

**TOWNSHIP OF OLIVER,  
ELKTON, MICHIGAN - HURON COUNTY**

Report on Financial Statements  
(with required supplementary information)

Year Ended March 31, 2017

## TABLE OF CONTENTS

	<u>Page Number</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3 - 8
<b>BASIC FINANCIAL STATEMENTS</b>	
<i>Government-Wide Financial Statements</i>	
<i>Statement of Net Position</i>	9
<i>Statement of Activities</i>	10
<i>Fund Financial Statements</i>	
<i>Balance Sheet - Governmental Funds</i>	11
<i>Statement of Revenues, Expenditures and             Changes in Fund Balance - Governmental Funds</i>	12
<i>Reconciliation of the Statement of Revenues, Expenditures and Changes             in Fund Balances of Governmental Funds to the Statement of Activities</i>	13
<i>Notes to Financial Statements</i>	14 - 22
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<i>Budgetary Comparison Schedule - General Fund</i>	23
<i>Budgetary Comparison Schedule - Road Fund</i>	24
<i>Budgetary Comparison Schedule - Fire Fund</i>	25



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Thomas B. Doran, CPA  
Valerie J. Hartel, CPA  
Jamie L. Peasley, CPA  
.....  
Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA

Terry L. Haske, CPA  
Timothy D. Franzel  
Laura J. Steffen, CPA  
Angela M. Burnette, CPA  
David A. Ondrajka, CPA  
John M. Bungart, CPA

## INDEPENDENT AUDITOR'S REPORT

Township of Oliver  
Huron County  
Elkton, Michigan 48731

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Oliver, State of Michigan, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Township'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 the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Township'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 Township'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 and each major fund of the Township of Oliver, State of Michigan, as of March 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information listed 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.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
CARO, MICHIGAN

September 25, 2017

TOWNSHIP OF OLIVER, HURON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

---

As management of the Township of Oliver, we offer readers of the Township of Oliver financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2017.

**FINANCIAL HIGHLIGHTS**

- The Township's governmental activities assets exceeded its liabilities at the close of the most recent fiscal year by \$2,532,569 (net position). Of this amount, \$347,977 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township's governmental activities total net position increased by \$706,926.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$552,095, an increase of \$68,467 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$242,705, or 229 percent of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, culture and recreational and other functions.

The government-wide financial statements can be found on pages 9 and 10 of this report.

TOWNSHIP OF OLIVER, HURON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

---

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be categorized as governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains several individual governmental funds. Information is presented separately in governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road fund, and fire fund, which are considered to be major funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund, road fund, and fire fund in the required supplementary information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 11 through 13 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 22 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's major funds and their respective budgets. Required supplementary information can be found on pages 23 through 25 of this report.

TOWNSHIP OF OLIVER, HURON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

---

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$2,532,569 at the close of the most recent fiscal year.

A portion of the Township's net position (80 percent) reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Township of Oliver's Net Position**

	<b>Governmental Activities</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<u>2017</u>	<u>2015</u>
Current and other assets	\$ 552,095	\$ 530,795
Capital assets	<u>2,026,557</u>	<u>928,882</u>
Total assets	<u>2,578,652</u>	<u>1,459,677</u>
Current liabilities	<u>5,646</u>	<u>5,646</u>
Noncurrent Liabilities	<u>40,437</u>	<u>51,729</u>
Net position:		
Net investment in capital assets	2,026,557	928,882
Restricted for road	45,777	155,086
Restricted for fire	112,258	84,119
Unrestricted	<u>347,977</u>	<u>234,215</u>
Total net position	<u>\$ 2,532,569</u>	<u>\$ 1,402,302</u>

TOWNSHIP OF OLIVER, HURON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Governmental activities.** Governmental activities increased the Township's net position by \$706,926. Key elements of these changes are as follows:

**Township of Oliver's Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2017</b>	<b>2015</b>
Revenues:		
Program revenues:		
Charges for services	\$ 20,008	\$ 20,641
General revenues:		
Property Taxes:		
Levied for all purposes	658,976	598,633
State sources	53,600	51,792
Donations	-	2,000
Investment earnings	620	130
Other	327,859	15,674
Total revenues	<u>1,061,063</u>	<u>688,870</u>
Expenses:		
Legislative	5,247	6,510
General government	88,024	82,658
Public safety	83,556	79,173
Public works	76,075	12,974
Recreation and culture	1,600	1,050
Interest on long-term debt	1,642	2,020
Unallocated depreciation	97,993	53,947
Total expenses	<u>354,137</u>	<u>238,332</u>
Change in net position	706,926	450,538
Net position, beginning of year	1,825,643	951,764
Net position, end of year	<u>\$ 2,532,569</u>	<u>\$ 1,402,302</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.



TOWNSHIP OF OLIVER, HURON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$552,095, an increase of \$68,467 in comparison with the prior year.

The fund balance of the Township's general fund increased by \$14,027 during the current fiscal year.

**General Fund Budgetary Highlights**

The final amended budget was changed from the original budget, and the significant fluctuations can be summarized as follows:

General Fund:

- \$2,150 increase in legal and professional expenditures

The main reason for the changes resulted from reallocating expenses across the different governmental activities. During the year, budgetary estimates for expenditures were more than actually incurred.

**Capital Assets**

The Township's investment in capital assets for its governmental activities as of March 31, 2017 amounts to \$2,026,557 (net of accumulated depreciation). This investment in capital assets includes land, roads, buildings, improvements, furniture, and equipment.

Major capital asset events during the current fiscal year included the following:

**Township of Oliver's Capital Assets**

	<b>Governmental Activities</b>	
	<b>March 31, 2017</b>	<b>March 31, 2015</b>
Land	\$ 20,000	\$ 20,000
Roads	1,911,278	944,675
Buildings and improvements	120,000	120,000
Furniture and Equipment	894,181	591,956
Total	<u>2,945,459</u>	<u>1,676,631</u>
Accumulated depreciation	(918,902)	(747,749)
Net capital assets	<u><u>\$ 2,026,557</u></u>	<u><u>\$ 928,882</u></u>

Additional information on the Township's capital assets can be found in Note 3 on page 20 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The Township of Oliver's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2018 that also promotes and funds numerous project objectives.

**Request for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Township Hall at 5006 Hoffman St., Elkton, MI 48731.

## Basic Financial Statements

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**STATEMENT OF NET POSITION**  
 March 31, 2017

	<b>GOVERNMENTAL ACTIVITIES</b>
<b><u>ASSETS</u></b>	
Cash and equivalents	\$ 489,985
Taxes receivable	37,730
Due from State of Michigan	9,380
Inventory	15,000
Capital assets, not being depreciated	20,000
Capital assets, net of accumulated depreciation	2,006,557
<b>TOTAL ASSETS</b>	<b>2,578,652</b>
<b><u>LIABILITIES</u></b>	
Noncurrent Liabilities:	
Due within one year	5,646
Due in more than one year	40,437
<b>TOTAL LIABILITIES</b>	<b>46,083</b>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	2,026,557
Restricted for roads	45,777
Restricted for fire	112,258
Unrestricted	347,977
<b>TOTAL NET POSITION</b>	<b>\$ 2,532,569</b>

See notes to the financial statements.

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2017**

	<u>Expenses</u>	<u>Program Revenue</u> Charges for Services	<u>Governmental Activites</u> Net (Expense) Revenues and Changes in Net Position
Governmental Activites:			
Legislative	\$ 5,247		\$ (5,247)
General government	88,024	\$ 470	(87,554)
Public safety	83,556	19,538	(64,018)
Public works	76,075		(76,075)
Recreation and culture	1,600		(1,600)
Interest on long-term debt	1,642		(1,642)
Unallocated depreciation	97,993		(97,993)
Total Governmental Activities	<u>\$ 354,137</u>	<u>\$ 20,008</u>	<u>(334,129)</u>
General Revenues:			
Property taxes			658,976
State revenue sharing			53,600
Investment earnings			620
Miscellaneous			327,859
Total general revenues			<u>1,041,055</u>
Change in Net Position			706,926
Net Position, Beginning of Year			<u>1,825,643</u>
Net Position, End of Year			<u>\$ 2,532,569</u>

See notes to the financial statements.

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
 March 31, 2017

	<b>GENERAL FUND</b>	<b>ROAD FUND</b>	<b>FIRE FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b><u>ASSETS</u></b>				
Cash & cash equivalents	\$ 352,277	\$ 22,061	\$ 115,647	\$ 489,985
Taxes receivable	10,062	23,716	3,952	37,730
Due from State of Michigan	9,380	-	-	9,380
Inventory	15,000	-	-	15,000
<b>TOTAL ASSETS</b>	<b>\$ 386,719</b>	<b>\$ 45,777</b>	<b>\$ 119,599</b>	<b>\$ 552,095</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:				
Nonspendable for inventory	15,000			15,000
Restricted		45,777	112,258	158,035
Assigned for subsequent expenditures	129,014		7,341	136,355
Unassigned	242,705			242,705
TOTAL FUND BALANCES	386,719	45,777	119,599	552,095
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 386,719</b>	<b>\$ 45,777</b>	<b>\$ 119,599</b>	<b>\$ 552,095</b>
 Total governmental fund balances				 \$ 552,095
 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:				
Cost of capital assets				2,945,459
Less accumulated depreciation				(918,902)
				2,026,557
 Long-term liabilities are not due and payable in the current period and are not reported in the funds				
Long-term debt: drains				(46,083)
 <b>Net position of governmental activities</b>				 <b>\$ 2,532,569</b>

See notes to the financial statements.

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED MARCH 31, 2017**

	<u>GENERAL FUND</u>	<u>ROAD FUND</u>	<u>FIRE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:				
State shared revenue	\$ 53,600			\$ 53,600
Property taxes	179,897	\$410,943	\$ 68,136	658,976
Licenses and permits	470		-	470
Charges for services	-		19,538	19,538
Interest	421		199	620
Other revenue	8,744		7,615	16,359
<b>TOTAL REVENUES</b>	<u>243,132</u>	<u>410,943</u>	<u>95,488</u>	<u>749,563</u>
EXPENDITURES:				
Legislative	5,247			5,247
General government	88,024			88,024
Public safety			385,781	385,781
Public works	11,064	500,880		511,944
Recreation and cultural	1,600			1,600
<b>TOTAL EXPENDITURES</b>	<u>105,935</u>	<u>500,880</u>	<u>385,781</u>	<u>992,596</u>
CHANGES IN FUND BALANCES	137,197	(89,937)	(290,293)	(243,033)
OTHER FINANCING SOURCES (USES):				
Transfers from other funds		123,170		123,170
Transfers to other funds	(123,170)			(123,170)
Insurance proceeds			311,500	311,500
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(123,170)</u>	<u>123,170</u>	<u>311,500</u>	<u>311,500</u>
CHANGES IN FUND BALANCES	14,027	33,233	21,207	68,467
FUND BALANCES - BEGINNING OF YEAR	<u>372,692</u>	<u>12,544</u>	<u>98,392</u>	<u>483,628</u>
FUND BALANCES - END OF YEAR	<u>\$ 386,719</u>	<u>\$ 45,777</u>	<u>\$ 119,599</u>	<u>\$ 552,095</u>

See notes to the financial statements.

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2017**

Changes in fund balances - total governmental funds	\$ 68,467
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(97,993)
Capital outlay	730,806
Proceeds and repayments of principal on long-term debt are revenues and expenditures in the government funds, but not in the statement of activities	
Principal repayments	5,646
Change in net position of governmental activities	\$ 706,926

See notes to the financial statements.



**TOWNSHIP OF OLIVER, HURON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2017**

**Note 1 - Summary of Significant Accounting Policies**

The Township of Oliver is governed by an elected board and provides such services as public safety, highways and streets, and sanitation to approximately 1,400 residents. The accompanying financial statements present the financial position and results of operations for the Township.

**A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities* are supported by taxes, special assessments and intergovernmental revenues.

**B. REPORTING ENTITY:**

The Township of Oliver was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is governed by the Township of Oliver Board of Trustees, which has responsibility and control over all activities related to the Township. The financial statements of the Township of Oliver include the accounts of all Township operations. The Township's major operations include fire protection, road maintenance, and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

**C. BASIS OF PRESENTATION - GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

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

**D. BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS:**

The fund financial statements provide information about the Township's funds. The emphasis of fund financial statements is on the major governmental funds, each displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

**General Fund**—The General Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes and state and federal distributions, grants, and other intergovernmental revenues.

**Road Fund**—The Road Fund is used to record transactions relative to the road and street expenses.

**Fire Fund**—The fire fund is used to record transactions relative to the fire services provided to the Township.

During the course of operations the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2017**

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 revenues in the year for which they are levied. Grants are similar items that are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, state revenue sharing, licenses, and interest 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 year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**F. BUDGETARY INFORMATION:**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

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

1. On or prior to April 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2017**

5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

Excess of Expenditures over Appropriations in Budgeted Funds - During the year, the Township of Oliver incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

Fund/Function	Appropriation	Expenditure	Budget Variance
General Fund: Elections	4,500	5,757	1,257
General Fund: Drains	10,000	11,064	1,064
Fire Fund: Wages	26,000	30,429	4,429
Fire Fund: Supplies	6,000	10,900	4,900
Fire Fund: Pension	6,000	7,388	1,388
Fire Fund: Miscellaneous	1,550	2,253	703
Fire Fund: Travel	1,000	1,681	681
Fire Fund: Capital outlay	10,000	302,971	292,971

**G. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/ FUND BALANCE:**

1. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. 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 "due to/from other funds" and are all current.

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2017**

3. Capital Assets

Capital assets, which include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental activity column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,000 and an estimated life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

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

Buildings and improvements	40 Years
Roads	20 Years
Furniture and equipment	5 to 7 Years

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Township has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has no items that qualify for reporting in this category.

5. Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

6. Fund Balance Flow Assumptions

Sometimes the Township will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2017**

7. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of the resources for specific purposes. The Township itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the Township that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**H. REVENUES AND EXPENDITURES/EXPENSES:**

1. Program Revenues

Amounts reported as 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 requirements for a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on July 1 and December 1 and are due in September and February. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. Property tax receivable related to delinquent taxes that are unavailable unless collected within 60 days of year end.

The 2016 levy assessed at an adjusted taxable value of \$136,488,423. Delinquent real property taxes are returned to the County Treasurer for collection. The Township levied millages of 1.2729 for general operating, 3.0000 for roads, and .5000 for fire protection, raising an estimated \$155,600, \$366,700, and \$61,100. These amounts are recognized in the respective General Fund, Road Fund, and Fire Fund as tax revenues.

3. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America 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 statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2017**

**Note 2 - Cash and Investments**

As of March 31, 2017 the Township had no investments as defined by generally accepted accounting principles.

**Interest rate risk.** In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

**Credit Risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

**Concentration of credit risk.** The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk- deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2017, \$243,541 of the bank balance of \$493,541 was exposed to custodial credit risk because of being uninsured. The carrying amount of the Township's deposits was \$489,985.

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township had no investments at March 31, 2017.

**Fair value measurement.** The Township is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Township's own assumptions about the factors market participants would use in pricing and investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Township does not have any investments subject to the fair value measurement.

**Foreign currency risk.** The Township is not authorized to invest in investments which have this type of risk.

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2017**

The Township's cash and cash equivalents at March 31, 2017 are composed of the following:

Governmental activities	<u>\$ 489,985</u>
Total	<u><u>\$ 489,985</u></u>

**Note 3 - Capital Assets**

Capital asset activity of the Township for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets being depreciated:				
Roads	1,482,697	428,581		1,911,278
Buildings and Improvements	120,000			120,000
Furniture and Equipment	591,956	302,225		894,181
Subtotal	<u>2,194,653</u>	<u>730,806</u>	<u>-</u>	<u>2,925,459</u>
Less accumulated depreciation for:				
Roads	135,456	84,851		220,307
Buildings and Improvements	120,000			120,000
Furniture and Equipment	565,453	13,142		578,595
Subtotal	<u>820,909</u>	<u>97,993</u>	<u>-</u>	<u>918,902</u>
Net capital assets being depreciated	<u>1,373,744</u>	<u>632,813</u>	<u>-</u>	<u>2,006,557</u>
Governmental activities, total capital assets - net of depreciation	<u><u>\$ 1,393,744</u></u>	<u><u>\$ 632,813</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,026,557</u></u>

Depreciation expense for the fiscal year ended March 31, 2017 amounted to \$97,993. The Township determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**Note 4 – Interfund Receivables, Payables, and Transfers**

There were no interfund receivable or payable balances at year end. There was a transfer made during the year ended March 31, 2017 from the general fund to the road fund for \$123,170.

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2017**

**Note 5 – Commitments and Contingencies**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. For insured programs, there has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**Note 6 – Pension Plan**

**PLAN DESCRIPTION:**

The township has instituted a defined contribution pension plan covering all elected officials who choose to belong to the plan. It is administered by Municipal Retirement Systems, Inc. The plan has been adopted under the provisions of 401(a) of the Internal Revenue Code.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on the investments of those contributions, and forfeitures of other participants benefits that may be allocated to such participant's account. The plan requires the employer to contribute 7.5% of the participating employee's gross wages, with immediate vesting. In addition, plan members are also required to contribute 7.5% of their annual wages to the plan. During the most recent plan year, the township's required and actual contribution is equal to an amount of each employee's annual salary to the plan. During the year ended March 31, 2017 the township contributed \$5,125 to the plan and plan members also contributed \$5,125. Pension expense for the fiscal year ended March 31, 2017 was \$5,125.

**Note 7 – Contingent Liabilities**

**Unemployment Compensation Costs:**

The Government has elected to be treated as a reimbursing employer for unemployment compensation purposes. Any unemployment benefits paid to Government employees by the Michigan unemployment fund must be reimbursed by the Government on a dollar for dollar basis. The contingent liability for unemployment benefits is not recognized in the accompanying financial statements. The expense is recognized at the time the Government becomes liable to the State of Michigan for unemployment benefits paid.



**TOWNSHIP OF OLIVER, HURON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2017**

**Note 8 – Long-Term Debt**

During the 2012-2013 fiscal year, the Huron County Drain Commissioner assessed Oliver Township \$1,035 as a Drain-At-Large assessment for the McMullen & Branches Drain and \$4,873 for the Pigeon River Intercounty Drain for a total of \$5,908. The total long-term debt for the Drain-At-Large assessment is \$68,668. The assessment is to be repaid from 2014 through 2026, which includes interest of \$14,601.

<u>Balance</u> <u>4/1/2016</u>	<u>Changes in Long-Term Debt</u>		<u>Balance</u> <u>3/31/2017</u>	<u>Due in</u> <u>One Year</u>
	<u>Additions</u>	<u>Payments</u>		
<u>\$51,729</u>	<u>\$ -</u>	<u>(\$5,646)</u>	<u>\$46,083</u>	<u>\$5,646</u>

**ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT**  
**March 31, 2017**

<u>Year Ending</u> <u>March 31,</u>	<u>General Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 5,646	\$ 1,453
2019	5,646	1,263
2020	5,646	1,078
2021	4,858	885
2022	4,858	738
2023-2026	19,429	1,477
 Total	 <u>\$ 46,083</u>	 <u>\$ 6,894</u>

**Note 9 – Tax Abatements**

**INDUSTRIAL FACILITIES EXEMPTION**

The Township uses the Industrial Facilities Exemption (PA 198 of 1974) to enter into agreements with local business to construct new industrial facilities or rehabilitate historical facilities. Under the program, the Township grants reduction of 50 percent of the property tax bill for new property (or can freeze taxable values for rehabilitation properties) for up to 12 years.

For the year ended March 31, 2017, the Township's property tax revenue for general, road and fire operations were reduced by \$68,533 under this program. There were no significant abatements made by other governments that reduced the Township's tax revenue.

## Required Supplementary Information

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED MARCH 31, 2017**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUE:</b>				
State shared revenue	\$ 50,000	\$ 50,000	\$ 53,600	\$ 3,600
Property taxes	155,524	155,524	179,897	24,373
Licenses and permits	1,162	1,162	470	(692)
Interest	300	300	421	121
Other revenue	6,000	6,000	8,744	2,744
<b>TOTAL REVENUE</b>	<b>212,986</b>	<b>212,986</b>	<b>243,132</b>	<b>30,146</b>
<b>EXPENDITURES:</b>				
Legislative	7,900	7,900	5,247	2,653
General government				
Supervisor	10,950	10,950	9,113	1,837
Elections	4,500	4,500	5,757	(1,257)
Assessor	14,600	14,600	14,127	473
Clerk	14,350	14,350	11,773	2,577
Board of review	2,100	2,100	1,172	928
Treasurer	18,940	18,940	16,110	2,830
Building & grounds	14,950	14,950	6,318	8,632
Planning commission	23,000	23,000	14,679	8,321
Zoning	1,000	1,000	278	722
Legal and professional	22,850	25,000	2,490	22,510
Pension	7,000	7,000	6,207	793
Public works				
Drains	10,000	10,000	11,064	(1,064)
Recreation and cultural	1,600	1,600	1,600	-
<b>TOTAL EXPENDITURES</b>	<b>153,740</b>	<b>155,890</b>	<b>105,935</b>	<b>49,955</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>59,246</b>	<b>57,096</b>	<b>137,197</b>	<b>80,101</b>
<b>OTHER FINANCING (USES):</b>				
Transfer to road fund	(266,432)	(266,432)	(123,170)	143,262
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$(207,186)</u></b>	<b><u>\$(209,336)</u></b>	<b>14,027</b>	<b><u>\$ 223,363</u></b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<b><u>372,692</u></b>	
<b>FUND BALANCE - END OF YEAR</b>			<b><u>\$386,719</u></b>	

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD FUND**  
**YEAR ENDED MARCH 31, 2017**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
REVENUE:				
Property taxes	<u>\$ 366,543</u>	<u>\$ 366,543</u>	<u>\$ 410,943</u>	<u>\$ 44,400</u>
TOTAL REVENUE	<u>366,543</u>	<u>366,543</u>	<u>410,943</u>	<u>44,400</u>
EXPENDITURES:				
Highways and street expenses	636,519	636,519	498,580	137,939
Dust control	5,000	5,000	2,300	2,700
Brush control	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
TOTAL EXPENDITURES	<u>645,519</u>	<u>645,519</u>	<u>500,880</u>	<u>144,639</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(278,976)	(278,976)	(89,937)	189,039
OTHER FINANCING SOURCES:				
Transfer from general fund	<u>266,432</u>	<u>266,432</u>	<u>123,170</u>	<u>(143,262)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (12,544)</u>	<u>\$ (12,544)</u>	33,233	<u>\$ 45,777</u>
FUND BALANCE - BEGINNING OF YEAR			<u>12,544</u>	
FUND BALANCE - END OF YEAR			<u>\$ 45,777</u>	

**TOWNSHIP OF OLIVER, HURON COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE FUND**  
**YEAR ENDED MARCH 31, 2017**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE:				
Property taxes	\$ 61,090	\$ 61,090	\$ 68,136	\$ 7,046
Fire & Ambulance services	16,688	16,688	19,538	2,850
Interest	100	100	199	99
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>7,615</u>	<u>5,615</u>
TOTAL REVENUE	<u>79,878</u>	<u>79,878</u>	<u>95,488</u>	<u>15,610</u>
EXPENDITURES:				
Wages	26,000	26,000	30,429	(4,429)
Supplies	6,000	6,000	10,900	(4,900)
Gas and oil	2,000	2,000	1,049	951
Ambulance services	7,415	7,415	7,415	-
Insurance	16,000	16,000	15,968	32
Utilities	5,500	5,500	4,398	1,102
Repairs and maintenance	5,000	5,000	1,329	3,671
Pension	6,000	6,000	7,388	(1,388)
Miscellaneous	1,550	1,550	2,253	(703)
Travel and conferences	1,000	1,000	1,681	(681)
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>302,971</u>	<u>(292,971)</u>
TOTAL EXPENDITURES	<u>86,465</u>	<u>86,465</u>	<u>385,781</u>	<u>(299,316)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(6,587)	(6,587)	(290,293)	314,926
OTHER FINANCING (USES):				
Insurance proceeds	<u>-</u>	<u>-</u>	<u>311,500</u>	<u>311,500</u>
NET CHANGE IN FUND BALANCE	<u>\$ (6,587)</u>	<u>\$ (6,587)</u>	21,207	<u>\$ 27,794</u>
FUND BALANCE - BEGINNING OF YEAR			<u>98,392</u>	
FUND BALANCE - END OF YEAR			<u>\$ 119,599</u>	



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Thomas B. Doran, CPA  
Valerie J. Hartel, CPA  
Jamie L. Peasley, CPA  
.....  
Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA

Terry L. Haske, CPA  
Timothy D. Franzel  
Laura J. Steffen, CPA  
Angela M. Burnette, CPA  
David A. Ondrajka, CPA  
John M. Bungart, CPA

To the Members of the Board  
Township of Oliver

We have audited the financial statements of the governmental activities, and each major fund of the Township of Oliver for the year ended March 31, 2017, and have issued our report thereon dated September 25, 2017. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 27, 2017.

### Significant Audit Findings

#### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township of Oliver are described in Note 1 to the financial statements. During the fiscal year ended March 31, 2017, the Township implemented Governmental Accounting Standards Board No. 72, *Fair Value Measurement and Application*, and Governmental Accounting Standards Board No. 77, *Tax Abatement Disclosures*. The application of existing policies was not changed during 2017. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the estimated useful lives for depreciating capital assets.

The financial statement disclosures are neutral, consistent and clear.

### Difficulties Encountered in Performing the Audit

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

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed adjustments that we consider to be significant and have communicated this to management in our letter dated September 25, 2017.

Members of the Board  
Page two

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 25, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to Management's Discussion & Analysis and the Budgetary Comparison Schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of certain inquiries of management regarding 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 obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Members of the Board and management of the Township of Oliver and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Anderson, Tuckey, Bernhardt, & Doran, P.C.  
Certified Public Accountants  
Caro, Michigan

September 25, 2017



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Thomas B. Doran, CPA  
Valerie J. Hartel, CPA  
Jamie L. Peasley, CPA  
.....  
Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA

Terry L. Haske, CPA  
Timothy D. Franzel  
Laura J. Steffen, CPA  
Angela M. Burnette, CPA  
David A. Ondrajka, CPA  
John M. Bungart, CPA

To the Board of the Township of Oliver

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Township of Oliver as of and for the year ended March 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Oliver's internal control over financial reporting (internal control) as a basis for designing auditing 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 the Township of Oliver's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Oliver's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in the Township of Oliver's internal control to be a significant deficiency:

Segregation of Duties (repeat comment)

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the township segregate duties whenever possible.

This communication is intended solely for the information and use of management the Township of Oliver, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Township of Oliver and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

Anderson, Tuckey, Bernhardt & Doran, P.C.  
Certified Public Accountants  
Caro, Michigan

September 25, 2017