

STATE OF MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS MICHIGAN EMPLOYMENT RELATIONS COMMISSION

BUREAU OF EMPLOYMENT RELATIONS RUTHANNE OKUN, DIRECTOR MIKE ZIMMER DIRECTOR

INDEPENDENT EXAMINER'S VERIFICATION OF UNION EXPENDITURES COVERSHEET

MERC ASSIGNED REGISTRATION NUMBER: R_000225
NAME & ADDRESS OF LABOR ORGANIZATION:
Police Officers Association of Michigan
27056 Joy Road
Redford, MI 48239
EXPENDITURES SUMMARY*:
AUDIT PERIOD (12 months): 1/1/15 through 12/31/15
Collective Bargaining Costs: \$*
Contract Administration Costs: \$*
Grievance Adjustment Costs: \$ * See attached report
NAME, TITLE, ADDRESS & PHONE NUMBER OF INDEPENDENT EXAMINER: MRPR Group, P.C.
One Northwestern Plaza, 28411 Northwestern Highway, Ste. 500
Southfield, MI 48034 (248) 357-9000
LABOR ORGANIZATION DESIGNEE: (For questions or other information regarding the content of the attached submission)
Name: Frank A. Guido
E-mail:fquido@poam.net
Phone: (313) 937-9000

ATTACH THIS COVERSHEET TO YOUR INDEPENDENT EXAMINER'S VERIFICATION BEFORE SUBMITTING TO MERC BY E-MAIL TO: unionaudits@michigan.gov

^{*}The exclusive bargaining representative shall also file a declaration identifying the local bargaining units that are represented. Local bargaining units identified in the declaration filed by the exclusive bargaining representative are not required to file a separate calculation of all expenditures.

VERIFICATION

Attached hereto is the Independent Examiner's Verification of Expenditures attributed to the cost of collective bargaining, contract administration and grievance adjustment for fiscal year 2015 for the Police Officers Association of Michigan.

Frank A. Guilo

General Counsel

Police Officers Association of Michigan

POLICE OFFICERS ASSOCIATION OF MICHIGAN

POAM

INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2015



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and Management of the Police Officers Association of Michigan Redford, Michigan

We have performed the procedures enumerated below, which were agreed to by the management of the Police Officers Association of Michigan, solely to serve as a verification of the calculations utilized by the Police Officers Association of Michigan in its POAM service fee calculations as of December 31, 2015. Police Officers Association of Michigan management is responsible for the POAM 2015 service fee calculations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the management of the Police Officers Association of Michigan. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

CATEGORIZATION OF MEMBERS' DUES AND SERVICE AGREEMENTS

We were presented the categorization of members' dues by unit included in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015, utilized by the management of the Police Officers Association of Michigan as the basis for its 2015 service fee calculations. Management represented that the members' dues by unit for POAM 2015 service fee calculations were based on the Reviewed Financial Statements for the Year Ended December 31, 2015. POAM members' dues are as follows:

Report of Financial Disclosure - POAM

\$ <u>3,174,853</u>

1. We reconciled the members' dues and service agreements by unit reported in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015, Report of Financial Disclosure - COAM for the Year Ended December 31, 2015, Report of Financial Disclosure - TPOAM for the Year Ended December 31, 2015 and Report of Financial Disclosure - SA for the year ended December 31, 2015, to the total members' dues and service agreements reported in the Reviewed Financial Statements for the Year Ended December 31, 2015.



Enterprise Worldwide

CATEGORIZATION OF MEMBERS' DUES AND SERVICE AGREEMENTS - (Continued)

A summary of the reconciliation is as follows:

Report of Financial Disclosure - POAM	\$3,174,853
Report of Financial Disclosure - COAM	417,227
Report of Financial Disclosure - TPOAM	533,909
Report of Financial Disclosure - SA	641,013
	\$4,767,002

<u>Per Reviewed Financial Statements – Members' Dues</u> and Service Agreements

\$4,767,002

CATEGORIZATION OF EXPENSES

We were presented the categorization of expenses by unit reported in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015, Report of Financial Disclosure - COAM for the Year Ended December 31, 2015, Report of Financial Disclosure - TPOAM for the Year Ended December 31, 2015 and Report of Financial Disclosure - SA for the Year Ended December 31, 2015, utilized by the management of the Police Officers Association of Michigan as the basis for its 2015 service fee calculations. Management represented that all the calculations and allocations utilized for the 2015 service fee calculations were based on the Reviewed Financial Statements for the Year Ended December 31, 2015.

A summary of the reconciliation is as follows:

Report of Financial Disclosure - POAM	\$ 3,238,352
Report of Financial Disclosure - COAM	416,092
	543,692
•	644,774
Troport of Financial Discussion 2.	\$ <u>4,842,910</u>
Report of Financial Disclosure - TPOAM Report of Financial Disclosure - SA	644,7

1. We compared the expenses categorized by management as either POAM, COAM, TPOAM or SA above to the Reviewed Financial Statements for the Year Ended December 31, 2015 for the purpose of verifying that all expenses reported as POAM, COAM, TPOAM or SA were reported on in the Reviewed Financial Statements for the Year Ended December 31, 2015.

We found no exceptions.

2. We reconciled the chargeable, non-chargeable and exempt expenses reported in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015 to the total expenses reported in the Reviewed Financial Statements for the Year Ended December 31, 2015.

CATEGORIZATION OF EXPENSES - (Continued)

A summary of the reconciliation is as follows:

Per Report of Financial Disclosure - POAM Chargeable expenses Non-chargeable expenses Exempt expenses	\$ 2,877,258 203,451 <u>157,643</u> 3,238,352
Per Report of Financial Disclosure - COAM Per Report of Financial Disclosure - TPOAM Per Report of Financial Disclosure - SA	416,092 543,692 644,774
Grand total	\$ <u>4,842,910</u>
Per Reviewed Financial Statements - Total Selected Expenses Total selected expenses	\$ <u>4,842,910</u>

We were presented the categorization of expenses by unit reported in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015, utilized by the management of the Police Officers Association of Michigan as the basis for its 2015 service fee calculations. Management represented that all the calculations and allocations utilized for the chargeable, non-chargeable or exempt expenses were based on the Reviewed Financial Statements for the Year Ended December 31, 2015.

A summary of the detailed expenses (See Exhibit A - Attached) utilized in the Report of Financial Disclosure - POAM for the year ended December 31, 2015 is as follows:

\$ 1,942,953 380,444 50,718 292,545
210,598 2,877,258 203,451
157,643

Total \$ <u>3,238,352</u>

3. We compared the expenses categorized by management as either chargeable, non-chargeable or exempt above to the Reviewed Financial Statements for the Year Ended December 31, 2015 for the purpose of verifying that all expenses reported as chargeable, non-chargeable or exempt were reported on in the Reviewed Statements.

We found no exceptions.

CATEGORIZATION OF EXPENSES - (Continued)

4. We performed a matching of the amounts in all of the individual expense classifications reported on in the Reviewed Financial Statements for the Year Ended December 31, 2015 to the individual expense classifications of the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015.

We found that amounts reported in the Report of Financial Disclosure - PÓAM for the Year Ended December 31, 2015, agreed in total by unit to the Reviewed Financial Statements for the Year Ended December 31, 2015 for each of the individual expense classifications reported. We also determined that the basic description of the expense presented in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015, was comparable in nature to the expense reported in the Reviewed Financial Statements for the Year Ended December 31, 2015.

ALLOCATION USED IN THE CATEGORIZATION OF EXPENSES

We were presented by the management of the Police Officers Association of Michigan with the basis of all allocations utilized in the categorization of expenses detailed in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015, as chargeable, non-chargeable and exempt.

1. We tested all computations involving allocations of payroll and related charges as provided to us above.

We found no differences.

2. We tested all computations involving allocation of subcontract services as provided to us above.

We found no differences.

3. We tabulated all specifically identified expense items categorized as non-chargeable by the management of the Police Officers Association of Michigan in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015.

We found the totals agreed to the amounts reported in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015.

4. We tabulated all specifically identified expense items categorized as exempt by the management of the Police Officers Association of Michigan in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015.

We found the totals agreed to the amounts reported in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015.

SERVICE FEE CALCULATION

Management presented us with the following calculation of the service fee as detailed in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015:

a. Total chargeable expenses

\$ 2,877,258

b. Total non-chargeable expenses

203,451

c. Total chargeable and non-chargeable expenses

\$3,080,709

d. Service fee amount equal to (a) / (c) =

93.40%

e. % of total representing non-chargeable expenses equal to (b) / (c) =

6.60%

1. We tested the totals presented in (a) and (b) to the categorization of expenses as presented in the Report of Financial Disclosure - POAM for the Year Ended December 31, 2015.

We found the totals to agree.

2. We tested the mathematical accuracy of the service fee calculation as per (d) above and found it to be correct.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and management of the Police Officers Association of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

MRPR Group, P.C.

Southfield, Michigan May 19, 2016

POLICE OFFICERS' ASSOCIATION OF MICHIGAN

REPORT OF FINANCIAL DISCLOSURE - POAM EXHIBIT A FOR THE YEAR ENDED DECEMBER 31, 2015

MEMBERS' DUES	\$ <u>3,174,853</u>
A. CHARGEABLE EXPENSES (EXPENSES ATTRIBUTABLE TO CONTRACT NEGOTIATION, CONTRACT ADMINISTRATION AND GRIEVANCE ARBITRATION	
PERSONNEL EXPENSES: Full service representatives and professional staff wages Office staff wages Executive board wages Fringe benefits (including vacation and postretirement benefits) Workers' compensation insurance FICA MESC and FUTA Pension expense (including administration) Total Less – 3% personnel expenses allocated to exempt	\$ 1,004,158 178,030 230,216 269,410 2,532 102,926 2,682 213,090 2,003,044 60,091
Total personnel expenses	1,942,953
PROFESSIONAL FEES: Legal (staff attorneys/retained attorneys) Accounting expense Research expense Total professional fees Less – 3% legal expenses allocated to exempt Total professional fees	362,299 22,734 7,177 392,210 11,766
OPERATING EXPENSES: Utilities Repairs and maintenance – building and grounds Depreciation and amortization Property taxes Total operating expenses	8,387 23,821 5,449 13,061 50,718
MEMBERSHIP EXPENSES: Delegates meeting Executive board meetings Education and other dues Administrative meetings Arbitration Travel (local and overnight) Servicing Publication and subscriptions Total membership expenses	22,279 2,413 8,043 14,509 53,693 152,050 32,422 7,136 292,545

POLICE OFFICERS' ASSOCIATION OF MICHIGAN

REPORT OF FINANCIAL DISCLOSURE - POAM EXHIBIT A FOR THE YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

A. CHARGEABLE EXPENSES (EXPENSES ATTRIBUTABLE TO CONTRACT NEGOTIATION, CONTRACT ADMINISTRATION AND GRIEVANCE ARBITRATION – (CONTINUED)

B.

ADMINISTRATIVE EXPENSES:	
Office supplies and expense	24,474
Postage	12,129
Insurance	4,545
Telephone and communications	42,686
Depreciation and amortization	23,671
Lease office equipment	19,284
Equipment maintenance	43,879
Website expense	33,518
Other administrative expense	8,303
Mortgage interest	4,622
Total	217,111
Less – 3% administrative expenses allocated to non-chargeable	6,513
200 070 damminutative experience anotated to horr-orial geaple	
Total administrative expenses	210,598
TOTAL CHARGEABLE EXPENSES	\$ <u>2,877,258</u>
NON-CHARGEABLE EXPENSES (EXPENSES FOR POLITICAL OR IDEOLOGICAL ACTIVITIES)	
POLITICAL ACTIVITIES:	
Delegates and other meetings	\$ 79,903
Service	45,710
Travel	32,642
Staff Functions	38,683
3% administrative expenses allocated from chargeable fund-raising	,
(expenses not charged to dues – expenses are charged to income	
derived from fund-raising activities)	<u>6,513</u>
TOTAL NON-CHARGEABLE EXPENSES	ф 000 454
I O I AL HON-CHARGEADLE EXPENSES	\$ <u>203,451</u>

POLICE OFFICERS' ASSOCIATION OF MICHIGAN

REPORT OF FINANCIAL DISCLOSURE - POAM EXHIBIT A FOR THE YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

C. EXEMPT EXPENSES (INCOME, NOT DERIVED FROM DUES, UTILIZED TO FUND LISTED EXEMPT ACTIVITIES)

Political activities: Lobbying/legislative consultants Legislative meetings Travel for political functions Office supplies Delegates meetings Professional fees	\$	46,807 5,041 28,011 63 1,892 4,077
Office staff Service		347 489
3% personnel expenses and professional fees allocated from chargeable activities	-	70,916
TOTAL EXEMPT EXPENSES	\$ _	157,643
NOTE – Income net derived from dues includes:		
Fund-raising – net Legal (civic criminal plan) Investment loss – net Other	\$	25,569 179,899 (120,764) 29,843
SERVICE FEE CALCULATION: ADVANCED REDUCTION OF DUES METHOD		1
Total chargeable expenses	\$ 2	2,877,258
Total non-chargeable expenses	2	203,451
TOTAL CHARGEABLE AND NON-CHARGEABLE EXPENSES	\$ 3	3,080,709
% of Total representing chargeable expenses		93.40%
% of Total representing non-chargeable expenses		6.60%
SERVICE FEE AMOUNT IS 93% OF THE MEMBERS' DUES DEDUCTION AMOUNT		

DECLARATION

The Police Officers Association of Michigan hereby declares that it is the certified and/or recognized collective bargaining representative for the local bargaining units identified in the attached list, and that the filed verifications of expenditures applies to the identified local bargaining units.

Frank A. Guido

General Counsel

Police Officers Association of Michigan

Assoc

19th District Court Employees Association (Dearborn)

20th Distrct Court Employees Association (Dearborn Hts)

33rd District Court Supervisory Employees Association (Woodhaven)

54B Distrit County Employees Association

Adrian Police Officers Association

Albion Public Safety Officers Association

Alcona County Central Dispatchers Association

Alcona County Deputy Sheriffs Association

Allegan City Police Officers Association

Alma Police Officers Association

Almont Village Police Officers Association

Alpena County Deputy Sheriffs Association

Antrim County Corrections Officers Association

Antrim County Deputy Sheriffs Association

Arenac County Deputy Sheriffs Association

Bay City Police Officers Association

Bay County Corrections Officers Association

Bay County Deputy Sheriffs Association

Benzie County Central Dispatchers Association

Benzie County Corrections Officers Association

Beverly Hills Public Safety Officers Association

Birmingham Police Officers Association

Blackman Township Police Officers Association

Branch County Deputy Sheriffs Association

Branch County Dispatchers Association

Bronson Police Officers Association

Buena Vista Township Police Officers Association

Burton Police Officers Association

CCE Central Dispatch Authority Association

Cadillac Police Officers Association

Calhoun County Deputy Sheriffs Association

Calhoun County Dispatchers Association

Canton Township Police Officers Association

Capital Region Airport Authority Police Officers Association

Cassopolis Village Police Officers Association

Assoc

Center Line Police Officers Association

Central Michigan University Public Safety Officers Association

Chelsea Police Officers Association

Clare County 911 Central Dispatchers Association

Clare County Corrections Officers Association

Clare County Deputy Sheriffs Association

Clinton Township Police Officers Association

Clinton Village Police Officers Association

Crawford County 911 Dispatchers Association

Crawford County Corrections & Clerical Association

Crawford County Deputy Sheriffs Association

Croswell Police Officers Association

Dearborn Dispatchers Association

Dearborn Heights Communications Officers Association

Dearborn Heights Police Officers Association

Dearborn Police Officers Association

Detroit Emergency Medical Technicians and Paramedics Association

East Detroit Police Officers Association

East Grand Rapids Public Safety Officers Association

East Lansing Police Officers Association

Eastern Michigan University Police Officers Association

Eaton County Deputy Sheriffs Association

Ecorse Police Officers Association

Emmet County Corrections Officers Association

Farmington City Public Safety Officers Association

Farmington Hills Police Officers Association

Flint Township Police Officers Association

Frankfort Police Officers Association

Franklin Village Police Officers Association

Fraser Public Safety Officers Association

Garden City Dispatchers Association

Garden City Police Officers Association

Genesee County Deputy Sheriffs Association

Gladwin County Deputy Sheriffs Association

Gladwin County Dispatchers Association

Assoc

Grand Blanc Police Officers Association

Grand Blanc Township Police Officers Association

Grand Traverse County Corrections Officers Association

Grand Traverse County Deputy Sheriffs Association

Gratiot County Deputy Sheriffs Association

Greenville Public Safety Officers Association

Grosse Ile Township Police Officers Association

Grosse Pointe Farms Public Safety Officers Association

Grosse Pointe Park Public Safety Officers Association

Grosse Pointe Public Safety Officers Association

Grosse Pointe Shores Public Safety Officers Association

Grosse Pointe Woods Public Safety Officers Association

Harper Woods Public Safety Officers Association

Hillsdale City Police Officers Association

Howell Police Officers Association

Huron County Central Dispatchers Association

Huron County Deputy Sheriffs Association

Huron County Sheriffs Department General Unit Association

Huron Township Dispatchers Association

Huron Township Police Officers Association

Huron-Clinton Metro Authority Association

Imlay City Police Officers Association

Ionia County Corrections Officers Association

Ionia County Deputy Sheriffs Association

Ionia Public Safety Officers Association

losco County Police Officers Association

Iron County Trial Court Employees Association

Isabella County 911 Dispatchers Association

Isabella County Corrections Officers Association

Isabella County Deputy Sheriffs Association

Jackson County Deputy Sheriffs Association

Kalkaska County Deputy Sheriffs Association

Kent County Law Enforcement Officers Association

Lake County Corrections Officers Association

Lake County Deputy Sheriffs Association

Assoc

Lake Orion Village Police Officers Association

Lapeer County Corrections & Clerical Association

Lapeer County Deputy Sheriffs Association

Leelanau County Corrections Officers Association

Leelanau County Deputy Sheriffs Association

Lenawee County Deputy Sheriffs Association

Lincoln Park Police Officers Association

Livonia Police Officers Association

Livonia Police Service Aides Association

Macomb County Deputies & Dispatchers Association

Macomb County Juvenile Justice Center Employees Association

Manistee City Police Officers Association

Marquette County Corrections Officers Association

Marysville Police Officers Association

Mecosta County Deputy Sheriffs Association (Corrections)

Mecosta County Law Enforcement Officers Association

Melvindale Police Officers Association

Memphis Police Officers Association (Part-Time Employees)

Memphis Police Officers Association

Meridian Township Police Officers Association

Midland City Police Officers Association

Midland County Correction Deputies Association

Midland County Deputy Sheriffs Association (312 Group)

Milan Police Officers Association

Milford Police Officers Association

Monroe County Corrections Officers Association

Monroe County Deputy Sheriffs Association

Monroe Police Officers Association

Montcalm County Deputy Sheriffs Association

Montmorency County Deputy Sheriffs Association

Mt. Pleasant Police Officers Association

Newaygo County Corrections Officers Association

Newaygo County Deputy Sheriffs Association

Northfield Township Police Officers Association

Northville City Police Officers Association

Assoc

Northville Township Police Officers Association

Novi Clerks & Dispatchers Association

Oak Park Public Safety Officers Association

Oakland University Public Safety Officers Association

Oceana County Deputy Sheriffs Association

Ogemaw County E911 Dispatchers Association

Ontwa-Edwardsburg Police Officers Association

Osceola County Corrections Officers Association

Osceola County Deputy Sheriffs Association

Oscoda Township Police Officers Association

Otsego County Corrections, Dispatch & Clerks Association

Ottawa County Corrections Officers Association

Pinconning Police Officers Association

Pittsfield Township Police Officers Association

Plymouth City Police Officers Association

Plymouth Township Dispatchers Association

Plymouth Township Police Officers Association

Port Huron Police Officers Association

Redford Township Police Officers Association

Reed City Police Officers Association

River Rouge Police Officers Association

Rochester Police Officers Association

Romeo Communication Officers Association

Romulus Police Officers Association

Roscommon County Deputy Sheriffs Association

Roscommon County E911 Dispatchers Association

Roseville Clerical Alliance

Roseville Police Officers Association

Saginaw City Police Officers Association

Saginaw County Assistant Prosecutors Association

Saginaw County Central Dispatchers Association

Saginaw County Corrections Officers Association

Saginaw County Deputy Sheriffs Association

Saginaw County Detention Supervisors Association

Saginaw County Family Division Probation Officers Association

Assoc

Saginaw County Juvenile Detention Officers Association

Saginaw Township Police Officers Association

Saginaw Valley State University Police Officers Association

Sanilac County Deputy Sheriffs Association

Shelby Township Police Officers Association

South East Regional Emergency Services Authority (SERESA)

South Lyon Police Officers Association

Southfield Police Officers Association

Southfield Public Safety Technicians Association

St. Clair County Communications Officers Association

St. Clair County Deputy Sheriffs Association

St. Clair County Probate & Juvenile Case Workers Association

St. Joseph County Corrections Officers Association

St. Joseph County Deputy Sheriffs Association

St. Louis Police Officers Association

Sumpter Township Police Officers Association

Taylor Police Officers Association

Thomas Township Police Officers Association

Traverse City Police Officers Association

Tuscola County Central Dispatchers Association

Tuscola County Corrections Officers Association

Tuscola County Deputy Sheriffs Association

University of Michigan Law Enforcement Officers Association

Van Buren County Deputy Sheriffs Association

Van Buren County Dispatchers Association

Vassar Police Officers Association

W. Bloomfield Township Dispatchers Association

W. Bloomfield Township Police Officers Association

Walker Police Officers Association

Walled Lake Police & Dispatchers Association

Washtenaw County Deputy Sheriffs Association

Wayne City Police Officers Association

Wayne County Deputy Sheriffs Association

Wayne County Metro Airport Police Officers Association

Westland Police Offices Association

Assoc

Wexford County Corrections Officers Association

Wexford County Deputy Sheriffs Association

Wyandotte Dispatchers Association

Wyandotte Police Officers Association

Ypsilanti Police Officers Association