AUDITED FINANCIAL STATEMENTS

TOWNSHIP OF OLIVE, MICHIGAN

March 31, 2005

CALVIN D. MEEUSEN
CERTIFIED PUBLIC ACCOUNTANT

Michigan Dept. of Treasury, Local Audit & Finance Division
496 (3-98), Formerly L-3147

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type	Local Government Name	County
☐ City ☒ Township ☐ Village ☐ Other	Olive Township	Ottawa

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
March 31, 2005	June 30, 2005	July 13, 2005

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name)			
Calvin Meeusen Company, C.P.A., PLLC			
Street Address: 1014 S. Beacon Blvd.	City: Grand Haven	State: MI	ZIP: 49417
Accountant Signature: Calvin T. Meeusen			

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CALVIN D. MEEUSEN
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CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Township Board
Township of Olive, Michigan

I have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Olive, Michigan as of and for the year ended March 31, 2005, which, collectively, comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each major fund of the Township as of March 31, 2005, and the respective changes in financial position where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described is Note A, the Township of Olive has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, for the year ended March 31, 2005.

The Management's Discussion and Analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The accompanying required supplemental information, as identified in the table of contents, are not required parts of the basic financial statements. The required supplemental information is information required by the Governmental Accounting Standards Board. My audit was conducted

for the purpose of forming opinions on the financial statements that collectively comprise the Township of Olive basic financial statements. The required supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Calvin Meeusen Company C.P.A. PLLC

Calvin Meeusen Company, C.P.A., PLLC
Grand Haven, MI 49417
June 30, 2005

Using this Management's Discussion and Analysis

This annual report is intended to supplement the Township's financial statements for fiscal year ending March 31, 2005. The format of the financial statements has changed due to the implementation of GASB Statement 34 accounting. The Statement of Net Assets 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. Fund financial statements (i.e. the Statement of Governmental Fund Revenue, Expenditures and changes in Fund Balance and the Governmental Fund Balance Sheet) tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's total net assets are $4,607,520 as of March 31, 2005. Unrestricted net assets, which represents net assets that can be used to finance day to day operations, comprise 67.5% of that total. The current level of unrestricted net assets for our governmental activities stands at $3,109,554 or about 273% of current year operating expenditures.

Government-Wide Financial Analysis:

The first table presented is a summary of the government-wide statement of net assets for the Township. The net assets may be used as an indicator of a government's financial health. As of March 31, 2005, the Township's total government-wide net assets from governmental activities totaled $4,607,520 (100%). Since this is the first year the Township has prepared financial statements following GASB 34, comparisons to the prior fiscal year are not available.

In examining the composition of these net assets, the reader should note that governmental activities net assets are primarily invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.). These assets are used to provide services to the residents and they are not available to pay salaries, operational expenses, or fund capital projects.

Table 1
Township of Olive Net Assets

	Governmental Activities
Assets	
Current and other assets	$3,119,136

Table 1- Township of Olive Net Assets-continued

	Governmental Activities
Capital assets, net of accumulated depreciation	$1,497,966
Total	4,617,102
Liabilities	
Current	9,582
Noncurrent	-
Total	9,582
Net Assets	
Capital Assets, Net of Debt	1,497,966
Unrestricted	3,109,554
Total net assets	$4,607,520

The Township's net assets continue to remain healthy. The Township has enough unrestricted cash on hand at the end of the year to fund normal operating expenses in similar circumstances for over 12 months.

Governmental Activities

Governmental activities increased the Township's net assets by $160,805, accounting for all of the total growth in net assets. Table 2 depicts this occurrence which will be discussed in more detail later in this analysis.

The Township's total revenues in the General Fund increased by approximately 1.8%.

The Township anticipates several expenditures next year in the area of capital outlay including updating our buildings, and additional parking. The Township is purchasing a new tax computer, hardware and software which will be implemented for use in the tax collection area.

Table 2
Township of Olive Changes in Net Assets

	Governmental Activities
Revenues	
Program	
Charges for Services	$ 99,395

Table 2
Township of Olive Changes in Net Assets-Continued

	Governmental Activities
Revenues	
General	
Property taxes	686,171
State revenue sharing	325,106
Investment earnings	87,918
Other	105,639
Total	1,304,229
Expenses	
Legislative	13,776
General government	257,263
Public safety	343,990
Public works	302,694
Other	225,701
Total	1,143,424
Increase (Decrease) in Net Assets	160,805
Net Assets at April 1, 2004	4,446,715
Net Assets at March 31, 2005	$4,607,520

The Township's Funds

An analysis of the Township's major funds begins on page 11 following the entity wide financial statements. The fund financial statements provide detailed information about the significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The Township's major funds include the General Fund, Road Fund, Fire Rescue Donation Fund, Emergency Fund and the Dust Fund.

The General Fund pays the Township's general operating expenditures, the most significant of which are General Government, Public Safety and Public Works.

General Fund Budgetary Highlights

As in past years, the Township Board monitors the budget on a monthly basis. Over the course of the year, the Township Board amended the budget to take into account events during the year. Township expenditures overall stayed below budget, resulting in total expenditures of $616,660, which was $942,290 below budget. The General Fund's fund balance increased from $2,455,090 a year ago to

General Fund Budgetary Highlights-Continued

$2,509,875 at March 31, 2005. The budget was amended for insurance and payroll taxes resulting in an increase to the original budget.

Capital Asset and Debt Administration

At March 31, 2005 the Township had $1,919,735 (net of accumulated depreciation of $421,769) invested in a broad range of capital assets including land, land improvements, buildings and machinery and equipment.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for the next fiscal year projects property taxes to increase by approximately 5% due to increases in property values and newly assessed residential properties from housing developments. State revenue sharing allocations are a budgetary concern at this time. The State of Michigan has experienced significant budgeting problems and as they look for solutions, state shared revenues may decrease. The amount of revenue sharing is uncertain at this time but is expected to approximate last year's amount. Salaries are a large expenditure of the funds and represented approximately 16% of this year's total budget.

Professional services, continues to be a large expenditure, primarily resulting from legal fees as our legal counsel continues to advise us on several lawsuits resulting from zoning violations. The Township is also anticipating some possible special assessments which the legal counsel will help facilitate.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and other interested parties with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact us at (616) 786-9996.

Township of Olive, Michigan

STATEMENT OF NET ASSETS

March 31, 2005

	Governmental Activities
ASSETS	
Cash	$2,909,723
Receivables	
Taxes	62,706
Assessments	71,021
Due from fiduciary funds	26,340
Due from state	49,346
Capital assets, net	1,497,966
Total assets	4,617,102
LIABILITIES	
Accounts payable	8,735
Accrued expenses	847
Total liabilities	9,582
NET ASSETS	
Invested in capital assets net of related debt	1,497,966
Unrestricted	3,109,554
Total Net Assets	$4,607,520

The Notes to Financial Statements are an integral part of this statement.

Township of Olive, Michigan

STATEMENT OF ACTIVITIES

March 31, 2005

	Program Revenue		Net (Expense) Revenue and Changes in Net Assets Primary Government
	Expenses	Charges for services	Governmental activities
Primary Government			
Governmental activities			
Legislative	$ 13,776	$ -	$ (13,776)
General government	257,263	15,211	(242,052)
Public safety	343,990	84,184	(259,806)
Public works	302,694	-	(302,694)
Other governmental functions	225,701	-	(225,701)
Total primary Government	$1,143,424	$ 99,395	$(1,044,029)
General revenues			
Property taxes			686,171
State grants			325,106
Investment earnings			87,918
Other			105,639
Total general revenue and special items			1,204,834
Change in net assets			160,805
Net assets at April 1, 2004			4,446,715
Net assets at March 31, 2005			$4,607,520

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

BALANCE SHEET
GOVERNMENTAL FUNDS

March 31, 2005

	General Fund	Road Fund
ASSETS		
Cash	$2,473,550	$ 7,910
Receivables		
Taxes	62,706	-
Assessments-current	5,930	-
Assessments-deferred	65,091	-
Due from other funds	26,340	23,958
Due from state	49,346	-
Total Assets	$2,682,963	$ 31,868
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	$ 5,396	$ -
Accrued expenses	847	-
Due to other funds	95,824	-
Deferred revenue	71,021	-
Total Liabilities	173,088	-
Fund Equity:		
Fund balance		
Unreserved	2,509,875	31,868
Total Fund Equity	2,509,875	31,868
Total Liabilities and Fund Equity	$2,682,963	$ 31,868

The accompanying notes are an integral part of this statement.

Fire Rescue Donation Fund	Emergency Fund	Dust Fund	Total Governmental Funds
$ 15,990	$ 304,591	$ 107,682	$2,909,723
-	-	-	62,706
-	-	-	5,930
-	-	-	65,091
500	66,859	5,007	122,664
-	-	-	49,346
$ 16,490	$ 371,450	$ 112,689	$3,215,460
$ -	$ 3,339	$ -	8,735
-	-	-	847
-	500	-	96,324
-	-	-	71,021
-	3,839	-	176,927
16,490	367,611	112,689	3,038,533
16,490	367,611	112,689	3,038,533
$ 16,490	$ 371,450	$ 112,689	$3,215,460

Township of Olive, Michigan

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

March 31, 2005

Total fund balance-governmental funds		$3,038,533
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of capital assets	$1,919,735	
Accumulated depreciation	(421,769)	1,497,966
Special assessment receivables are expected to be collected over several years, and are not available to pay for current year expenditures.		71,021
Net assets of governmental activities in the Statement of Net Assets		$4,607,520

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year ended March 31, 2005

	General Fund	Road Fund	Fire Rescue Donation Fund
Revenues:			
Taxes	$152,172	$ 261,423	$ -
Licenses and permits	84,184	-	-
State grants	325,106	-	-
Interest and rentals	98,650	16	-
Other revenue	11,333		8,268
TOTAL REVENUES	671,445	261,439	8,268
Expenditures			
Current:			
Legislative	13,776	-	-
General government	244,861	-	-
Public safety	87,359	-	4,875
Public works	12,515	231,904	-
Other	225,701	-	-
Capital outlay	32,448	-	-
TOTAL EXPENDITURES	616,660	231,904	4,875
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	54,785	29,535	3,393
Other financing sources (uses)			
Transfers to other governmental units	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	54,785	29,535	3,393
Fund balance - April 1	$2,455,090	2,333	13,097
Fund balance - March 31	$2,509,875	$ 31,868	$ 16,490

The accompanying notes are an integral part of this statement.

Emergency Fund	Dust Fund	Total Governmental Funds
$ 272,576	$ -	$ 686,171
-	-	84,184
-	-	325,106
2,257	2,206	103,129
15,017	-	34,618
289,850	2,206	1,233,208
-	-	13,776
-	-	244,861
198,330	-	290,564
-	56,897	301,316
-	-	225,701
29,952	-	62,400
228,282	56,897	1,138,618
61,568	(54,691)	94,590
-	-	-
61,568	(54,691)	94,590
306,043	167,380	2,943,943
$ 367,611	$ 112,689	$ 3,038,533

Township of Olive, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

March 31, 2005

Net change in fund balances-total governmental funds:		$ 94,590
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures in the Statement of Activities; these costs are depreciated over their estimated useful lives.		
Depreciation expense	$ (67,207)	
Capital outlay	62,401	
		(4,806)
Special assessment revenues recorded in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.		71,021
Change in net assets of governmental activities		$160,805

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

FIDUCIARY FUNDS - STATEMENT OF NET ASSETS

Year ended March 31, 2005

	Trust and Agency Funds	
	Current Tax Collection	Escrow
ASSETS		
Cash	$ 148,798	$ 5,000
LIABILITIES		
Due to other funds	$ 26,340	$ -
Due to schools	36,745	-
Due to state	85,713	-
Escrow deposits	-	5,000
	$ 148,798	$ 5,000

The accompanying notes are an integral part of this statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Olive have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's policies are described below.

Effective April 1, 2004, the Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 37 and No. 38. These statements primarily establish standards for external financial reporting for state and local governments. Certain significant changes in these statements include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
- Government-wide financial statements prepared using full accrual accounting for all of the Township's activities.
- A change in the fund financial statements to focus on the major funds.
- Expansion of footnote disclosures.
- These and other changes are reflected in the accompanying financial statements, including notes to financial statements.

The beginning net assets restated for the effects of implementation of GASB Statement No. 34 are as follows:

Fund balances at April 1, 2004 governmental funds	$2,943,943
Capital assets, net	1,502,772
Restated net assets at April 1, 2004	$4,446,715

1. Reporting Entity

The Township of Olive (Ottawa County) is a general law township which operates under an elected Township Board form of government and provides services to its residents in many areas including public safety (fire protection), highways and streets, parks and recreation, planning and zoning and general administrative services.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Township does not allocate indirect costs.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 (when applicable), expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state revenue sharing 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 period. All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation-Continued

The Village reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund accounts for revenue to be used for paving of roads within the Township.

The Fire Rescue Donation Fund accounts for all donations from corporations or individuals for the purpose of purchasing safety equipment for the fire rescue.

The Emergency Fund accounts for all fire department and emergency services provided for the Township.

The Dust Fund accounts for revenues to be used for dust control on the gravel roads.

The Village reports the following fiduciary funds:

The Current Tax Collection Fund accounts for revenues received from tax payers and distributed to various entities including the state, county, townships and school districts per predetermined millages.

The Escrow Fund accounts for funds held for a sand mine permit to ensure projects are completed correctly within the Township.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

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

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments, if any. Internally dedicated resources are reported as general revenue rather than as program revenues. Likewise, general revenues include all taxes.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Assets, Liabilities, and Net Assets or Equity

a. Deposits and Investments

The Township's cash and cash equivalents are considered to be interest bearing and non-interest bearing, demand deposits and certificates of deposits. The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools and certain mutual funds. The Township has adopted an investment policy that is more restrictive than the above. See Note C2.

The Township considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

b. Receivables and Payables

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

Property taxes attach as an enforceable lien on property and are levied as follows: Summer taxes on July 1 and are payable through September 14; winter taxes on December 1 are payable through February 14. The Township bills and collects its own property taxes and also taxes for the local and intermediate school districts and the county. Collection of these taxes and remittance of them to the districts and the county are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized in the period for which they are levied. The Township is permitted by law to levy taxes up to .9815 mills per $1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and no millage for the payment of principal and interest on long-term debt. The combined tax rate, of levied millage and additional voted millage, to finance general governmental services for the year ended March 31, 2005, was 4.8648 mills.

c. Capital Assets

Capital assets, which include property, plant 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 $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Assets, Liabilities, and Net Assets or Equity-Continued

c. Capital Assets-Cont.

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

Major outlays for capital assets and improvements, if any, are capitalized as projects are constructed.

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

Assets	Years
Land improvements	15-30
Buildings	55
Furniture, fixtures and equipment	5-15
Vehicles	10-20

d. Compensated Absences

Township employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation time and sick leave do not accumulate past March 31 of each fiscal year. No portion of unused sick leave is paid to employees at the time of termination or retirement. It is the Township's policy to recognize the cost of sick leave at the time it is paid.

e. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

f. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Information

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

a. On or about March 31, the Township Board submits to the general public a proposed operating budget for the fiscal year commencing the following April 1. The operating budget included proposed expenditures and the means of financing them.
b. Public hearings are conducted to obtain taxpayer comments.
c. Prior to April 1, the budget is legally enacted through passage of a resolution.
d. The Township Board is authorized to transfer budgeted amounts within departments within any fund.
e. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles.
f. Appropriations for all funds lapse at the end of the fiscal year.

Budgeted amounts are as originally adopted, or as amended by the Township Board as of March 31, 2005.

2. Risk Management

The Township of Olive is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefits and workers compensation claims and participates in the Michigan Township Participating Plan for claims relating to general liability, excess liability, auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents.) Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The local units in the State of Michigan established and created a trust fund, known as the Michigan Township Participating Plan pursuant to the provisions of Act 138 of the Michigan Public Acts of 1982. The plan is to provide for joint and cooperative action relative to Members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to local units and related local unit activities within the state. The Township of Olive became a member of the plan in 1996.

The Michigan Township Participating Plan operates as a risk-sharing management program for local units in Michigan, member premiums are used to purchase insurance coverage to pay member claims in excess of deductible amounts.

NOTE C - DEPOSITS

1. Deposits

The Township's deposits are with four financial institutions and are carried at cost, the deposits are composed of interest bearing and non-interest bearing demand deposits and certificates of deposit.

As of March 31, 2005, the Township's carrying amount of deposits was $3,063,521and the bank balance was $3,071,247. Of the bank balance, $500,000 was covered by federal depository insurance, the remainder being uninsured.

2. Investment Policy

Michigan Compiled Laws, Section 129.91, authorizes the local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptance of United States banks; prime commercial paper; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Township in accordance with Public Act 20 of 1943 (as amended) authorized investments in demand depository accounts, certificates of deposit, and savings accounts.

3. Summary

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	$ 2,909,723	$ 153,798	$ 3,063,521

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2005 was as follows:

Governmental Activities	Balance April 1, 2004	Additions	Deductions	Balance March 31, 2005
Capital assets, not being depreciated:				
Land	$ 72,709	$ -	$ -	$ 72,709
Total capital assets, not being depreciated	72,709	-	-	72,709
Capital assets, being depreciated:				
Buildings	842,010	-	-	842,010
Land improvements	160,950	-	-	160,950
Furniture, Fixtures and equipment	57,922	32,449	-	90,371
Vehicles	731,398	29,952	7,655	753,695
Total capital assets, being depreciated	1,792,280	62,401	7,655	1,847,026
Less accumulated depreciation for:				
Buildings	92,081	15,309	-	107,390
Land improvements	7,538	5,560	-	13,098
Furniture, Fixtures and equipment	25,918	6,789	-	32,707
Vehicles	236,680	39,549	7,655	268,574
Total accumulated depreciation	362,217	67,207	7,655	421,769
Total capital assets, being depreciated, net	1,430,063	(4,806)	-	1,425,257
Capital Assets, net	1,502,772	(4,806)	-	1,497,966

Government activities:

Depreciation

Depreciation expense was charged to functions as follows:

General government	$ 12,402
Public safety	53,427
Public works	1,378
	$ 67,207

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

Details of interfund receivables and payables at March 31, 2005, are as follows:

Fund	Interfund Receivables	Fund	Interfund Payable
Road	$ 23,958	General	$ 95,824
Dust	5,007		
Emergency	66,859		
	95,824		95,824
General	26,340	Current Tax Collection	26,340
Fire Rescue Donation	500	Emergency	500
	$122,664		$122,664

NOTE F - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures have been reported on a functional basis. This is the same basis for which the budgets have been legally adopted and amended.

During the year ended March 31, 2005, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Actual Expenditures	Budget Variance
General Fund			
Building and grounds	23,000	23,393	393
Other - Insurance and payroll taxes	24,120	24,221	101
Fire Rescue Donation Fund	-	4,875	4,875

NOTE G - MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (MERS)

The Township of Olive elected to become a member of the Municipal Employees Retirement System in accordance with provisions of Section 41 of Act No. 427, Public Acts of 1984, effective July 1, 1991. The payroll for employees covered by the MERS for the year ended March 31, 2005, was $59,332. Current membership in the MERS is comprised of the following:

NOTE G - MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (MERS)-CONTINUED

Group	March 31, 2004
Retirees and beneficiaries currently receiving benefits	-
Vested terminated employees	1
Active employees	3

Employees attaining the age of 50 who have completed 25 or more continuous years of service are entitled to annual benefits of 2.0% of their final average compensation for each year of credited service, reduced 1/2 of 1% for each complete month that retirement precedes the normal retirement age of 60. The MERS permits early retirement at the completion of 25 years of continuous service. Active employees who become disabled after acquiring ten or more years of continuous service are entitled to annual benefits of 2.0% of their final average compensation for each year of credited service.

If an active employee or vested former employee with ten or more years of service dies before retirement, a monthly survivor allowance may be payable as follows:

Named contingent survivor beneficiary (if any) will receive a retirement allowance computed in the same manner as a service retirement allowance, but reduced to reflect an Option II (100% joint and survivor) election.

No named beneficiary and the employee leaves a spouse, the spouse will receive a survivor allowance. The amount of allowance shall be 85% of the deceased employee or former employee accrued retirement allowance, based upon service and final average compensation at time of death.

No named beneficiary and no retirement allowance being paid to a surviving spouse, unmarried children under the age of 21 will be paid an equal share of 50% of the deceased employee's accrued retirement allowance.

If an employee terminates employment with the Township before age 60, other than by retirement or death, the retirement allowance is computed in the same manner as a service retirement with the applicable benefit being determined as of the date of termination. Rights to an allowance are forfeited if the employee's accumulated contributions are withdrawn.

Employees are required to contribute 7.6% of their annual salary to the MERS. The Township is required to contribute the remaining amount necessary to fund the MERS, using the entry age-normal actuarial method as specified by ordinance. The Township currently funds at a rate of 6.99% of each participating employee's annual salary.

NOTE G - MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (MERS)-CONTINUED

Funding Status and Progress

The Township contributed $4,121 to the plan for the year ended March 31, 2005. The pension benefit obligation was underfunded by $20,427 and $26,514 at January 1, 2004 and 2003, respectively, and was determined as part of an actuarial valuation of the plan as of those dates. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) the salary increase assumption projects annual salary increases of 4.5% plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases, (c) the assumption that benefits will not increase after retirement.

NOTE H - BUILDING INSPECTION DEPARTMENT

Olive Township is responsible for complying with the State Construction Code Act. This Act was amended by Public Act 245 of 1999 which became effective on January 1, 2000. Section 22 of Public Act 245 requires that the legislative body of a governmental subdivision shall establish reasonable fees to be charged by the governmental subdivision for acts and services performed by the enforcing agency under this act, which fees shall be intended to bear a reasonable relation to the cost, including overhead, to the governmental subdivision of the acts and services, including, without limitation, those services and acts as, in case of an enforcing agency, issuance of building permits, examination of plans and specifications, inspection of construction undertaken pursuant to a building permit, and the issuance of certificates of use and occupancy, and, in case of a board of appeals, hearing appeals in accordance with this act. The legislative body of a governmental subdivision shall only use fees generated under this section for the operation of the enforcing agency and shall not use the fees for any other purpose.

Olive Township meets the Michigan Department of Treasury criteria to account for these activities in the General Fund (ie. not establishing a separate Special Revenue Fund) namely, that the fee structure is not intended to recover the full cost of the enforcing agency and the Township has the ability to track the full costs and revenues of the enforcing agency without creating a separate fund. The following is a schedule of the revenues and expenditures associated with the building inspection department:

NOTE H - BUILDING INSPECTION DEPARTMENT-CONTINUED

Township of Olive
Building Inspection Department
April 1, 2004-March 31, 2005

Revenue	$ 84,184
Expenses	
Contracted services	73,884
Supplies	106
Administration	8,418
TOTAL EXPENSES	82,408
EXCESS OF REVENUE OVER (UNDER) EXPENSES	$ 1,776

REQUIRED SUPPLEMENTAL INFORMATION

Township of Olive, Michigan
Budgetary Comparison Schedule
GENERAL FUND

March 31, 2005

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with final Budget - Favorable (Unfavorable)
REVENUES				
Taxes	$ 173,900	$ 173,900	$ 152,172	$ (21,728)
Licenses and permits	75,000	75,000	84,184	9,184
State grants	250,000	250,000	325,106	75,106
Interest and rentals	65,000	65,000	98,650	33,650
Other revenue	-	-	11,333	11,333
Total Revenues	563,900	563,900	671,445	107,545
EXPENDITURES				
Legislative				
Governing body				
Salaries and wages	4,800	4,800	3,505	1,295
Supplies	12,000	12,000	10,271	1,729
Total legislative	16,800	16,800	13,776	3,024
General government				
Supervisor				
Salaries and wages	22,500	22,500	21,770	730
Supplies	2,000	2,000	1,143	857
	24,500	24,500	22,913	1,587
Auditor				
Professional and contractual services	8,685	8,685	8,685	-
Assessor				
Professional and contractual services	19,921	19,921	19,921	-
Supplies	2,500	2,500	2,391	109
	22,421	22,421	22,312	109
Attorney				
Professional and contractual services	80,000	80,000	72,787	7,213
Election				
Wages	3,799	3,799	3,799	-
Supplies	2,000	2,000	1,297	703
	5,799	5,799	5,096	703

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan
Budgetary Comparison Schedule
GENERAL FUND-CONTINUED

March 31, 2005

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with final Budget - Favorable (Unfavorable)
General government-Continued				
Clerk				
Salaries and wages	20,000	20,000	19,576	424
Supplies	4,000	4,000	2,021	1,979
	24,000	24,000	21,597	2,403
Deputy Clerk				
Salaries and Wages	1,500	1,500	746	754
Treasurer				
Salaries and wages	22,325	22,325	21,920	405
Supplies	2,000	2,000	1,844	156
	24,325	24,325	23,764	561
Deputy Treasurer				
Salaries and wages	2,000	2,000	2,000	-
Board of Review				
Salaries and wages	3,000	3,000	1,560	1,440
Office supplies	500	500	94	406
	3,500	3,500	1,654	1,846
Building and Grounds				
Salaries and wages	3,000	3,000	2,719	281
Office supplies	8,000	8,000	11,014	(3,014)
Public utilities	12,000	12,000	9,660	2,340
	23,000	23,000	23,393	(393)
General services				
Wages	22,000	22,000	22,030	(30)
Office supplies	12,000	12,000	9,606	2,394
Professional and contractual services	12,000	12,000	1,785	10,215
	46,000	46,000	33,421	12,579
Cemetery				
Salaries and wages	7,000	7,000	5,768	1,232
Supplies	2,500	2,500	725	1,775
	9,500	9,500	6,493	3,007
Total general government	275,230	275,230	244,861	30,369

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan
Budgetary Comparison Schedule
GENERAL FUND-CONTINUED

March 31, 2005

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with final Budget - Favorable (Unfavorable)
Public Safety				
Building inspector				
Professional and contractual services	50,000	50,000	37,560	12,440
Office supplies	1,500	1,500	106	1,394
	51,500	51,500	37,666	13,834
Electrical Inspector				
Professional and contractual services	8,000	8,000	6,244	1,756
Plumbing Inspector				
Salaries and wages	8,000	8,000	4,450	3,550
Mechanical Inspector				
Professional and contractual services	6,000	6,000	4,110	1,890
Planning Commission				
Salaries and wages	12,500	12,500	4,445	8,055
Office Supplies	7,500	7,500	7,085	415
	20,000	20,000	11,530	8,470
Zoning Administrator				
Professional and contractual services	26,500	26,500	21,520	4,980
Zoning Board of Appeals				
Salaries and wages	1,000	1,000	690	310
Office supplies	1,000	1,000	1,149	(149)
	2,000	2,000	1,839	161
Total Public Safety	122,000	122,000	87,359	34,641
Public Works				
Drains	20,000	20,000	8,728	11,272
Street lighting				
Public utilities	4,000	4,000	3,787	213
Total Public Works	24,000	24,000	12,515	11,485

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan
Budgetary Comparison Schedule
GENERAL FUND-CONTINUED

March 31, 2005

	Budgeted Amounts			Variance with final Budget - Favorable
	Original	Final	Actual	(Unfavorable)
Other				
Insurance and payroll taxes	20,000	24,120	24,221	(101)
Engineering	500,000	500,000	193,141	306,859
Road expenses	500,000	500,000	867	499,133
MACC Council	15,000	15,000	-	15,000
Miscellaneous	21,800	21,800	7,472	14,328
Total Other	1,056,800	1,060,920	225,701	835,219
Capital outlay				
General	60,000	60,000	32,448	27,552
Total Expenditures	1,554,830	1,558,950	616,660	942,290

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

BUDGETARY COMPARISON SCHEDULE

ROAD FUND

Year ended March 31, 2005

	Budgeted Amounts			Variance with final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Property taxes	$245,000	$245,000	$261,423	$ 16,423
Interest earnings	1,000	1,000	16	(984)
TOTAL REVENUES	246,000	246,000	261,439	15,439
Expenditures				
Road projects	248,333	248,333	231,904	16,429
TOTAL EXPENDITURES	248,333	248,333	231,904	16,429
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,333)	(2,333)	29,535	31,868
Fund balance - April 1	2,333	2,333	2,333	-
Fund balance - March 31	$ -	$ -	$ 31,868	$ 31,868

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

BUDGETARY COMPARISON SCHEDULE

FIRE RESCUE DONATION FUND

Year ended March 31, 2005

	Budgeted Amounts			Variance with final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Donations	$ -	$ -	$ 8,268	$ 8,268
TOTAL REVENUES	-	-	8,268	8,268
Expenditures				
Miscellaneous	-	-	4,875	(4,875)
TOTAL EXPENDITURES	-	-	4,875	(4,875)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	3,393	3,393
Fund balance - April 1	13,097	13,097	13,097	-
Fund balance - March 31	$ 13,097	$ 13,097	$ 16,490	$ 3,393

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

BUDGETARY COMPARISON SCHEDULE

EMERGENCY FUND

Year ended March 31, 2005

	Budgeted Amounts			Variance with final Budget - Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Property taxes	$250,000	$250,000	$272,576	$ 22,576
Interest	1,500	1,500	2,257	757
Other revenue	-	-	15,017	15,017
TOTAL REVENUES	251,500	251,500	289,850	38,350
Expenditures				
Salaries and wages	-	-	99,600	(99,600)
Operating expenditures	245,300	245,300	76,529	168,771
Insurance	-	-	17,112	(17,112)
Capital outlay	-	-	29,952	(29,952)
Miscellaneous	-	-	5,089	(5,089)
TOTAL EXPENDITURES	245,300	245,300	228,282	17,018
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,200	6,200	61,568	55,368
Fund balance - April 1	306,043	306,043	306,043	-
Fund balance - March 31	$ 312,243	$ 312,243	$ 367,611	$ 55,368

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

BUDGETARY COMPARISON SCHEDULE

DUST FUND

Year ended March 31, 2005

	Budgeted Amounts			Variance with final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Interest	$ 5,000	$ 5,000	$ 2,206	$ (2,794)
TOTAL REVENUES	5,000	5,000	2,206	(2,794)
Expenditures				
Chloride	60,340	60,340	56,897	3,443
TOTAL EXPENDITURES	60,340	60,340	56,897	3,443
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(55,340)	(55,340)	(54,691)	649
Fund balance - April 1	167,380	167,380	167,380	-
Fund balance - March 31	$ 112,040	$ 112,040	$ 112,689	$ 649

The accompanying notes are an integral part of this statement.

CALVIN MEEUSEN COMPANY, C.P.A., PLLC
CALVIN D. MEEUSEN
CERTIFIED PUBLIC ACCOUNTANT

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June 30, 2005

Members of the Township Board
Township of Olive, Michigan

In connection with my examination of the financial statements of the Township of Olive as of March 31, 2005. I have reviewed the accounting policies and procedures employed by the Township and the internal controls in effect. As a result of this review, I wish to make certain comments and recommendations.

I have examined the financial statements of the Township of Olive, Michigan, for the year ended March 31, 2005, and have issued my report thereon dated June 30, 2005. As part of my examination, I made a study and evaluation of the system of internal accounting control of the Township of Olive, Michigan, to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office "Standards for Audit of Governmental Organizations, Programs, Activities and Functions". The purpose of my study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Township of Olive, Michigan, is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purposes described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Township taken as a whole.

However, my study and evaluation disclosed that the internal controls are not adequate to reduce to a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the Township may occur and not be detected within a timely period. This is because of a lack of segregation of duties due to the limited number of accounting personnel. Accordingly, substantive testing has been increased to reduce to an acceptable level the audit risk associated with this situation.

All general ledger accounts in all funds should be reviewed, at minimum, on a monthly basis for reasonableness and completeness. Discrepancies and problems, if found, could then be easily corrected in a more timely manner.

Township management should cross-train personnel to ensure that the computerized or manual accounting records would be properly maintained in the event of illness, vacation, or other extended absence.

A monthly bank reconciliation should be prepared for all cash accounts and compared to the corresponding general ledger balance. Any discrepancies should then be investigated and corrected.

As of March 31, 2005, only $500,000 of approximately $3,000,000 was federally insured. I recommend that the Township continue to maintain accounts with a number of federally insured financial institutions to maximize FDIC coverage.

Pursuant to the following subsections of the Michigan Compiled Laws Section 211.43, tax collections shall be delivered according to the following schedule:

> 3 (a) Within 10 business days after the first and fifteenth day of each month, the township or city treasurer shall account for and deliver to the county treasurer the total amount of state and county tax collections on hand on the first and fifteenth day of each month; to the school district treasurers, the total amount of school tax collections on hand on the first and fifteenth day of each month; and to the public transportation authorities, the total amount of public transportation authority tax collections on hand the first and fifteenth day of each month. If the intermediate school district and community college district provide for direct payment pursuant to subsection (9), the township or city treasurer shall also account for and deliver to the intermediate school district and the community college district the total respective amounts of school tax collections on hand the first and fifteenth day of each month. This subdivision shall not apply to the month of March.

(b) Within 10 business days after the last day of February, the township or city treasurer shall account for and deliver to the county treasurer at least 90% of the total amount of state and county tax collections on hand on the last day of February; to the school district treasurers at least 90% of the total amount of school tax collections on hand on the last day of February; and to the public transportation authorities at least 90% of the total amount of public transportation authority tax collections on hand on the last day of February. If the intermediate school district and community college district provide for direct payment pursuant to subsection (9) the township or city treasurer shall also account for and deliver to the intermediate school district and community college district at least 90% of the total respective amounts of school tax collections on hand on the last day of February.

(12) interest earned by a city, township, or county on collections of taxes levied on or after November 5, 1985 before the tax collections are accounted for and delivered to the respective taxing units pursuant to this section shall also be accounted for and delivered to the respective taxing units on a pro rata basis.

The Township was not in compliance with the above provisions for the year ending March 31, 2005.

I wish to commend the management of the Township of Olive for their efforts and cooperation in facilitating the implementation of the GASB 34 accounting pronouncement. This took effect on April 1, 2004 and the results are reflected in the accompanying financial statements and supplemental information for the year ended March 31, 2005.

In conclusion, I wish to state that I have had excellent cooperation from all personnel involved in the recordkeeping area and look forward to more of the same in the future. All of the above comments and recommendations have been discussed with Township officials who have indicated to me that the Township will attempt to comply with them. These comments and recommendations are intended to be only of a constructive nature as I am sure they will continue to improve your accounting system. I would be available at any time in order to discuss these comments and recommendations.

Respectfully submitted,

Calvin Meeusen Company C.P.A. PLLC

Calvin D. Meeusen, C.P.A.