

**TOWNSHIP OF OLIVER
HURON COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS
MARCH 31, 2023**

TOWNSHIP OF OLIVER

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INDEPENDENT AUDITOR'S REPORT

To the Township Board
Township of Oliver
Elkton, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Oliver, Michigan, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Township of Oliver, Michigan's basic financial statements as listed in the table of contents.

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, Michigan, as of March 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Oliver, Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Oliver, Michigan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

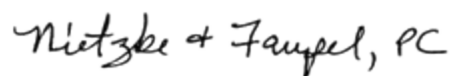
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 of Oliver, Michigan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Oliver, Michigan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



Nietzke & Faupel, P.C.
Pigeon, Michigan

September 25, 2023

Our discussion and analysis of the Township of Oliver's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2023. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The following points represent significant financial highlights for the year ended March 31, 2023. These points are discussed in further detail in this discussion and analysis.

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$3,614,045.
- The Township's net position decreased by \$180,730 during the past fiscal year.
- As of the close of the most recent fiscal year, the Township's governmental funds reported combined fund balances of \$1,093,243, an increase of \$37,765 in comparison with the beginning of the year.
- The unassigned fund balance for the general fund was \$537,795, or 451% of the total general fund expenditures.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township of Oliver's basic financial statements. The Township is reporting these financial statements utilizing the reporting structure that all state and local governments must follow. These requirements restructured much of the information that governmental units have presented in the past.

The Township's basic financial statements are made up 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 them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator on whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the Township'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.

The government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Township include general government, public safety, public works, highways and streets, and recreation and culture.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are classified 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 the Township's near-term financial 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 governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effects of the Township's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenue, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the three funds, which are all considered to be major funds.

The Township adopts annual budgets for the funds. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The budget schedules referred to earlier in connection with the governmental funds are presented in the required supplementary information.

The Township as a Whole

The following table shows a condensed view of the net position as of March 31,

	<u>2023</u>	<u>2022</u>
Current assets	\$ 1,110,844	\$ 1,092,098
Capital assets	2,540,234	2,763,587
Total assets	<u>\$ 3,651,078</u>	<u>\$ 3,855,685</u>
Current liabilities	\$ 22,459	\$ 41,478
Noncurrent liabilities	14,574	19,432
Total liabilities	<u>\$ 37,033</u>	<u>\$ 60,910</u>
Net position:		
Net investment in capital assets	\$ 2,520,802	\$ 2,739,297
Restricted:		
Emergency services	289,759	227,295
Roads	162,603	167,656
Unrestricted	640,881	660,527
Total net position	<u>\$ 3,614,045</u>	<u>\$ 3,794,775</u>

Unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations, ended the fiscal year with a balance of \$640,881. This is approximately 17.7% of the net position for governmental activities.

The following table shows the changes of the net position during the years ended March 31,

	<u>2023</u>	<u>2022</u>
Revenue:		
Program revenue:		
Charges for services	\$ 26,050	\$ 19,700
Operating grants and contributions	66,836	-
General revenue:		
Property taxes	744,200	718,048
State shared revenues	70,518	72,840
Other state revenue	3,566	3,511
Unrestricted investment earnings	1,514	1,715
Miscellaneous	4,473	2,388
Total revenue	<u>917,157</u>	<u>818,202</u>
Expenses:		
General government	108,422	87,299
Public safety	146,317	156,799
Public works	365	501
Highways and streets	841,283	649,981
Recreation and culture	1,500	300
Total expenses	<u>1,097,887</u>	<u>894,880</u>
Change in net position	<u>(180,730)</u>	<u>(76,678)</u>
Net position - Beginning of the year	<u>3,794,775</u>	<u>3,871,453</u>
Net position - End of the year	<u>\$ 3,614,045</u>	<u>\$ 3,794,775</u>

Governmental Activities

For governmental activities, approximately 81% of revenues derived from property taxes, 7% from grants and contributions, 3% from charges for services, 8% from intergovernmental revenues such as state revenue sharing, 1% from investment earnings and miscellaneous sources.

For the Townships expenses, approximately 13% of the expenses relate to public safety, 77% to maintaining and improving the Township's highways and streets, and 10% to general government.

Financial Analysis

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

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

As of the end of the fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,093,243 an increase of \$37,765 in comparison with the beginning of the year. The Township's unassigned fund balance is \$537,795 which is available for spending at the Board's discretion.

The General Fund is the operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$537,795. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 451% of total General Fund expenditures.

The General Fund balance decreased by \$19,646 due primarily to a transfer of \$165,256 to the road fund to assist with road construction projects.

The Road Fund balance decreased by \$5,053. The Road Fund received American Rescue Plan Act (ARPA) grant funds of \$66,836 which were used to help defray the costs of road construction. At the end of the fiscal year, the Road Fund balance was \$162,603.

The Emergency Services Fund balance increased by \$62,464 due to fewer repairs and operating expenditures than anticipated. At the end of the year, the Emergency Services Fund balance was \$289,759.

General Fund Budgetary Highlights

The General Fund's actual revenue was more than budgeted by \$23,516 primarily due to property taxes and state shared revenue which were more than budgeted, combined with federal grants and other state revenue which were less than budgeted. The General Fund's actual expenditures were less than the final budgeted expenditures by \$7,495 due to reduced expenditures in several categories under general government and reduced expenditures in public works.

The other major funds budget and actual expenditures can be found on pages 23 and 24.

Capital Assets

As of March 31, 2023, the Township of Oliver had a total of \$2,540,234 (net of depreciation) invested in capital assets including land, building, and equipment. Capital asset acquisitions totaled \$8,781 and there were no disposals. Major acquisitions included replacing doors, frames, and hardware at the fire hall and township buildings, and a portable radio package.

Long-Term Obligations

The Township's long-term obligations consist of one drain project totaling \$19,432.

Economic Factors and Budget Highlights

The fiscal year budget adopted for 2023-2024 is \$1,003,044 broken down as follows: General Fund \$339,294, Road Fund \$554,000, and Emergency Services Fund \$109,750.

During the fiscal year 2023-2024, the Township plans to spend approximately \$554,000 in road work which is \$87,800 less than projects done in 2022-2023.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to Robert Ross, Township Clerk, 5006 Hoffman Street, Elkton, MI 48731.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF OLIVER
STATEMENT OF NET POSITION
MARCH 31, 2023

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash and deposits	\$ 1,040,745
Receivables:	
Taxes receivable	11,480
Due from other governments	52,159
Prepaid expenses	6,460
Capital assets, not being depreciated	20,000
Capital assets, net of accumulated depreciation	2,520,234
TOTAL ASSETS	<u>3,651,078</u>
<u>LIABILITIES</u>	
Accounts payable	17,601
Noncurrent liabilities:	
Due within one year	4,858
Due in more than one year	14,574
TOTAL LIABILITIES	<u>37,033</u>
<u>NET POSITION</u>	
Net investment in capital assets	2,520,802
Restricted:	
Emergency services	289,759
Roads	162,603
Unrestricted	640,881
TOTAL NET POSITION	<u>\$ 3,614,045</u>

TOWNSHIP OF OLIVER

**STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2023**

		PROGRAM REVENUES		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION GOVERNMENTAL ACTIVITIES
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
GOVERNMENTAL ACTIVITIES:				
General government	\$ 108,422	\$ -	\$ -	\$ (108,422)
Public safety	146,317	26,050	-	(120,267)
Public works	365	-	-	(365)
Highways and streets	841,283	-	66,836	(774,447)
Recreation and culture	1,500	-	-	(1,500)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,097,887</u>	<u>\$ 26,050</u>	<u>\$ 66,836</u>	<u>(1,005,001)</u>
GENERAL REVENUE:				
Property taxes				744,200
State shared revenues				70,518
Other state revenue				3,566
Unrestricted investment earnings				1,514
Miscellaneous				4,473
TOTAL GENERAL REVENUE				<u>824,271</u>
CHANGE IN NET POSITION				<u>(180,730)</u>
NET POSITION - BEGINNING OF THE YEAR				3,794,775
NET POSITION - END OF THE YEAR				<u><u>\$ 3,614,045</u></u>

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

TOWNSHIP OF OLIVER

BALANCE SHEET - GOVERNMENTAL FUNDS MARCH 31, 2023

	<u>GENERAL</u>	<u>ROADS</u>	<u>EMERGENCY SERVICES</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and deposits	\$ 622,593	\$ 122,577	\$ 295,575	\$ 1,040,745
Receivables:				
Taxes receivable	2,933	6,410	2,137	11,480
Due from other governments	25,003	27,156	-	52,159
Prepaid expenditures	-	6,460	-	6,460
TOTAL ASSETS	<u>\$ 650,529</u>	<u>\$ 162,603</u>	<u>\$ 297,712</u>	<u>\$ 1,110,844</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 9,648	\$ -	\$ 7,953	\$ 17,601
TOTAL LIABILITIES	<u>9,648</u>	<u>-</u>	<u>7,953</u>	<u>17,601</u>
<u>FUND BALANCES:</u>				
Nonspendable:				
Prepaid expenditures	-	6,460	-	6,460
Restricted for:				
Emergency services	-	-	289,759	289,759
Roads	-	156,143	-	156,143
Assigned for:				
Subsequent year expenditures	103,086	-	-	103,086
Unassigned	537,795	-	-	537,795
TOTAL FUND BALANCES	<u>640,881</u>	<u>162,603</u>	<u>289,759</u>	<u>1,093,243</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 650,529</u>	<u>\$ 162,603</u>	<u>\$ 297,712</u>	<u>\$ 1,110,844</u>

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

TOWNSHIP OF OLIVER

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO GOVERNMENTAL ACTIVITIES NET POSITION MARCH 31, 2023

Total governmental fund balances	\$ 1,093,243
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 \$4,698,116 less the accumulated depreciation of \$2,157,882.	2,540,234
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(19,432)
Net position - governmental activities	<u>\$ 3,614,045</u>

TOWNSHIP OF OLIVER

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2023**

	<u>GENERAL</u>	<u>ROADS</u>	<u>EMERGENCY SERVICES</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUE:				
Property taxes	\$ 187,333	\$ 424,619	\$ 132,248	\$ 744,200
Intergovernmental	74,084	66,836	-	140,920
Charges for services	-	-	26,050	26,050
Licenses and permits	645	-	-	645
Interest earned	1,441	55	18	1,514
Miscellaneous	1,416	-	2,412	3,828
TOTAL REVENUE	<u>264,919</u>	<u>491,510</u>	<u>160,728</u>	<u>917,157</u>
EXPENDITURES:				
Current:				
General government	112,586	-	-	112,586
Public safety	-	-	91,932	91,932
Public works	5,223	-	-	5,223
Highways and streets	-	641,819	-	641,819
Recreation and culture	1,500	-	-	1,500
Capital outlay	-	-	6,332	6,332
TOTAL EXPENDITURES	<u>119,309</u>	<u>641,819</u>	<u>98,264</u>	<u>859,392</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>145,610</u>	<u>(150,309)</u>	<u>62,464</u>	<u>57,765</u>
OTHER FINANCING SOURCES (USES):				
Contributions to other governments	-	(20,000)	-	(20,000)
Operating transfers in	-	165,256	-	165,256
Operating transfers (out)	(165,256)	-	-	(165,256)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(165,256)</u>	<u>145,256</u>	<u>-</u>	<u>(20,000)</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(19,646)</u>	<u>(5,053)</u>	<u>62,464</u>	<u>37,765</u>
FUND BALANCE - BEGINNING OF THE YEAR	660,527	167,656	227,295	1,055,478
FUND BALANCE - END OF THE YEAR	<u>\$ 640,881</u>	<u>\$ 162,603</u>	<u>\$ 289,759</u>	<u>\$ 1,093,243</u>

TOWNSHIP OF OLIVER

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED MARCH 31, 2023

Net change in fund balances - governmental funds \$ 37,765

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
\$2,000 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	\$ 8,781	
Depreciation expense	<u>(232,134)</u>	(223,353)

Repayment of long-term debt is an expenditure in the governmental funds,
but not in the statement of activities.

4,858

Change in net position - governmental activities \$ (180,730)

TOWNSHIP OF OLIVER

**STATEMENT OF FIDUCIARY NET POSITION
TAX COLLECTION CUSTODIAL FUND
MARCH 31, 2023**

ASSETS

Cash and deposits	\$ -
TOTAL ASSETS	\$ -

NET POSITION

Restricted for other funds	\$ -
TOTAL NET POSITION	\$ -

TOWNSHIP OF OLIVER

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TAX COLLECTION CUSTODIAL FUND
YEAR ENDED MARCH 31, 2023**

ADDITIONS:

Current property tax	<u>\$ 3,736,127</u>
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DEDUCTIONS:

Distributions to other funds	661,659
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Distributions to other governments	<u>3,074,468</u>
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TOTAL DEDUCTIONS	<u>3,736,127</u>
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CHANGE IN NET POSITION	<u>-</u>
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NET POSITION AT BEGINNING OF YEAR	-
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NET POSITION AT END OF YEAR	<u><u>\$ -</u></u>
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TOWNSHIP OF OLIVER

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Township Operations:

The Township is located in Huron County, Michigan, and according to the 2020 census has 1,469 residents. It is governed by an elected board and provides the following services to its residents: public safety, public works, highways and streets, recreation and culture, and general administrative services.

The Township's financial statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in U.S. GAAP and used in the Township's financial statements are discussed below.

Reporting Entity:

In evaluating how to define the Township of Oliver for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in U.S. GAAP. The basic—but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township of Oliver is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no organizations that are deemed to be component units of the Township.

Government-Wide and Fund Financial Statements:

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Township's public safety, public works, highways and streets, recreation and culture, and general administrative services are classified as governmental activities.

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 Township. 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 services. The Township has no business-type activities.

TOWNSHIP OF OLIVER
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

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

Government-Wide and Fund Financial Statements: (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

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. 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 are levied. 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 Township 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.

State revenue sharing and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenue 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 Township.

The accounts of the Township 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, revenue, and expenditures or expenses as appropriate.

TOWNSHIP OF OLIVER
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

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

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

The Township reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Township. 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 account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The Township accounts for the following special revenue funds:

The Road Fund is a special revenue fund used to account for revenue from current property taxes allocated to provide for maintenance and construction of Township roads.

The Emergency Services Fund is a special revenue fund used to account for revenue from charges for services and current property taxes allocated to both ambulance and fire fighting services to Township residents.

Fiduciary Funds – The Fiduciary Fund accounts for the custodial fund activity which includes the collection and disbursement of tax revenues collected by the Township on behalf of other governments and are therefore not available for the Township's own programs.

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

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

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"). All other outstanding balances between funds are reported as "due to/from other funds."

Receivables at March 31, 2023 consist of property taxes. Taxes are deemed collectible in full.

Prepaid Items:

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

TOWNSHIP OF OLIVER

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

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

Capital Assets:

Capital assets, which include property and equipment, are reported in the governmental 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 \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives is not capitalized.

Depreciation of capital assets used by governmental activities is charged as an expense against their operations on the statement of activities. Accumulated depreciation is reported on the statement of net position. Property and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 to 40
Furniture and equipment	5 to 7
Roads	20

Long-Term Obligations:

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. The long-term obligations consist of drain assessments payable.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The proceeds of debt obligations are reported as other financing sources and payments of principal and interest are reported as expenditures.

Fund Balance:

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

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

Restricted fund balance – amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The Township’s Road Fund and Emergency Services Fund are considered restricted.

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

TOWNSHIP OF OLIVER
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

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

Fund Balance: (Continued)

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

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

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

Property Taxes:

Properties are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14, with the final collection date of February 28, before they are added to the county tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

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/expenses. 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.

NOTE 2 – BUDGET COMPLIANCE:

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

1. In accordance with the Township Act, prior to March 1, the Township Clerk submits to the Township Board 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 estimates for the current year and actual data for the two preceding years. The Township Act requires that the budget be submitted 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 budget 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 U.S. GAAP.
6. Appropriations lapse at the end of each fiscal year.
7. The Township Board may authorize supplemental appropriations during the year.

TOWNSHIP OF OLIVER

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

NOTE 2 – BUDGET COMPLIANCE: (CONTINUED)

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

During the year ended March 31, 2023, the following expenditures were in excess of the amounts appropriated for the year:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund:			
Elections	\$ 4,000	\$ 6,626	\$ 2,626
Assessor	14,334	25,692	11,358
Treasurer	19,820	22,225	2,405
Buildings and grounds	7,450	10,421	2,971

NOTE 3 – CASH AND DEPOSITS:

The carrying amount of cash and deposits with financial institutions of the Township of Oliver amounted to \$1,040,745 at March 31, 2023. The total bank balance as of the same date was \$1,066,583. Deposits with financial institutions are categorized as follows:

Amount insured by the FDIC	\$ 250,000
Uncollateralized	<u>816,583</u>
Total deposits with financial institutions	<u><u>\$ 1,066,583</u></u>

Michigan Compiled Laws Section 129.91 authorizes the Township 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; bankers' 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 Township's deposits are in accordance with statutory authority. The Township's investment policy does not identify credit risk, custodial credit risk, concentration of credit risk, or interest rate risk.

TOWNSHIP OF OLIVER

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

NOTE 4 – CAPITAL ASSETS:

The following is a summary of the governmental activities capital assets:

	<u>2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>2023</u>
Nondepreciable assets				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Total nondepreciable assets	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Depreciable assets				
Buildings and improvements	\$ 120,000	\$ 6,500	\$ -	\$ 126,500
Furniture and equipment	960,069	2,281	-	962,350
Infrastructure	3,589,266	-	-	3,589,266
Total depreciable assets	4,669,335	8,781	-	4,678,116
Accumulated depreciation	(1,925,748)	(232,134)	-	(2,157,882)
Net depreciable assets	<u>\$ 2,743,587</u>	<u>\$ (223,353)</u>	<u>\$ -</u>	<u>\$ 2,520,234</u>

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

Governmental activities:	
General government	\$ 2,336
Public safety	50,334
Highways and streets	<u>179,464</u>
Total depreciation expense - governmental activities	<u>\$ 232,134</u>

NOTE 5 – INTERFUND TRANSFERS:

For the year ended March 31, 2023, the Township transferred \$165,256 to the road fund to subsidize road construction.

NOTE 6 – LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the Township:

	<u>2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>2023</u>	<u>Due Within One Year</u>
Pigeon River drain assessment	<u>\$ 24,290</u>	<u>\$ -</u>	<u>\$ 4,858</u>	<u>\$ 19,432</u>	<u>\$ 4,858</u>

Details of the Township's long-term obligation outstanding are as follows:

Pigeon River Inter-County Drain Assessment dated October 1, 2012, due in equal annual installments of \$4,858 through October 2026 at an interest rate of 3.29%. The assessment is the Township's portion of the amount of special assessment used to finance the clean out of the Pigeon River. \$19,432

TOWNSHIP OF OLIVER

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Annual debt service requirements to maturity for the above obligation is as follows:

<u>March 31,</u>	Governmental Activities		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 4,858	\$ 590	\$ 5,448
2025	4,858	444	5,302
2026	4,858	295	5,153
2027	4,858	148	5,006
Totals	<u>\$ 19,432</u>	<u>\$ 1,477</u>	<u>\$ 20,909</u>

NOTE 7 - PENSION PLAN - DEFINED CONTRIBUTION:

The Township of Oliver 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 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, certain 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, 2023, the Township contributed \$7,412 to the plan and plan members also contributed \$9,267. Pension expense for the fiscal year ended March 31, 2023 was \$7,412.

NOTE 8 - PROPERTY TAXES:

Property taxes are levied based on the taxable value of property located in the Township. Assessed value is established annually and equalized by the State at an estimated 50% of current market value. A comparison of the assessed and taxable property values for the 2022 tax levy is as follows:

	<u>Assessed Value</u>	<u>Taxable Value</u>
Real and personal property	\$ 186,759,200	\$ 126,169,598
Industrial facilities	<u>4,585,700</u>	<u>4,523,823</u>
Total	<u>\$ 191,344,900</u>	<u>\$ 130,693,421</u>

The Township, as a general law Township, is not authorized to levy taxes without a vote. The Huron County Tax Allocation Board in 1964, allocated up to 1.30 mills per \$1,000 of taxable value for general law townships for general operations. For the year ended March 31, 2023, the Township levied 1.2729 mills for general governmental services, 3.0000 mills for roads, and 1.0000 mills for the emergency services, 0.2500 mills for library services, and 0.1000 mills for the historical society. The total millage levied was 5.6229.

TOWNSHIP OF OLIVER

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

NOTE 9 – TAX ABATEMENTS:

The Township enters into property tax abatement agreements with local businesses under the state Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. Under the Act, localities may grant property tax abatements of up to 50 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Township

For the fiscal year ended March 31, 2023, the Township abated property taxes totaling \$11,927 under this program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 50 percent tax abatement to an agricultural cooperative for the construction and installation of real and personal property. The abatement amounted to \$1,578.
- A 50 percent tax abatement to an agricultural cooperative for the construction and installation of real and personal property. The abatement amounted to \$6,633.
- A 50 percent tax abatement to an agricultural cooperative for the construction and installation of real and personal property. The abatement amounted to \$1,738.
- A 50 percent tax abatement to a manufacturing company for the construction and installation of personal property. The abatement amounted to \$1,719.

NOTE 10 – CONTINGENT LIABILITY:

The Township is a reimbursing employer for purposes of unemployment insurance claims against the Township. The Township 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 it is incurred.

The Township along with various other townships and counties are part of the Michigan Renewable Energy Collaborative (MREC). Certain wind energy companies are contesting the assessed taxable value of wind turbines. If the wind companies are successful in their claim then local governments would have to return tax dollars to these companies. The MREC was formed to fight the legal challenge and share legal costs related to the wind turbine tax value determinations. The wind turbine companies have made tax appeals to the Michigan Tax Tribunal in several townships where they have wind turbines. Due to the inconclusive nature, it is not possible for Legal Counsel to determine the probable outcome or a reasonable estimate of the Township's potential liability, if any.

NOTE 11 - RISK MANAGEMENT:

The Township purchased commercial insurance coverage for all general liability coverage and for losses related to worker's compensation claims. For the year ended March 31, 2023, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF OLIVER

GENERAL FUND

STATEMENT OF REVENUE, EXPENDITURES

AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2023

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUE:				
Taxes:				
Property taxes	\$ 150,253	\$ 150,253	\$ 187,333	\$ 37,080
Intergovernmental:				
State revenue sharing	49,000	49,000	70,518	21,518
Federal grants	33,284	33,284	-	(33,284)
Other state revenue	3,000	3,000	3,566	566
Total intergovernmental	<u>85,284</u>	<u>85,284</u>	<u>74,084</u>	<u>(11,200)</u>
Licenses and permits	520	520	645	125
Interest earned	500	500	1,441	941
Miscellaneous	4,846	4,846	1,416	(3,430)
TOTAL REVENUE	<u>241,403</u>	<u>241,403</u>	<u>264,919</u>	<u>23,516</u>
EXPENDITURES:				
General government:				
Legislative:				
Salaries	4,000	4,000	3,480	520
Employee benefits	4,530	4,530	3,478	1,052
Dues	2,000	2,000	2,103	(103)
Education and travel	1,000	1,000	420	580
Insurance	4,000	4,000	298	3,702
Supplies	1,900	1,900	420	1,480
Total legislative	<u>17,430</u>	<u>17,430</u>	<u>10,199</u>	<u>7,231</u>
Supervisor:				
Salaries	10,200	10,200	10,200	-
Education and travel	1,000	1,000	240	760
Insurance	250	250	-	250
Total supervisor	<u>11,450</u>	<u>11,450</u>	<u>10,440</u>	<u>1,010</u>
Elections:				
Salaries	1,000	1,000	4,189	(3,189)
Supplies	3,000	3,000	2,437	563
Total elections	<u>4,000</u>	<u>4,000</u>	<u>6,626</u>	<u>(2,626)</u>

(Continued)

TOWNSHIP OF OLIVER

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2023**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
Assessor:				
Salaries	13,334	13,334	19,300	(5,966)
Assessment roll preparation	1,000	1,000	6,050	(5,050)
Supplies	-	-	342	(342)
Total assessor	<u>14,334</u>	<u>14,334</u>	<u>25,692</u>	<u>(11,358)</u>
Clerk:				
Salaries	13,260	13,260	13,260	-
Computer and software	3,000	3,000	2,233	767
Education and travel	1,500	1,500	200	1,300
Printing and publishing	800	800	431	369
Professional fees	10,000	10,000	7,142	2,858
Supplies	1,000	1,000	717	283
Total clerk	<u>29,560</u>	<u>29,560</u>	<u>23,983</u>	<u>5,577</u>
Board of review:				
Salaries	1,560	1,560	975	585
Education and travel	500	500	-	500
Total board of review	<u>2,060</u>	<u>2,060</u>	<u>975</u>	<u>1,085</u>
Treasurer:				
Salaries	16,320	16,320	16,320	-
Education and travel	1,000	1,000	609	391
Supplies	2,500	2,500	5,296	(2,796)
Total treasurer	<u>19,820</u>	<u>19,820</u>	<u>22,225</u>	<u>(2,405)</u>
Buildings and grounds:				
Contracted services	150	150	-	150
Repairs and maintenance	5,600	5,600	8,860	(3,260)
Street lighting	800	800	531	269
Utilities	900	900	1,030	(130)
Total buildings and grounds	<u>7,450</u>	<u>7,450</u>	<u>10,421</u>	<u>(2,971)</u>
Planning and zoning:				
Salaries	3,600	3,600	2,025	1,575
Education and travel	200	200	-	200
Professional fees	2,000	2,000	-	2,000
Total planning and zoning	<u>5,800</u>	<u>5,800</u>	<u>2,025</u>	<u>3,775</u>
Total general government	<u>111,904</u>	<u>111,904</u>	<u>112,586</u>	<u>(682)</u>

(Continued)

TOWNSHIP OF OLIVER

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2023**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
Public works:				
Drains at large	<u>8,000</u>	<u>8,000</u>	<u>5,223</u>	<u>2,777</u>
Recreation and culture:				
Community events	600	600	500	100
Civic Center	1,000	1,000	1,000	-
Huron Youth Center	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>
Total recreation and culture	<u>1,900</u>	<u>1,900</u>	<u>1,500</u>	<u>400</u>
Capital outlay:				
General government	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>126,804</u>	<u>126,804</u>	<u>119,309</u>	<u>7,495</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>114,599</u>	<u>114,599</u>	<u>145,610</u>	<u>31,011</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers (out)	<u>(165,256)</u>	<u>(165,256)</u>	<u>(165,256)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(165,256)</u>	<u>(165,256)</u>	<u>(165,256)</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(50,657)</u>	<u>(50,657)</u>	<u>(19,646)</u>	<u>31,011</u>
FUND BALANCE - BEGINNING OF THE YEAR	<u>660,527</u>	<u>660,527</u>	<u>660,527</u>	<u>-</u>
FUND BALANCE - END OF THE YEAR	<u>\$ 609,870</u>	<u>\$ 609,870</u>	<u>\$ 640,881</u>	<u>\$ 31,011</u>

TOWNSHIP OF OLIVER

**ROAD FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2023**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUE:				
Property taxes	\$ 389,472	\$ 389,472	\$ 424,619	\$ 35,147
Intergovernmental:				
Federal grants	-	-	66,836	66,836
Interest earned	-	-	55	55
TOTAL REVENUE	<u>389,472</u>	<u>389,472</u>	<u>491,510</u>	<u>102,038</u>
EXPENDITURES:				
Ditch cleaning	2,000	2,000	1,075	925
Dust control	6,000	6,000	4,080	1,920
Road construction	650,000	650,000	636,664	13,336
TOTAL EXPENDITURES	<u>658,000</u>	<u>658,000</u>	<u>641,819</u>	<u>16,181</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(268,528)</u>	<u>(268,528)</u>	<u>(150,309)</u>	<u>118,219</u>
OTHER FINANCING SOURCES (USES):				
Contributions to other governments	(20,000)	(20,000)	(20,000)	-
Operating transfers in	165,256	165,256	165,256	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>145,256</u>	<u>145,256</u>	<u>145,256</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(123,272)</u>	<u>(123,272)</u>	<u>(5,053)</u>	<u>118,219</u>
FUND BALANCE - BEGINNING OF THE YEAR	167,656	167,656	167,656	-
FUND BALANCE - END OF THE YEAR	<u>\$ 44,384</u>	<u>\$ 44,384</u>	<u>\$162,603</u>	<u>\$ 118,219</u>

TOWNSHIP OF OLIVER

**EMERGENCY SERVICES FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2023**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUE:				
Property taxes	\$ 129,824	\$ 129,824	\$ 132,248	\$ 2,424
Charges for services	24,250	24,250	26,050	1,800
Interest earned	200	200	18	(182)
Miscellaneous	4,250	4,250	2,412	(1,838)
TOTAL REVENUE	<u>158,524</u>	<u>158,524</u>	<u>160,728</u>	<u>2,204</u>
EXPENDITURES:				
Salaries	50,000	50,000	46,625	3,375
Employee benefits	3,750	3,750	3,933	(183)
Ambulance subsidy	7,415	7,415	7,095	320
Dues	200	200	150	50
Education and travel	2,500	2,500	1,710	790
Insurance	21,000	21,000	21,761	(761)
Miscellaneous	500	500	433	67
Operating supplies	6,000	6,000	2,540	3,460
Repairs and maintenance	12,000	12,000	1,357	10,643
Telephone	500	500	1,376	(876)
Utilities	5,000	5,000	4,952	48
Capital outlay	10,000	10,000	6,332	3,668
TOTAL EXPENDITURES	<u>118,865</u>	<u>118,865</u>	<u>98,264</u>	<u>20,601</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>39,659</u>	<u>39,659</u>	<u>62,464</u>	<u>22,805</u>
FUND BALANCE - BEGINNING OF THE YEAR	227,295	227,295	227,295	-
FUND BALANCE - END OF THE YEAR	<u>\$ 266,954</u>	<u>\$ 266,954</u>	<u>\$ 289,759</u>	<u>\$ 22,805</u>

Communication of Significant Deficiencies and Material Weaknesses

To the Township Board
Township of Oliver
Elkton, Michigan

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, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Oliver's system of internal control over financial reporting (internal control) as a basis for designing 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 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 or significant deficiencies 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 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. We consider the following deficiency in internal control to be a material weakness:

Preparation of Year End Closing Procedures and Reclassifications

Condition: We assisted the accounting staff with the basic year end accounting procedures that are necessary to prepare the books for audit purposes. This also included the preparation of several material year end adjusting entries and reclassifications 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, prepare the appropriate year end adjusting entries, and classify the fiscal year activity with minimal error in order 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 Township provide its accounting staff with the necessary training to ensure they are able to perform the year end accounting procedures including the preparation of the year end adjusting entries and the classification of the fiscal year activity to ensure the Township's accounting records agree with the accounting principles generally accepted in the United States of America.

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 their technical

assistance in performing the year end closing procedures. However, we will work with our external auditors to improve the classification of the fiscal year activity. We would expect this situation, where we are using our external auditors for their technical assistance in performing the year end closing procedures, to be ongoing in future years.

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 internal control to be a significant deficiency:

Preparation of the U.S. GAAP Basis Financial Statements

Condition: We assisted the Township in preparing the annual financial statements (including related notes) prepared in accordance with accounting principles generally accepted in the United States of America.

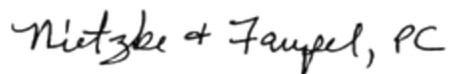
Criteria: The responsibility for the Township's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America rests with the management of the Township. Management is also responsible for the system of internal controls used to ensure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

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

Recommendation: We recommend that the Township acquire the expertise necessary to prepare the annual financial statements (including the notes) in accordance with accounting principles generally accepted in the United States of America.

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.

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



Nietzke & Faupel, PC
Pigeon, Michigan

September 25, 2023

Communication with Those Charged with Governance

September 25, 2023

To the Township Board
Township of Oliver
Elkton, Michigan

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, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 16, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2023. We noted no transactions entered into by the Township of Oliver 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 Township of Oliver's financial statements was:

Management's estimate of the estimated useful lives of the capital assets is based on management's experience and knowledge of the Township's capital assets. We evaluated the methods, assumptions, and data used to develop the estimated useful lives of the capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

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 clearly trivial, and communicate them to the appropriate

level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- The reclassification of transactions to the correct accounts, including:
 - Deposits coded to state revenue sharing and property tax revenues in the General fund and reclassified to property tax revenues in the Fire and Road funds
 - Deposits coded to state revenue sharing in the General Fund and reclassified to personal property tax reimbursement revenue in the Fire and Roads
- The reversal of fiscal year 2022 and recording of fiscal year 2023 journal entries, including:
 - Accounts receivable, including taxes receivable and amounts due from the State of Michigan
 - Prepaid expenses
- A journal entry made to reclassify unearned revenue in the General fund to other federal grant revenues in the Road fund
- A journal entry made to adjust the pooled cash accounts for the various funds at year end
- A journal entry made to record a transfer made from the General fund to the Road fund

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, 2023.

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 Township of Oliver'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 Township of Oliver'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 the management's discussion and analysis and budget comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of 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 we 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 information and use of the Township 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.

Nietzke & Faupel, PC

Nietzke & Faupel, PC
Pigeon, Michigan