of \$387,404, of this amount \$174,410 is unassigned. The fund balance increase for the current fiscal year was \$19,511.

## Governmental Fund Budgetary Highlights

The major difference in the original versus final budget was in the major 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 \$1,819,430. The types of assets in this category are land, buildings, machinery and equipment, park and recreation equipment, roads, sewer collection system and water supply system. The Village's investment in capital assets equals nearly seventy-seven percent (77%) of total net position.

### VILLAGE OF UNIONVILLE'S CAPITAL ASSETS

March 31, 2017

|                              | Governmental<br><u>Activities</u> | Business-Type<br><u>Activites</u> | <u>Total</u>        |
|------------------------------|-----------------------------------|-----------------------------------|---------------------|
| Land (Nondepreciated)        | \$ 166,126                        | \$ 155,531                        | \$ 321,657          |
| Buildings                    | 410,098                           | 1,733                             | 411,831             |
| Equipment                    | 132,638                           | -                                 | 132,638             |
| Infrastructure               | 280,904                           | -                                 | 280,904             |
| Internal service fund assets | 174,898                           |                                   | 174,898             |
| Water system                 | -                                 | 1,137,278                         | 1,137,278           |
| Sewer system                 | -                                 | 2,463,178                         | 2,463,178           |
| Accumulated depreciation     | (632,784)                         | (2,168,055)                       | (2,800,839)         |
| Net book value               | <u>\$ 531,880</u>                 | <u>\$ 1,589,665</u>               | <u>\$ 2,121,545</u> |

The Village of Unionville's debt consists of water supply system revenue bonds (\$302,115) and compensated absences (\$1,356). Normal payments of principal and interest in accordance with the associated debt service schedules were made during the fiscal year.

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

The fiscal year budget for 2016-17 was \$512,339 in revenue with anticipated expenses of \$591,829. Actual revenue was \$519,980 and expenditures came to \$532,565, which was \$66,905 under the overall budget. The fiscal year budget for 2017-18 is set at \$510,528 with anticipated expenses of \$481,005. The Village of Unionville has set their new budget for a \$29,523 surplus.

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 done in 2018 - 2019. The Village will complete the final phase of purchasing and replacing water meters in 2018. The Village continues to update and enhance the Village Park. In addition, the Village is committed to upgrading the Village streets.

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, 2017

|   | GOVERNMENTAL<br><u>ACTIVITIES</u> | BUSINESS -<br>TYPE<br><u>ACTIVITIES</u> | <u>TOTALS</u>       |
|---|-----------------------------------|---|---------------------|
| <b><u>ASSETS</u></b>                            |                                   |   |                     |
| Cash and deposits                               | \$ 415,171                        | \$ 96,293                               | \$ 511,464          |
| Receivables:                                    |                                   |   |                     |
| Accounts receivable                             | 690                               | 3,765                                   | 4,455               |
| Due from other governments                      | 22,576                            | -                                       | 22,576              |
| Internal balances                               | (5,087)                           | 5,087                                   | -                   |
| Prepaid expenses                                | 1,274                             | 318                                     | 1,592               |
| Restricted assets:                              |                                   |   |                     |
| Cash and deposits                               | -                                 | 26,000                                  | 26,000              |
| Capital assets, not being depreciated           | 166,126                           | 155,531                                 | 321,657             |
| Capital assets, net of accumulated depreciation | 365,754                           | 1,434,134                               | 1,799,888           |
| <b>TOTAL ASSETS</b>                             | <u>966,504</u>                    | <u>1,721,128</u>                        | <u>2,687,632</u>    |
| <b><u>LIABILITIES</u></b>                       |                                   |   |                     |
| Accounts payable                                | 2,223                             | 1,314                                   | 3,537               |
| Accrued wages                                   | 2,902                             | 2,374                                   | 5,276               |
| Accrued interest                                | -                                 | 4,191                                   | 4,191               |
| Noncurrent liabilities:                         |                                   |   |                     |
| Long-term liabilities due within one year       | -                                 | 11,000                                  | 11,000              |
| Bonds, notes and loans payable                  | -                                 | 291,115                                 | 291,115             |
| Compensated absences                            | 1,356                             | -                                       | 1,356               |
| <b>TOTAL LIABILITIES</b>                        | <u>6,481</u>                      | <u>309,994</u>                          | <u>316,475</u>      |
| <b><u>NET POSITION</u></b>                      |                                   |   |                     |
| Net investment in capital assets                | 531,880                           | 1,287,550                               | 1,819,430           |
| Restricted for:                                 |                                   |   |                     |
| Debt service                                    | -                                 | 26,000                                  | 26,000              |
| Unrestricted                                    | 428,143                           | 97,584                                  | 525,727             |
| <b>TOTAL NET POSITION</b>                       | <u>\$ 960,023</u>                 | <u>\$ 1,411,134</u>                     | <u>\$ 2,371,157</u> |

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

VILLAGE OF UNIONVILLE, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2017

|   | PROGRAM REVENUES  |                      |                                    | NET (EXPENSES) REVENUES & CHANGES IN NET POSITION |                         |                          |                     |
|---|-------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|---------------------|
|   | EXPENSES          | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS                  | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTALS              |
| <b>GOVERNMENTAL ACTIVITIES:</b>             |                   |                      |                                    |   |                         |                          |                     |
| General government                          | \$ 60,797         | \$ -                 | \$ -                               | \$ -  | \$ (60,797)             | \$ -                     | \$ (60,797)         |
| Public safety                               | 25,048            | -                    | -                                  | -   | (25,048)                | -                        | (25,048)            |
| Highways and public improvements            | 136,884           | -                    | -                                  | -   | (136,884)               | -                        | (136,884)           |
| Sanitation                                  | 21,097            | 24,985               | -                                  | -   | 3,888                   | -                        | 3,888               |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>        | <b>243,826</b>    | <b>24,985</b>        | <b>-</b>                           | <b>-</b>  | <b>(218,841)</b>        | <b>-</b>                 | <b>(218,841)</b>    |
| <b>BUSINESS-TYPE ACTIVITIES:</b>            |                   |                      |                                    |   |                         |                          |                     |
| Sewer                                       | 86,618            | 56,943               | -                                  | -   | -                       | (29,675)                 | (29,675)            |
| Water                                       | 122,079           | 112,509              | -                                  | -   | -                       | (9,570)                  | (9,570)             |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>       | <b>208,697</b>    | <b>169,452</b>       | <b>-</b>                           | <b>-</b>  | <b>-</b>                | <b>(39,245)</b>          | <b>(39,245)</b>     |
| <b>TOTAL GOVERNMENT</b>                     | <b>\$ 452,523</b> | <b>\$ 194,437</b>    | <b>\$ -</b>                        | <b>\$ -</b>                                       | <b>(218,841)</b>        | <b>(39,245)</b>          | <b>(258,086)</b>    |
| <b>GENERAL REVENUE:</b>                     |                   |                      |                                    |   |                         |                          |                     |
| Property taxes                              |                   |                      |                                    |   | 120,204                 | -                        | 120,204             |
| State shared revenues                       |                   |                      |                                    |   | 125,169                 | -                        | 125,169             |
| Unrestricted investment earnings            |                   |                      |                                    |   | 1,669                   | 1,051                    | 2,720               |
| Miscellaneous                               |                   |                      |                                    |   | 22,936                  | -                        | 22,936              |
| <b>TOTAL GENERAL REVENUE</b>                |                   |                      |                                    |   | <b>269,978</b>          | <b>1,051</b>             | <b>271,029</b>      |
| <b>CHANGE IN NET POSITION</b>               |                   |                      |                                    |   | <b>51,137</b>           | <b>(38,194)</b>          | <b>12,943</b>       |
| <b>NET POSITION - BEGINNING OF THE YEAR</b> |                   |                      |                                    |   | <b>908,886</b>          | <b>1,449,328</b>         | <b>2,358,214</b>    |
| <b>NET POSITION - END OF THE YEAR</b>       |                   |                      |                                    |   | <b>\$ 960,023</b>       | <b>\$ 1,411,134</b>      | <b>\$ 2,371,157</b> |

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

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**MARCH 31, 2017**

|   | <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                           | \$ 177,222        | \$ 39,592           | \$ 150,134          | \$ 818                  | \$ 367,766                      |
| Receivables:                                |                   |                     |                     |                         |                                 |
| Accounts receivable                         | 690               | -                   | -                   | -                       | 690                             |
| Due from other governments                  | -                 | 6,272               | 16,304              | -                       | 22,576                          |
| Prepaid expenses                            | 956               | -                   | -                   | -                       | 956                             |
| <b>TOTAL ASSETS</b>                         | <u>\$ 178,868</u> | <u>\$ 45,864</u>    | <u>\$ 166,438</u>   | <u>\$ 818</u>           | <u>\$ 391,988</u>               |
| <b><u>LIABILITIES AND FUND BALANCES</u></b> |                   |                     |                     |                         |                                 |
| <b>LIABILITIES:</b>                         |                   |                     |                     |                         |                                 |
| Accounts payable                            | \$ 1,682          | \$ -                | \$ -                | \$ -                    | \$ 1,682                        |
| Accrued wages                               | 1,820             | 573                 | 509                 | -                       | 2,902                           |
| <b>TOTAL LIABILITIES</b>                    | <u>3,502</u>      | <u>573</u>          | <u>509</u>          | <u>-</u>                | <u>4,584</u>                    |
| <b>FUND BALANCES:</b>                       |                   |                     |                     |                         |                                 |
| Nonspendable                                | 956               | -                   | -                   | -                       | 956                             |
| Restricted                                  | -                 | 45,291              | 165,929             | 818                     | 212,038                         |
| Unassigned                                  | 174,410           | -                   | -                   | -                       | 174,410                         |
| <b>TOTAL FUND BALANCES</b>                  | <u>175,366</u>    | <u>45,291</u>       | <u>165,929</u>      | <u>818</u>              | <u>387,404</u>                  |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>  | <u>\$ 178,868</u> | <u>\$ 45,864</u>    | <u>\$ 166,438</u>   | <u>\$ 818</u>           | <u>\$ 391,988</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, 2017

|  |                          |
|--|--------------------------|
| <b>Total governmental fund balances</b>  | <b>\$ 387,404</b>        |
| 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 \$1,164,664 less the accumulated depreciation of \$632,784. | 531,880                  |
| Internal service fund is not included in the governmental funds.   | 42,095                   |
| 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.                           | (1,356)                  |
| <b>Net position - governmental activities</b>  | <b><u>\$ 960,023</u></b> |

VILLAGE OF UNIONVILLE, MICHIGAN

STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED MARCH 31, 2017

|   | GENERAL           | MAJOR STREET     | LOCAL STREET      | MUNICIPAL STREET | TOTAL GOVERNMENTAL FUNDS |
|---|-------------------|------------------|-------------------|------------------|--------------------------|
| <b>REVENUE:</b>   |                   |                  |                   |                  |                          |
| Taxes   | \$ 104,908        | -                | -                 | \$ 15,296        | \$ 120,204               |
| Licenses and permits  | 962               | -                | -                 | -                | 962                      |
| Intergovernmental   | 54,295            | 39,250           | 30,662            | -                | 124,207                  |
| Charges for services  | 24,985            | -                | -                 | -                | 24,985                   |
| Fines and other   | 46                | -                | -                 | -                | 46                       |
| Interest and rentals  | 5,870             | 334              | 525               | 47               | 6,776                    |
| Miscellaneous   | 17,641            | -                | -                 | -                | 17,641                   |
| <b>TOTAL REVENUE</b>  | <u>208,707</u>    | <u>39,584</u>    | <u>31,187</u>     | <u>15,343</u>    | <u>294,821</u>           |
| <b>EXPENDITURES:</b>  |                   |                  |                   |                  |                          |
| Current:  |                   |                  |                   |                  |                          |
| General government  | 58,686            | -                | -                 | -                | 58,686                   |
| Public safety   | 23,738            | -                | -                 | -                | 23,738                   |
| Public works  | 106,930           | -                | -                 | -                | 106,930                  |
| Streets   | -                 | 63,875           | 13,412            | -                | 77,287                   |
| Recreation  | 6,805             | -                | -                 | -                | 6,805                    |
| Capital outlay  | 1,864             | -                | -                 | -                | 1,864                    |
| <b>TOTAL EXPENDITURES</b>   | <u>198,023</u>    | <u>63,875</u>    | <u>13,412</u>     | <u>-</u>         | <u>275,310</u>           |
| <b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>                                    | <u>10,684</u>     | <u>(24,291)</u>  | <u>17,775</u>     | <u>15,343</u>    | <u>19,511</u>            |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                   |                  |                   |                  |                          |
| Operating transfers in  | 15,332            | -                | 7,680             | -                | 23,012                   |
| Operating transfers (out)   | -                 | (7,680)          | -                 | (15,332)         | (23,012)                 |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <u>15,332</u>     | <u>(7,680)</u>   | <u>7,680</u>      | <u>(15,332)</u>  | <u>-</u>                 |
| <b>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b> | <u>26,016</u>     | <u>(31,971)</u>  | <u>25,455</u>     | <u>11</u>        | <u>19,511</u>            |
| <b>FUND BALANCE - BEGINNING OF THE YEAR</b>   | 149,350           | 77,262           | 140,474           | 807              | 367,893                  |
| <b>FUND BALANCE - END OF THE YEAR</b>   | <u>\$ 175,366</u> | <u>\$ 45,291</u> | <u>\$ 165,929</u> | <u>\$ 818</u>    | <u>\$ 387,404</u>        |

VILLAGE OF UNIONVILLE, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2017

**Net change in fund balances - governmental funds** \$ 19,511

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 \$5,000 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      | \$ 55,638       |        |
| Depreciation expense | <u>(30,004)</u> | 25,634 |

The net gain (loss) of certain activities of the internal service fund is reported with governmental activities. 6,098

The (increase) decrease in accrued compensated absences is not reported with governmental activities. (106)

**Change in net position - governmental activities** \$ 51,137

VILLAGE OF UNIONVILLE, MICHIGAN

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
MARCH 31, 2017

|   | BUSINESS-TYPE ACTIVITIES -<br>ENTERPRISE FUNDS |                   |                     | GOVERNMENTAL<br>ACTIVITIES-<br>INTERNAL<br>SERVICE FUND |
|---|--|-------------------|---------------------|---|
|   | SEWER  | WATER             | TOTALS              |   |
| <b>ASSETS</b>   |  |                   |                     |   |
| <b>CURRENT ASSETS:</b>  |  |                   |                     |   |
| Cash and deposits   | \$ 51,740                                      | \$ 44,553         | \$ 96,293           | \$ 47,405   |
| Receivables:  |  |                   |                     |   |
| Accounts receivable   | 1,161  | 2,604             | 3,765               | -   |
| Prepaid expenses  | 159  | 159               | 318                 | 318   |
| <b>TOTAL CURRENT ASSETS</b>   | <u>53,060</u>                                  | <u>47,316</u>     | <u>100,376</u>      | <u>47,723</u>   |
| <b>NONCURRENT ASSETS:</b>   |  |                   |                     |   |
| Restricted assets:  |  |                   |                     |   |
| Cash and deposits   | -  | 26,000            | 26,000              | -   |
| Capital assets, not being depreciated   | 127,406  | 28,125            | 155,531             | -   |
| Capital assets, net of accumulated depreciation   | 941,425  | 492,709           | 1,434,134           | 6,595   |
| <b>TOTAL NONCURRENT ASSETS</b>  | <u>1,068,831</u>                               | <u>546,834</u>    | <u>1,615,665</u>    | <u>6,595</u>  |
| <b>TOTAL ASSETS</b>   | <u>1,121,891</u>                               | <u>594,150</u>    | <u>1,716,041</u>    | <u>54,318</u>   |
| <b>LIABILITIES</b>  |  |                   |                     |   |
| <b>CURRENT LIABILITIES:</b>   |  |                   |                     |   |
| Accounts payable  | 210  | 1,104             | 1,314               | 541   |
| Accrued wages   | 1,207  | 1,167             | 2,374               | -   |
| Accrued interest  | -  | 4,191             | 4,191               | -   |
| Current portion of noncurrent liabilities   | -  | 11,000            | 11,000              | -   |
| <b>TOTAL CURRENT LIABILITIES</b>  | <u>1,417</u>                                   | <u>17,462</u>     | <u>18,879</u>       | <u>541</u>  |
| <b>NONCURRENT LIABILITIES:</b>  |  |                   |                     |   |
| Bonds, notes and loans payable  | -  | 291,115           | 291,115             | -   |
| <b>TOTAL NONCURRENT LIABILITIES</b>   | <u>-</u>                                       | <u>291,115</u>    | <u>291,115</u>      | <u>-</u>  |
| <b>TOTAL LIABILITIES</b>  | <u>1,417</u>                                   | <u>308,577</u>    | <u>309,994</u>      | <u>541</u>  |
| <b>NET POSITION</b>   |  |                   |                     |   |
| Net investment in capital assets  | 1,068,831                                      | 218,719           | 1,287,550           | 6,595   |
| Restricted for:   |  |                   |                     |   |
| Debt service  | -  | 26,000            | 26,000              | -   |
| Unrestricted  | 51,643   | 40,854            | 92,497              | 47,182  |
| <b>TOTAL NET POSITION</b>   | <u>\$ 1,120,474</u>                            | <u>\$ 285,573</u> | <u>1,406,047</u>    | <u>\$ 53,777</u>  |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |  |                   | 5,087               |   |
| Net position of business-type activities  |  |                   | <u>\$ 1,411,134</u> |   |

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**  
**YEAR ENDED MARCH 31, 2017**

|   | BUSINESS-TYPE ACTIVITIES<br>ENTERPRISE FUNDS |            |             | GOVERNMENTAL                            |
|---|--|------------|-------------|---|
|   | SEWER  | WATER      | TOTALS      | ACTIVITIES-<br>INTERNAL<br>SERVICE FUND |
| <b>OPERATING REVENUE:</b>   |  |            |             |   |
| Charges for services  | \$ 56,943                                    | \$ 112,509 | \$ 169,452  | \$ 31,501                               |
| <b>TOTAL OPERATING REVENUE</b>  | 56,943                                       | 112,509    | 169,452     | 31,501                                  |
| <b>OPERATING EXPENSES:</b>  |  |            |             |   |
| Salaries  | 11,566                                       | 20,947     | 32,513      | 1,698                                   |
| Employee benefits   | 9,238  | 9,979      | 19,217      | 8,468                                   |
| Contracted services   | 4,159  | 3,814      | 7,973       | -                                       |
| Depreciation  | 51,691                                       | 33,222     | 84,913      | 4,405                                   |
| Equipment rental  | 2,759  | 3,029      | 5,788       | -                                       |
| Insurance   | 1,461  | 1,461      | 2,922       | 3,169                                   |
| Miscellaneous   | 413  | 5,809      | 6,222       | 276                                     |
| Office supplies   | 559  | 620        | 1,179       | -                                       |
| Operating supplies  | -  | 6,734      | 6,734       | 3,796                                   |
| Professional fees   | 400  | 400        | 800         | -                                       |
| Rentals   | -  | 1,585      | 1,585       | -                                       |
| Repairs and maintenance   | 2,990  | 16,585     | 19,575      | 2,393                                   |
| Utilities   | 2,084  | 4,556      | 6,640       | -                                       |
| <b>TOTAL OPERATING EXPENSES</b>   | 87,320                                       | 108,741    | 196,061     | 24,205                                  |
| <b>OPERATING INCOME (LOSS)</b>  | (30,377)                                     | 3,768      | (26,609)    | 7,296                                   |
| <b>NONOPERATING REVENUE (EXPENSES):</b>   |  |            |             |   |
| Interest earned   | 622  | 429        | 1,051       | 143                                     |
| Interest expense  | -  | (13,977)   | (13,977)    | -                                       |
| <b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>  | 622  | (13,548)   | (12,926)    | 143                                     |
| <b>CHANGE IN NET POSITION</b>   | (29,755)                                     | (9,780)    | (39,535)    | 7,439                                   |
| <b>NET POSITION - BEGINNING OF THE YEAR</b>   | 1,150,229                                    | 295,353    |             | 46,338                                  |
| <b>NET POSITION - END OF THE YEAR</b>   | \$ 1,120,474                                 | \$ 285,573 |             | \$ 53,777                               |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |  |            | 1,341       |   |
| Change in net position of business-type activities  |  |            | \$ (38,194) |   |

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

VILLAGE OF UNIONVILLE, MICHIGAN

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED MARCH 31, 2017

|   | <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   | \$ 58,725                       | \$ 113,951       | \$ 172,676        | \$ -                |
| Receipts from interfund services  | -                               | -                | -                 | 31,501              |
| Payments to suppliers of goods and services   | (537)                           | (40,341)         | (40,878)          | (9,281)             |
| Payments to employees   | (11,036)                        | (20,743)         | (31,779)          | (1,698)             |
| Payments for fringe benefits  | (9,238)                         | (9,979)          | (19,217)          | (8,468)             |
| Payments for interfund services   | (2,759)                         | (3,029)          | (5,788)           | -                   |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>   | <u>35,155</u>                   | <u>39,859</u>    | <u>75,014</u>     | <u>12,054</u>       |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                              |                                 |                  |                   |                     |
| Acquisition of capital assets   | (29,796)                        | (10,949)         | (40,745)          | -                   |
| Principal paid on long-term debt  | -                               | (18,477)         | (18,477)          | -                   |
| Interest and fees paid on bonds   | -                               | (14,179)         | (14,179)          | -                   |
| <b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                           | <u>(29,796)</u>                 | <u>(43,605)</u>  | <u>(73,401)</u>   | <u>-</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                                 |                  |                   |                     |
| Interest on investments   | 622                             | 429              | 1,051             | 143                 |
| <b>NET CHANGE IN CASH AND RESTRICTED CASH</b>   | <u>5,981</u>                    | <u>(3,317)</u>   | <u>2,664</u>      | <u>12,197</u>       |
| <b>CASH AND RESTRICTED CASH - BEGINNING OF THE YEAR</b>                                       | <u>45,759</u>                   | <u>73,870</u>    | <u>119,629</u>    | <u>35,208</u>       |
| <b>CASH AND RESTRICTED CASH - END OF THE YEAR</b>   | <u>\$ 51,740</u>                | <u>\$ 70,553</u> | <u>\$ 122,293</u> | <u>\$ 47,405</u>    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                                 |                  |                   |                     |
| Reconciliation of operating income (loss) to net cash flows from operating activities:        |                                 |                  |                   |                     |
| Operating income (loss)   | \$ (30,377)                     | \$ 3,768         | \$ (26,609)       | \$ 7,296            |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: |                                 |                  |                   |                     |
| Depreciation  | 51,691                          | 33,222           | 84,913            | 4,405               |
| (Increase) decrease in current assets:  |                                 |                  |                   |                     |
| Accounts receivable   | 1,782                           | 1,442            | 3,224             | -                   |
| Due from other funds  | 7,477                           | -                | 7,477             | -                   |
| Prepaid expenses  | 4,840                           | 846              | 5,686             | 1,693               |
| Increase (decrease) in current liabilities:   |                                 |                  |                   |                     |
| Accounts payable  | (788)                           | 377              | (411)             | (1,262)             |
| Accrued wages   | 530                             | 204              | 734               | (78)                |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>   | <u>\$ 35,155</u>                | <u>\$ 39,859</u> | <u>\$ 75,014</u>  | <u>\$ 12,054</u>    |

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

## VILLAGE OF UNIONVILLE, MICHIGAN

### NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017

#### **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, 2017

**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, 2017**

**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, 2017

#### **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, 2017

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

**Receivables and Payables: (Continued)**

Other receivables at March 31, 2017 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 are 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     |

**Compensated Absences:**

The Village of Unionville full-time employees are allowed to carryover a maximum of ten days (PTO) and comp time 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, 2017 is \$1,356.

VILLAGE OF UNIONVILLE, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017

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

**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.

**Equity Classifications:**

**Government-Wide Statements**

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
2. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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.

**Fund Financial Statements**

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54—Fund Balance Reporting and Governmental Fund Type Definitions, the Village classifies governmental fund balance as follows:

1. Nonspendable—Includes fund balance amounts that cannot be spent either because they are not in spendable form (inventories) or because legal or contractual requirements mandate funds be maintained intact (contractual obligations).
2. Restricted—Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

VILLAGE OF UNIONVILLE, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017

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

**Equity Classifications: (Continued)**

**Fund Financial Statements (Continued)**

3. Committed—Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action at the highest level of decision making authority. The Village Council through a formal action (ordinance or resolution) commits fund balance amounts for the Village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which is subject to the constraints, may be determined in a subsequent period. Any changes to the constraints imposed require the same formal action of the Village that originally created the commitment.
4. Assigned—Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance is assigned through formal action (ordinance or resolution) by the Village Council for specific purposes. Assignments may take place after the end of the reporting period.
5. Unassigned—Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements.

**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.

**Subsequent Events:**

The Village has evaluated subsequent events through August 4, 2017, the date that the financial statements were available to be issued.

(Continued)

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**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, 2017, 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> |                             |                               |                        |
| Treasurer            | \$ 5,431                    | \$ 5,550                      | \$ (119)               |
| <b>Major Street:</b> |                             |                               |                        |
| Operating transfers  | -                           | 7,680                         | (7,680)                |

**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 \$537,464 at March 31, 2017. The total bank balance as of the same date was \$546,513.

Deposits with financial institutions are categorized as follows:

|  |                   |
|--|-------------------|
| Amount insured by the NCIU                 | \$ 238,386        |
| Amount insured by the FDIC                 | 308,127           |
| Uncollateralized                           | -                 |
| Total deposits with financial institutions | <u>\$ 546,513</u> |

The cash and deposits include restricted cash in the amount of \$26,000 for bond debt retirement for the Village.

(Continued)

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**NOTE 4 – CAPITAL ASSETS:**

A summary of changes in the Village's capital assets for the year ended March 31, 2017 follows:

| <b>Governmental activities</b>      |                     |                    |                  |                     |
|-------------------------------------|---------------------|--------------------|------------------|---------------------|
|                                     | <u>2016</u>         | <u>Additions</u>   | <u>Disposals</u> | <u>2017</u>         |
| <b>Non-depreciable assets</b>       |                     |                    |                  |                     |
| Land                                | \$ 166,126          | \$ -               | \$ -             | \$ 166,126          |
| <b>Total non-depreciable assets</b> | <u>\$ 166,126</u>   | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 166,126</u>   |
| <b>Depreciable assets</b>           |                     |                    |                  |                     |
| Buildings                           | \$ 410,098          | \$ -               | \$ -             | \$ 410,098          |
| Equipment                           | 130,638             | 2,000              | -                | 132,638             |
| Infrastructure                      | 227,266             | 53,638             | -                | 280,904             |
| Internal service fund assets        | 174,898             | -                  | -                | 174,898             |
| Total capital assets                | 942,900             | 55,638             | -                | 998,538             |
| Accumulated depreciation            | (598,375)           | (34,409)           | -                | (632,784)           |
| <b>Total depreciable assets</b>     | <u>\$ 344,525</u>   | <u>\$ 21,229</u>   | <u>\$ -</u>      | <u>\$ 365,754</u>   |
| <br>                                |                     |                    |                  |                     |
| <b>Business-type activities</b>     |                     |                    |                  |                     |
|                                     | <u>2016</u>         | <u>Additions</u>   | <u>Disposals</u> | <u>2017</u>         |
| <b>Non-depreciable assets</b>       |                     |                    |                  |                     |
| Land                                | \$ 155,531          | \$ -               | \$ -             | \$ 155,531          |
| <b>Total non-depreciable assets</b> | <u>\$ 155,531</u>   | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 155,531</u>   |
| <b>Depreciable assets</b>           |                     |                    |                  |                     |
| Equipment                           | \$ 1,733            | \$ -               | \$ -             | \$ 1,733            |
| Water system infrastructure         | 1,126,329           | 10,949             | -                | 1,137,278           |
| Sewer system infrastructure         | 2,433,382           | 29,796             | -                | 2,463,178           |
| Total capital assets                | 3,561,444           | 40,745             | -                | 3,602,189           |
| Accumulated depreciation            | (2,083,142)         | (84,913)           | -                | (2,168,055)         |
| <b>Total depreciable assets</b>     | <u>\$ 1,478,302</u> | <u>\$ (44,168)</u> | <u>\$ -</u>      | <u>\$ 1,434,134</u> |

(Continued)

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**NOTE 4 – CAPITAL ASSETS: (CONTINUED)**

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

**Governmental activities:**

|   |                         |
|---|-------------------------|
| General government  | \$ 9,192                |
| Public safety   | 1,000                   |
| Highways and public improvement                             | 5,816                   |
| Recreation  | 13,996                  |
| Equipment rental service                                    | 4,405                   |
| <b>Total depreciation expense - governmental activities</b> | <b><u>\$ 34,409</u></b> |

**Business-type activities:**

|  |                         |
|--|-------------------------|
| Sewer  | \$ 51,691               |
| Water  | 33,222                  |
| <b>Total depreciation expense - business-type activities</b> | <b><u>\$ 84,913</u></b> |

**NOTE 5 – LONG-TERM DEBT:**

**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:

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

**Years Ending**

| <u>March 31,</u> | <u>Principal</u>         | <u>Interest</u>         | <u>Total</u>             |
|------------------|--------------------------|-------------------------|--------------------------|
| 2018             | \$ 7,000                 | \$ 6,845                | \$ 13,845                |
| 2019             | 7,000                    | 6,530                   | 13,530                   |
| 2020             | 8,000                    | 6,215                   | 14,215                   |
| 2021             | 8,000                    | 5,855                   | 13,855                   |
| 2022             | 8,000                    | 5,495                   | 13,495                   |
| 2023-2027        | 44,000                   | 21,986                  | 65,986                   |
| 2028-2032        | 50,000                   | 11,276                  | 61,276                   |
| 2033-2034        | 20,115                   | 1,360                   | 21,475                   |
| <b>Totals</b>    | <b><u>\$ 152,115</u></b> | <b><u>\$ 65,562</u></b> | <b><u>\$ 217,677</u></b> |

(Continued)



**VILLAGE OF UNIONVILLE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

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

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

Years Ending

| <u>March 31,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|------------------|-------------------|------------------|-------------------|
| 2018             | \$ 4,000          | \$ 6,750         | \$ 10,750         |
| 2019             | 5,000             | 6,570            | 11,570            |
| 2020             | 4,000             | 6,345            | 10,345            |
| 2021             | 5,000             | 6,165            | 11,165            |
| 2022             | 5,000             | 5,940            | 10,940            |
| 2023-2027        | 29,000            | 26,055           | 55,055            |
| 2028-2032        | 37,000            | 18,855           | 55,855            |
| 2033-2037        | 46,000            | 9,810            | 55,810            |
| 2038             | 15,000            | 675              | 15,675            |
| <b>Totals</b>    | <b>\$ 150,000</b> | <b>\$ 87,165</b> | <b>\$ 237,165</b> |

The following is a summary of the changes in the long-term liabilities during the year ended March 31, 2017:

|                      | <u>Balance</u><br><u>March 31,</u><br><u>2016</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u><br><u>March 31,</u><br><u>2017</u> | <u>Due</u><br><u>Within</u><br><u>One Year</u> |
|----------------------|---|------------------|-------------------|---|--|
| Water supply system  |   |                  |                   |   |  |
| Revenue bonds        |   |                  |                   |   |  |
| Series B #2          | \$ 159,115  | \$ -             | \$ 7,000          | \$ 152,115  | \$ 7,000                                       |
| Series B #3          | 154,000   | -                | 4,000             | 150,000   | 4,000  |
| Compensated absences | 1,249   | 107              | -                 | 1,356   | -  |
| <b>Totals</b>        | <b>\$ 314,364</b>                                 | <b>\$ 107</b>    | <b>\$ 11,000</b>  | <b>\$ 303,471</b>                                 | <b>\$ 11,000</b>                               |

**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, and 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  
YEAR ENDED MARCH 31, 2017

|                                   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>  | <u>VARIANCE WITH<br/>FINAL BUDGET</u> |
|-----------------------------------|----------------------------|-------------------------|----------------|---------------------------------------|
| <b>REVENUE:</b>                   |                            |                         |                |                                       |
| <b>Taxes:</b>                     |                            |                         |                |                                       |
| Current property taxes            | \$ 106,388                 | \$ 106,388              | \$ 104,908     | \$ (1,480)                            |
| <b>Total taxes</b>                | <u>106,388</u>             | <u>106,388</u>          | <u>104,908</u> | <u>(1,480)</u>                        |
| <b>Licenses and permits</b>       | <u>1,004</u>               | <u>1,004</u>            | <u>962</u>     | <u>(42)</u>                           |
| <b>Intergovernmental:</b>         |                            |                         |                |                                       |
| State revenue sharing             | 54,825                     | 54,825                  | 54,295         | (530)                                 |
| <b>Total intergovernmental</b>    | <u>54,825</u>              | <u>54,825</u>           | <u>54,295</u>  | <u>(530)</u>                          |
| <b>Charges for services:</b>      |                            |                         |                |                                       |
| Trash collection                  | 24,072                     | 24,072                  | 24,985         | 913                                   |
| <b>Total charges for services</b> | <u>24,072</u>              | <u>24,072</u>           | <u>24,985</u>  | <u>913</u>                            |
| <b>Fines and other</b>            | <u>240</u>                 | <u>240</u>              | <u>46</u>      | <u>(194)</u>                          |
| <b>Interest and rentals:</b>      |                            |                         |                |                                       |
| Interest earned                   | 390                        | 390                     | 620            | 230                                   |
| Rent                              | 3,450                      | 3,450                   | 5,250          | 1,800                                 |
| <b>Total interest and rentals</b> | <u>3,840</u>               | <u>3,840</u>            | <u>5,870</u>   | <u>2,030</u>                          |
| <b>Miscellaneous:</b>             |                            |                         |                |                                       |
| Other revenue                     | 15,084                     | 15,084                  | 17,641         | 2,557                                 |
| <b>Total miscellaneous</b>        | <u>15,084</u>              | <u>15,084</u>           | <u>17,641</u>  | <u>2,557</u>                          |
| <b>TOTAL REVENUE</b>              | <u>205,453</u>             | <u>205,453</u>          | <u>208,707</u> | <u>3,254</u>                          |
| <b>EXPENDITURES:</b>              |                            |                         |                |                                       |
| <b>General government:</b>        |                            |                         |                |                                       |
| <b>Legislative:</b>               |                            |                         |                |                                       |
| Salaries                          | 3,990                      | 3,990                   | 2,910          | 1,080                                 |
| Employee benefits                 | 13,920                     | 14,055                  | 12,794         | 1,261                                 |
| <b>Total legislative</b>          | <u>17,910</u>              | <u>18,045</u>           | <u>15,704</u>  | <u>2,341</u>                          |
| <b>Clerk:</b>                     |                            |                         |                |                                       |
| Salaries                          | 11,680                     | 11,680                  | 10,896         | 784                                   |
| Office supplies                   | 485                        | 620                     | 535            | 85                                    |
| <b>Total clerk</b>                | <u>12,165</u>              | <u>12,300</u>           | <u>11,431</u>  | <u>869</u>                            |

VILLAGE OF UNIONVILLE, MICHIGAN

GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2017

|                                       | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH<br/>FINAL BUDGET</u> |
|---------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------|
| <b>Treasurer:</b>                     |                            |                         |               |                                       |
| Salaries                              | 5,431                      | 5,431                   | 5,550         | (119)                                 |
| <b>Total treasurer</b>                | <u>5,431</u>               | <u>5,431</u>            | <u>5,550</u>  | <u>(119)</u>                          |
| <b>Buildings and grounds:</b>         |                            |                         |               |                                       |
| Repairs and maintenance               | 800                        | 3,659                   | 3,658         | 1                                     |
| Utilities                             | 3,664                      | 4,164                   | 3,562         | 602                                   |
| Miscellaneous                         | 1,180                      | 1,627                   | 1,548         | 79                                    |
| <b>Total buildings and grounds</b>    | <u>5,644</u>               | <u>9,450</u>            | <u>8,768</u>  | <u>682</u>                            |
| <b>Other general government:</b>      |                            |                         |               |                                       |
| Salaries                              | 320                        | 320                     | 320           | -                                     |
| Employee benefits                     | 803                        | 803                     | 802           | 1                                     |
| Education                             | 300                        | 320                     | 320           | -                                     |
| Insurance                             | 6,905                      | 6,905                   | 4,630         | 2,275                                 |
| Office supplies                       | 1,350                      | 2,190                   | 1,721         | 469                                   |
| Printing and publishing               | 1,100                      | 1,263                   | 1,228         | 35                                    |
| Professional fees                     | 2,600                      | 2,453                   | 1,594         | 859                                   |
| Repairs and maintenance               | 250                        | 115                     | -             | 115                                   |
| Miscellaneous                         | 4,850                      | 7,707                   | 6,618         | 1,089                                 |
| <b>Total other general government</b> | <u>18,478</u>              | <u>22,076</u>           | <u>17,233</u> | <u>4,843</u>                          |
| <b>Total general government</b>       | <u>59,628</u>              | <u>67,302</u>           | <u>58,686</u> | <u>8,616</u>                          |
| <b>Public safety:</b>                 |                            |                         |               |                                       |
| <b>Police department:</b>             |                            |                         |               |                                       |
| Salaries                              | 19,344                     | 19,344                  | 12,145        | 7,199                                 |
| Insurance                             | 6,105                      | 6,105                   | 4,630         | 1,475                                 |
| Operating supplies                    | 1,500                      | 1,500                   | 531           | 969                                   |
| Repairs and maintenance               | 2,000                      | 2,000                   | 477           | 1,523                                 |
| Miscellaneous                         | 200                        | 200                     | 66            | 134                                   |
| <b>Total police department</b>        | <u>29,149</u>              | <u>29,149</u>           | <u>17,849</u> | <u>11,300</u>                         |
| <b>Fire department:</b>               |                            |                         |               |                                       |
| Contracted services                   | 5,889                      | 5,889                   | 5,889         | -                                     |
| <b>Total fire department</b>          | <u>5,889</u>               | <u>5,889</u>            | <u>5,889</u>  | <u>-</u>                              |
| <b>Total public safety</b>            | <u>35,038</u>              | <u>35,038</u>           | <u>23,738</u> | <u>11,300</u>                         |

VILLAGE OF UNIONVILLE, MICHIGAN

GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2017

|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>  | <u>VARIANCE WITH<br/>FINAL BUDGET</u> |
|--|----------------------------|-------------------------|----------------|---------------------------------------|
| <b>Public works:</b>                                   |                            |                         |                |                                       |
| <b>Department of public works:</b>                     |                            |                         |                |                                       |
| Salaries   | 29,882                     | 36,764                  | 34,716         | 2,048                                 |
| Contracted services                                    | 3,000                      | 3,000                   | -              | 3,000                                 |
| Equipment rental                                       | 14,500                     | 15,319                  | 15,319         | -                                     |
| Repairs and maintenance                                | 21,060                     | 18,678                  | 14,896         | 3,782                                 |
| Miscellaneous  | 1,000                      | 1,200                   | 1,245          | (45)                                  |
| <b>Total department of public works</b>                | <u>69,442</u>              | <u>74,961</u>           | <u>66,176</u>  | <u>8,785</u>                          |
| <b>Street lighting</b>                                 | <u>20,941</u>              | <u>20,941</u>           | <u>19,657</u>  | <u>1,284</u>                          |
| <b>Sanitation</b>                                      |                            |                         |                |                                       |
| Contracted services                                    | 21,000                     | 21,097                  | 21,097         | -                                     |
| <b>Total public works</b>                              | <u>111,383</u>             | <u>116,999</u>          | <u>106,930</u> | <u>10,069</u>                         |
| <b>Recreation:</b>                                     |                            |                         |                |                                       |
| <b>Parks and recreation:</b>                           |                            |                         |                |                                       |
| Operating supplies                                     | 2,500                      | 2,500                   | 2,271          | 229                                   |
| Repairs and maintenance                                | 5,000                      | 5,000                   | 1,107          | 3,893                                 |
| Utilities  | 2,950                      | 3,650                   | 3,427          | 223                                   |
| <b>Total parks and recreation</b>                      | <u>10,450</u>              | <u>11,150</u>           | <u>6,805</u>   | <u>4,345</u>                          |
| <b>Total recreation</b>                                | <u>10,450</u>              | <u>11,150</u>           | <u>6,805</u>   | <u>4,345</u>                          |
| <b>Capital outlay:</b>                                 |                            |                         |                |                                       |
| General  | 600                        | 600                     | -              | 600                                   |
| Public safety  | 400                        | 400                     | 310            | 90                                    |
| Recreation   | 2,800                      | 2,800                   | 1,554          | 1,246                                 |
| <b>Total capital outlay</b>                            | <u>3,800</u>               | <u>3,800</u>            | <u>1,864</u>   | <u>1,936</u>                          |
| <b>TOTAL EXPENDITURES</b>                              | <u>220,299</u>             | <u>234,289</u>          | <u>198,023</u> | <u>36,266</u>                         |
| <b>EXCESS OF REVENUE OVER (UNDER)<br/>EXPENDITURES</b> | <u>(14,846)</u>            | <u>(28,836)</u>         | <u>10,684</u>  | <u>39,520</u>                         |

VILLAGE OF UNIONVILLE, MICHIGAN

GENERAL FUND  
 STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED MARCH 31, 2017

|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | <u>VARIANCE WITH<br/>FINAL BUDGET</u> |
|--|----------------------------|-------------------------|-------------------|---------------------------------------|
| OTHER FINANCING SOURCES (USES):  |                            |                         |                   |                                       |
| Operating transfers in   | <u>15,394</u>              | <u>15,394</u>           | <u>15,332</u>     | <u>(62)</u>                           |
| TOTAL OTHER FINANCING SOURCES (USES)   | 15,394                     | 15,394                  | 15,332            | (62)                                  |
| EXCESS OF REVENUE AND OTHER SOURCES<br>OVER (UNDER) EXPENDITURES AND<br>OTHER (USES) | <u>548</u>                 | <u>(13,442)</u>         | <u>26,016</u>     | <u>39,458</u>                         |
| FUND BALANCE - BEGINNING OF THE YEAR   | 149,350                    | 149,350                 | 149,350           | -                                     |
| FUND BALANCE - END OF THE YEAR   | <u>\$ 149,898</u>          | <u>\$ 135,908</u>       | <u>\$ 175,366</u> | <u>\$ 39,458</u>                      |

VILLAGE OF UNIONVILLE, MICHIGAN

MAJOR STREET FUND  
 STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED MARCH 31, 2017

|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>    | <u>VARIANCE WITH<br/>FINAL BUDGET</u> |
|---|----------------------------|-------------------------|------------------|---------------------------------------|
| <b>REVENUE:</b>   |                            |                         |                  |                                       |
| Intergovernmental:  |                            |                         |                  |                                       |
| Gas and weight tax  | \$ 29,750                  | \$ 29,750               | \$ 34,143        | \$ 4,393                              |
| State trunkline preservation  | 3,766                      | 3,766                   | 5,107            | 1,341                                 |
| Interest earned   | 200                        | 200                     | 334              | 134                                   |
| <b>TOTAL REVENUE</b>  | <u>33,716</u>              | <u>33,716</u>           | <u>39,584</u>    | <u>5,868</u>                          |
| <b>EXPENDITURES:</b>  |                            |                         |                  |                                       |
| Construction  | 12,500                     | 50,000                  | 47,926           | 2,074                                 |
| Routine maintenance   | 11,105                     | 11,105                  | 8,964            | 2,141                                 |
| Winter maintenance  | 3,050                      | 3,050                   | 1,679            | 1,371                                 |
| State trunkline   | 5,171                      | 5,171                   | 3,646            | 1,525                                 |
| Administration  | 1,852                      | 1,860                   | 1,660            | 200                                   |
| <b>TOTAL EXPENDITURES</b>   | <u>33,678</u>              | <u>71,186</u>           | <u>63,875</u>    | <u>7,311</u>                          |
| <b>EXCESS OF REVENUE OVER (UNDER)<br/>EXPENDITURES</b>  | <u>38</u>                  | <u>(37,470)</u>         | <u>(24,291)</u>  | <u>13,179</u>                         |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                            |                         |                  |                                       |
| Operating transfers (out)   | -                          | -                       | (7,680)          | (7,680)                               |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <u>-</u>                   | <u>-</u>                | <u>(7,680)</u>   | <u>(7,680)</u>                        |
| <b>EXCESS OF REVENUE AND OTHER SOURCES<br/>OVER (UNDER) EXPENDITURES AND<br/>OTHER (USES)</b> | <u>38</u>                  | <u>(37,470)</u>         | <u>(31,971)</u>  | <u>5,499</u>                          |
| <b>FUND BALANCE - BEGINNING OF THE YEAR</b>   | 77,262                     | 77,262                  | 77,262           | -                                     |
| <b>FUND BALANCE - END OF THE YEAR</b>   | <u>\$ 77,300</u>           | <u>\$ 39,792</u>        | <u>\$ 45,291</u> | <u>\$ 5,499</u>                       |

VILLAGE OF UNIONVILLE, MICHIGAN

LOCAL STREET FUND  
 STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED MARCH 31, 2017

|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | <u>VARIANCE WITH<br/>FINAL BUDGET</u> |
|---|----------------------------|-------------------------|-------------------|---------------------------------------|
| <b>REVENUE:</b>   |                            |                         |                   |                                       |
| Intergovernmental:  |                            |                         |                   |                                       |
| Gas and weight tax  | \$ 16,800                  | \$ 16,800               | \$ 18,041         | \$ 1,241                              |
| Other state revenue   | 12,356                     | 12,356                  | 12,621            | 265                                   |
| Interest earned   | 450                        | 450                     | 525               | 75                                    |
| <b>TOTAL REVENUE</b>  | <u>29,606</u>              | <u>29,606</u>           | <u>31,187</u>     | <u>1,581</u>                          |
| <b>EXPENDITURES:</b>  |                            |                         |                   |                                       |
| Construction  | 17,350                     | 17,350                  | -                 | 17,350                                |
| Routine maintenance   | 9,506                      | 10,921                  | 9,729             | 1,192                                 |
| Winter maintenance  | 2,757                      | 2,757                   | 2,046             | 711                                   |
| Administration  | 1,852                      | 1,852                   | 1,637             | 215                                   |
| <b>TOTAL EXPENDITURES</b>   | <u>31,465</u>              | <u>32,880</u>           | <u>13,412</u>     | <u>19,468</u>                         |
| <b>EXCESS OF REVENUE OVER (UNDER)<br/>EXPENDITURES</b>  | <u>(1,859)</u>             | <u>(3,274)</u>          | <u>17,775</u>     | <u>21,049</u>                         |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                            |                         |                   |                                       |
| Operating transfers in  | 4,006                      | 4,006                   | 7,680             | 3,674                                 |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <u>4,006</u>               | <u>4,006</u>            | <u>7,680</u>      | <u>3,674</u>                          |
| <b>EXCESS OF REVENUE AND OTHER SOURCES<br/>OVER (UNDER) EXPENDITURES AND<br/>OTHER (USES)</b> | <u>2,147</u>               | <u>732</u>              | <u>25,455</u>     | <u>24,723</u>                         |
| <b>FUND BALANCE - BEGINNING OF THE YEAR</b>   | 140,474                    | 140,474                 | 140,474           | -                                     |
| <b>FUND BALANCE - END OF THE YEAR</b>   | <u>\$ 142,621</u>          | <u>\$ 141,206</u>       | <u>\$ 165,929</u> | <u>\$ 24,723</u>                      |



VILLAGE OF UNIONVILLE, MICHIGAN

MUNICIPAL STREET FUND  
 STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED MARCH 31, 2017

|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>   | <u>VARIANCE WITH<br/>FINAL BUDGET</u> |
|---|----------------------------|-------------------------|-----------------|---------------------------------------|
| <b>REVENUE:</b>   |                            |                         |                 |                                       |
| Taxes:  |                            |                         |                 |                                       |
| Current property taxes  | \$ 19,400                  | \$ 19,400               | \$ 15,296       | \$ (4,104)                            |
| Interest earned   | 35                         | 35                      | 47              | 12                                    |
| <b>TOTAL REVENUE</b>  | <u>19,435</u>              | <u>19,435</u>           | <u>15,343</u>   | <u>(4,092)</u>                        |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                            |                         |                 |                                       |
| Operating transfers (out)   | (19,400)                   | (19,400)                | (15,332)        | 4,068                                 |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <u>(19,400)</u>            | <u>(19,400)</u>         | <u>(15,332)</u> | <u>4,068</u>                          |
| <b>EXCESS OF REVENUE AND OTHER SOURCES<br/>OVER (UNDER) EXPENDITURES AND<br/>OTHER (USES)</b> | <u>35</u>                  | <u>35</u>               | <u>11</u>       | <u>(24)</u>                           |
| <b>FUND BALANCE - BEGINNING OF THE YEAR</b>   | 807                        | 807                     | 807             | -                                     |
| <b>FUND BALANCE - END OF THE YEAR</b>   | <u>\$ 842</u>              | <u>\$ 842</u>           | <u>\$ 818</u>   | <u>\$ (24)</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, 2017, 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 August 4, 2017.

**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. 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

August 4, 2017

**VILLAGE OF UNIONVILLE, MICHIGAN**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**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, 2017**

**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.