Acme Township
Grand Traverse County, Michigan

FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2009

Dennis, Gartland & Niergarth

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Acme Township
Management Discussion and Analysis (Unaudited)
June 30, 2009

Our discussion and analysis of Acme Township, Michigan's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2009.

- Property taxes related to the Township's governmental activities increased by approximately $52,000 due to an increase in the Fire Fund millage.

- Total net assets related to the Township's governmental activities decreased by approximately $1,200,000 and the unrestricted portion of net assets decreased by approximately $1,060,000. A total of $1,182,000 represents the decrease of the investment in the Metro Fire Department.

The Township's net assets decreased by $1,019,122 or 7.5% in 2009 with the decrease made up of the following:

Governmental net assets decreased by $1,200,386.
Business-type net assets increased by $181,264.

Total revenues and transfers for the year are $1,736,766 and are made up of the following:

Governmental activities $1,727,306.
Business-type activities $9,460.

Total expenses for the year are $3,935,535 and are made up of the following:

Governmental activities $3,157,642.
Business-type activities $777,893.

The General Fund on a current financial resources basis experienced an increase of $75,272 in fund balance resulting in a total fund balance at year-end of $1,055,019.

Using this Annual Report

This annual report consists of a series of financial statements. 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. 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. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

The Township as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year (in thousands of dollars):

Summary of Net Assets
June 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	$2,624	$2,621	$ 454	$ 483	$ 3,078	$ 3,104
Capital assets	4,911	6,115	8,178	8,414	13,089	14,529
Total assets	$7,535	$8,736	$8,632	$8,897	$16,167	$17,633
Current liabilities	$ 64	$ 65	$303	$359	$ 367	$ 424
Long-term debt outstanding	-	-	3,167	3,557	3,167	3,557
Total liabilities	$ 64	$ 65	$3,470	$3,916	$ 3,534	$ 3,981
Net assets:						
Invested in capital assets, net of related debt	$4,911	$4,933	$4,755	$4,556	$ 9,665	$ 9,489
Restricted						
Fire Operations	272	237	-	-	272	237
Farmland Preservation	891	1,102	-	-	891	1,102
Police Protection	91	81	-	-	91	81
Shoreline Preservation	50	13	-	-	50	13
Liquor Enforcement	71	60	-	-	71	60
New Urbanist Town Center	27	27	-	-	27	27
Unrestricted	1,158	2,218	408	425	1,566	2,643
Total net assets	$7,471	$8,671	$5,163	$4,981	$12,633	$13,652

Financial Analysis - continued

The Township's combined net assets decreased 7.5% from a year ago - decreasing from $13.7 million to $12.6 million. As we look at the governmental activities separately from the business-type activities, we can see that the net assets of the governmental activities decreased by approximately $1,200,000 and net assets of business-type activities increased by approximately $181,000. Unrestricted business-type net assets decreased by $17,000.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, decreased by approximately $1,060,000, for the governmental activities. This represents a decrease of approximately 47.8%. The current level of unrestricted net assets for our governmental activities stands at $1.2 million, or about 36.7% of expenditures.

Changes in Net Assets
June 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	$ 230	$ 199	$ 875	$ 645	$ 1,105	$ 844
Capital grants and contributions	-	-	74	-	74	-
General revenue:						
Property taxes	1,260	1,208	-	-	1,260	1,208
State-shared revenue	335	296	-	-	335	296
Unrestricted investment earnings	40	84	7	20	47	104
Transfers and other revenue	92	38	2	2	95	40
Total revenues	1,957	1,825	959	667	2,917	2,492
Expenses						
Program expenses:						
Legislative	210	203	-	-	210	203
General government	278	293	-	-	278	293
Public safety	761	392	-	-	761	392
Community and economic development	565	30	-	-	565	30
Recreation and culture	112	108	-	-	112	108
Interest on long-term debt	-	1	-	-	-	1
Water and sewer	-	-	778	779	778	779
Other	49	-	-	-	49	-
Contributions to local units	1,182	-	-	-	1,182	-
Total program expenses	3,157	1,027	778	779	3,935	1,806
Changes in net assets	(1,200)	798	181	(112)	(1,018)	686
Net assets-beginning of year	8,671	7,873	4,981	5,093	13,652	12,966
Net assets-end of year	$7,471	$8,671	$5,162	$4,981	$12,633	$13,652

Governmental Activities

The Township's total governmental revenues increased by approximately $132,000. The increase, which represents 7.2%, was primarily due to increased tax receipts from the fire fund by increasing the millage from 2 to 2.25 mills.

Business-type Activities

The Township's business-type activities consist of the Water and Sewer Fund. The Grand Traverse County Department of Public Works (GTDPW) provides water services to the residents of Grand Traverse County, including Acme Township. GTDPW bills the residents for these services and passes the related funds on to the Township.

The Township entered into a master sewer agreement with the City of Traverse City and various townships in Grand Traverse and Leelanau Counties, as well as Grand Traverse County. This master sewer agreement defines the allocation of costs and establishes certain rights and responsibilities with respect to the wastewater treatment plant. Grand Traverse County is the owner of the treatment plant and the City of Traverse City is the owner of all multi-user facilities. The Township pays an amount sufficient to cover its pro rata share of treatment plant costs, as determined by its volume of sewage treated in relation to total sewage treated at the plant.

Revenue and expenses from the sale of water and sewage disposal were approximately $876,000 and $368,000, respectively, for the year ended June 30, 2009. Additional costs incurred in relation to both water and sewer included depreciation expense of approximately $245,000 and interest expense of $158,000.

Revenue and expenses from the sale of water and sewage disposal were approximately $645,000 and $383,000, respectively, for the year ended June 30, 2008. Additional costs incurred in relation to both water and sewer included depreciation expense of approximately $245,000 and interest expense of $148,000.

The Township's Funds

Our analysis of the Township's major funds follows the government-wide financial statements. The fund financial statements provide detail information about the most 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, such as special property tax millages. The Township's major funds for 2009 include the General Fund, Fire Fund, Farmland Preservation Fund, and Water and Sewer Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. The most significant changes were to increase expenditures for capital outlays by $33,950 over initial projections to purchase playground equipment and computer software, and $75,000 due to transfers to other funds. This produced an overall increase in the General Fund's fund balance from approximately $980,000 a year ago to $1,055,000 at June 30, 2009.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2009, the Township had $13.1 million invested in a broad range of capital assets, including land, buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Grand Traverse County Road Commission (along with the responsibility to maintain them).

The Township has been saving money to provide a safety net for continued general operations in an economic environment where traditional revenue streams are threatened. In 2010 the Township will use $150,000 from the General Fund balance to match $3.8 million in donations and grants to purchase three East Bay shoreline properties for public use, increasing the size of an existing bayfront public park by 65% and the amount of public shoreline by 123%. This purchase will occur without a tax increase.

Debt

At the end of this year, the Township had $3.4 million in debt outstanding versus $3.9 million in the previous year in the Water and Sewer Fund - a change of 12.8%.

Economic Factors and Next Year's Budgets and Rates

For the 2009-2010 fiscal year, the Township has budgeted for an decrease of approximately $71,000 in revenue from 2008-2009 in the General Fund, primarily due to economic conditions. State-shared sales tax and cable franchise fees are anticipated to decrease.

The Township has projected General Fund Expenditures of $875, 609 for the 2009-10 fiscal year, which is consistent with actual expenditures in the 2008-09 fiscal year. While this represents a budget deficit of $146,439 over anticipated revenues of $729,170, it is important to remember that the projected expenditure amount includes the $150,000 contributed from the fund balance towards the shoreline preservation project. Netting out this figure yields projected general operating expenditures of $725,609 and a slim surplus margin of approximately $3,500. The Board of Trustees maintains a strong commitment to a balanced budget whereby current year revenues match or exceed current year operating expenditures.

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. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

DENNIS, GARTLAND & NIERGARTH

Business and Financial Advisors
Our clients' success – our business

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Acme Township

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of ***Acme Township*** (the "Township") as of and for the year ended June 30, 2009, which collectively compose the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Acme Township as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The management's discussion and analysis on pages i through v and budgetary comparison information on pages 32 through 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining financial statements listed in the table of contents are not a required part of the basic financial statements but are supplementary information presented for the purpose of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dennis, Gartland & Niergarth

November 20, 2009

DENNIS, GARTLAND & NIERGARTH

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Acme Township

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of ***Acme Township*** (the "Township") as of and for the year ended June 30, 2009, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated November 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles ("GAAP") such that is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal controls. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

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Reporting Financial Data

Criteria: All Michigan townships are required to prepare financial statements in accordance with generally accepted accounting principles ("GAAP"). This is a responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

Condition: As is the case with many smaller and medium-sized entities, the Township has at times relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the Township's internal controls.

Cause: This condition was caused by the Township's decision that it is more cost effective to work with the external auditors for assistance in the preparation of its annual financial statements than to incur the time and expense of obtaining the necessary training and tools required for the Township to perform this task internally.

Effect: As a result of this condition, the Township lacks internal controls over the preparation of financial statements in accordance with GAAP and instead relies, in part, on its external auditors for assistance with this task.

Management's Response: The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Township to work with its external auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

Segregation of Duties

Criteria: Adequate segregation of duties for the Township is necessary to minimize the likelihood that fraud or errors could occur and not be detected.

Condition: The Township has not achieved a complete segregation of duties among employees who have both access to assets and accounting responsibilities.

Cause: The small size of the administrative staff creates an inherent lack of segregation of duties.

Effect: As a result of this condition, the Township lacks proper segregation of duties and is exposed to an increased risk of misstatement of its financial statements.

Management's Response: The Township has evaluated the manner in which they segregate duties and has implemented certain measures. However, the cost associated with adding additional staff to achieve a complete segregation is not justified by the expected benefits.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that both of the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*s.

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

Dennis, Gartland & Niergarth

November 20, 2009

Acme Township

STATEMENT OF NET ASSETS

June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,495,013	$ 243,422	$ 2,738,435
Receivables, net	128,917	210,756	339,673
Total current assets	2,623,930	454,178	3,078,108
Non-current assets			
Capital assets	5,170,340	12,260,679	17,431,019
Less accumulated depreciation	(259,642)	(4,082,203)	(4,341,845)
Total non-current assets	4,910,698	8,178,476	13,089,174
Total assets	$ 7,534,628	$ 8,632,654	$ 16,167,282
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current liabilities			
Accounts payable	$ 41,551	$ 25,176	$ 66,727
Accrued and other liabilities	22,710	21,196	43,906
Current portion of long-term debt	-	256,942	256,942
Total current liabilities	64,261	303,314	367,575
Noncurrent liabilities			
Long-term debt	-	3,166,790	3,166,790
Total liabilities	64,261	3,470,104	3,534,365
NET ASSETS			
Invested in capital assets, net of related debt	4,910,698	4,754,744	9,665,442
Restricted			
Fire operations	271,456	-	271,456
Farmland Preservation	890,843	-	890,843
Police Protection	90,891	-	90,891
Shoreline Preservation	50,169	-	50,169
Liquor enforcement	70,860	-	70,860
New Urbanist Town Center	27,465	-	27,465
Unrestricted	1,157,985	407,806	1,565,791
Total net assets	7,470,367	5,162,550	12,632,917
Total liabilities and net assets	$ 7,534,628	$ 8,632,654	$ 16,167,282

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

Acme Township

STATEMENT OF ACTIVITIES

Year ended June 30, 2009

Functions/Program	Expenses	Program Revenues: Charges For Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Total
Primary Government						
Governmental activities						
Legislative	$ 209,342	$ -	$ -	$ (209,342)	$ -	$ (209,342)
General government	278,284	134,621	-	(143,663)	-	(143,663)
Public safety	761,310	95,329	-	(665,981)	-	(665,981)
Community and economic development	565,106	-	-	(565,106)	-	(565,106)
Recreation and culture	112,269	-	-	(112,269)	-	(112,269)
Other	49,331	-	-	(49,331)	-	(49,331)
Total governmental activities	1,975,642	229,950	-	(1,745,692)	-	(1,745,692)
Business-type activities						
Water and sewer	777,893	875,617	181,264	-	278,988	278,988
Total primary government	$ 2,753,535	$ 1,105,567	$ 181,264	(1,745,692)	278,988	(1,466,704)
General revenues						
Property taxes				1,259,883	-	1,259,883
State-shared revenues				335,124	-	335,124
Unrestricted interest and investment earnings				39,577	7,084	46,661
Miscellaneous				92,722	2,376	95,098
Special item - contributions to local units				(1,182,000)	-	(1,182,000)
Total general revenues, transfers and special item				545,306	9,460	554,766
Change in net assets				(1,200,386)	288,448	(911,938)
Net assets, beginning of year				8,670,753	4,981,286	13,652,039
Net assets, end of year				$ 7,470,367	$ 5,269,734	$ 12,740,101

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

Acme Township

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

	General Fund	Fire Fund	Farmland Preservation Fund	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,005,583	$ 271,460	$ 890,846	$ 327,124	$ 2,495,013
Receivables, net	105,001	-	-	7,911	112,912
Due from other funds	23,559	-	-	6,353	29,912
Total assets	$ 1,134,143	$ 271,460	$ 890,846	$ 341,388	$ 2,637,837
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 41,395	$ -	$ 3	$ 153	$ 41,551
Accrued and other liabilities	22,706	4	-	-	22,710
Due to other funds	12,842	-	-	1,065	13,907
Deferred revenue	2,181	-	-	7,911	10,092
Total liabilities	79,124	4	3	9,129	88,260
FUND BALANCES					
Unreserved					
Designated for zoning lawsuits	-	-	-	50,000	50,000
Undesignated	1,055,019	-	-	-	1,055,019
Reported in special revenue funds	-	271,456	890,843	282,259	1,444,558
Total fund balances	1,055,019	271,456	890,843	332,259	2,549,577
Total liabilities and fund balances	$ 1,134,143	$ 271,460	$ 890,846	$ 341,388	

Reconciliation of Governmental Fund Balances to District-Wide Governmental Activities Net Assets

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 funds	4,910,698
Special assessment receivables are expected to be collected over several years and are not available for current-year expenditures	10,092
Total net assets - governmental activities	$ 7,470,367

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

Acme Township

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS

Year ended June 30, 2009

	General Fund	Fire Fund	Farmland Preservation Fund	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 246,829	$ 630,538	$ 303,654	$ 78,862	$ 1,259,883
Licenses and permits	85,563	-	-	9,766	95,329
State-shared revenues and grants	335,124	-	-	-	335,124
Charges for services	133,146	-	-	1,475	134,621
Interest	16,833	1,997	17,810	2,937	39,577
Other	47,447	-	25,000	27,597	100,044
Total revenues	864,942	632,535	346,464	120,637	1,964,578
EXPENDITURES					
Current					
Legislative	209,371	-	-	-	209,371
General government	257,561	-	-	3,544	261,105
Public safety	92,881	598,563	-	69,866	761,310
Community and economic development	7,645	-	557,461	-	565,106
Recreation and culture	97,881	-	-	9,321	107,202
Other	16,730	-	-	-	16,730
Capital outlay	32,601	-	-	-	32,601
Total expenditures	714,670	598,563	557,461	82,731	1,953,425
REVENUES OVER (UNDER) EXPENDITURES	150,272	33,972	(210,997)	37,906	11,153
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	75,000	75,000
Operating transfer out	(75,000)	-	-	-	(75,000)
Total other financing sources (uses)	(75,000)	-	-	75,000	-
NET CHANGE IN FUND BALANCES	75,272	33,972	(210,997)	112,906	11,153
Fund balance, beginning of year	979,747	237,484	1,101,840	219,353	2,538,424
Fund balance, end of year	$ 1,055,019	$ 271,456	$ 890,843	$ 332,259	$ 2,549,577

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

Acme Township

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

Year ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds	$ 11,153
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Current year depreciation	(22,217)
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year-end.	(7,322)
Reduce investment in joint venture for amounts contributed to the Grand Traverse Metro Fire Authority.	(1,182,000)
Change in Net Assets of Governmental Activities	$ (1,200,386)

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

Acme Township

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2009

	Enterprise - Water and Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 243,422
Receivables, net	
Accounts	190,052
Special assessments	20,708
Total current assets	454,182
NONCURRENT ASSETS	
Capital assets	12,260,679
Less accumulated depreciation	(4,082,203)
Total noncurrent assets	8,178,476
Total assets	$ 8,632,658
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 25,176
Accrued and other liabilities	21,196
Due to other funds	4
Current portion of long-term debt	256,942
Total current liabilities	303,318
NONCURRENT LIABILITIES	
Long-term debt	3,166,790
Total liabilities	3,470,108
NET ASSETS	
Investment in capital assets, net of related debt	4,754,744
Unrestricted	407,806
Total net assets	5,162,550
Total liabilities and net assets	$ 8,632,658

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

Acme Township

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - PROPRIETARY FUNDS

Year ended June 30, 2009

	Enterprise - Water and Sewer Fund
Operating revenue	
Usage fees	$ 875,617
Operating expenses	
Cost of water produced/purchased	368,243
Depreciation	245,181
Other	6,259
Total operating expenses	619,683
OPERATING INCOME	255,934
Nonoperating income (expenses)	
Investment income	7,084
Special assessments interest income	2,376
Interest expense	(158,210)
Capital contributions	74,080
Total nonoperating income (expenses)	(74,670)
CHANGE IN NET ASSETS	181,264
Net assets, beginning of year	4,981,286
Net assets, end of year	$ 5,162,550

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

Acme Township

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2009

	Enterprise - Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 776,642
Cash payments to suppliers	(386,081)
Net cash flows provided by operating activities	390,561
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Collection of customer assessments (principal and interest)	9,951
Capital contributed from other governments	27,597
Principal and interest paid on capital debt	(555,355)
Net cash used by capital and related financing activities	(517,807)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	7,084
NET DECREASE IN CASH AND CASH EQUIVALENTS	(120,162)
Cash and cash equivalents, beginning of year	363,584
Cash and cash equivalents, end of year	$ 243,422
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 255,934
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	245,181
Changes in assets and liabilities:	
Receivables	(98,975)
Accounts payable	16,010
Accrued and other liabilities	(27,593)
Due to other funds	4
Total adjustments	134,627
Net cash provided by operating activities	$ 390,561
Supplemental disclosure of noncash activity	
Septage plant addition funded by Grand Traverse County	$ 9,378
Septage treatment bond principal and interest payments made by Grand Traverse County	$ 27,597

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

Acme Township

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2009

	Agency Funds
ASSETS	
Cash	$ 28,975
Due from others	8,044
	$ 37,019
LIABILITIES	
Due to other funds	$ 16,001
Due to others	21,018
	$ 37,019

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The accounting and reporting framework and the significant accounting principles and practices of Acme Township (the "Township") are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Township's financial activities for the year ended June 30, 2009.

The Financial Reporting Entity

Acme Township is governed by an elected seven-member board. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements.

Government-Wide and Fund Financial Statements

Acme Township's basic financial statements include both government-wide (reporting the Township as a whole) and the fund financial statements (reporting the Township's major funds). Both the government-wide and the fund financial statements categorize primary government activities as either governmental or business-type. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-Wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity such as overhead costs, has been eliminated from these statements. The government-wide focus is more on operational efficiency, the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

In the government-wide statement of net assets, both the governmental and business-type activities are presented on a consolidated basis. Due to the full accrual, economic resource basis, all long-term assets and receivables, as well as long-term debt and obligations are recognized. The Township's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. This statement reduces gross expenses (including depreciation) by related program revenues, which include charges for services, operating grants and capital grants.

The program revenues must be directly associated with the 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 as general revenue.

Fund Financial Statements

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. The focus of the fund financial statements is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources).

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The balance sheets; statements of revenues, expenditures/expenses and changes in fund balances/net assets; and statements of cash flows (i.e., fund financial statements) for the Township's governmental, proprietary and fiduciary funds display information about the major and aggregated non-major funds for the various fund types. Major funds are generally those that represent 10% or more of the respective fund assets, liabilities, revenues or expenditures.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Township are prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). The Township applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements and applicable Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the full accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. 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. Expenditures generally are recorded when a liability is incurred.

The governmental funds use a financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the financial resources measurement focus, only current assets and current liabilities are generally included on governmental fund balance sheets. An exception to this general rule is long-term interfund advances which are recorded on governmental fund balance sheets. The governmental fund operating statements present a summary of sources and uses of available spendable resources. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (generally 60 days). Grants are recognized when grantor eligibility requirements are met. Current expenditures are generally recorded when the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on long-term debt, which is recognized when due and accrued vacation and sick leave, which is recorded when payable from current available financial resources.

The proprietary funds use the accrual basis of accounting and are accounted for on a cost-of-service or "capital maintenance" measurement focus. Under the capital maintenance measurement focus, all assets and liabilities associated with the fund's activities are included on its balance sheet. Under the accrual basis, revenues are recognized when earned and expenses are recognized when they are incurred.

The fiduciary funds are generally maintained on the accrual basis which is consistent with the accounting measurement objectives of the funds.

Fund Types and Major Funds

Activities in Major Funds

Governmental Funds

General Fund - The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and State shared revenue.

Fire Fund - The Fire Fund accounts for the operation of the Township fire department. Financing is provided by a special property tax levy.

Farmland Preservation Fund - The Farmland Preservation Fund accounts for costs of establishing a system of farmland preservation. Financing is provided by a special property tax levy.

Proprietary Funds

Water and Sewer Fund - The Water and Sewer Fund accounts for the results of operations that provide water and sewer services to residents, financed primarily by a user charge for the provision of those services.

Activities in Non-Major Funds

Governmental Funds

Police Protection Fund - The Police Protection Fund accounts for the costs of the Township police contract with the County, financed by a millage.

Shoreline Preservation Fund - The Shoreline Preservation Fun accounts for costs of establishing a system of shoreline preservation. Financing is provided by the Township residents and other grants.

Oil and Gas Lease Fund - The Oil and Gas Lease Fund accounts for funds received from an oil and gas lease to be used for parks and recreation related expenses.

New Urbanist Town Center Fund - The New Urbanist Town Center Fund accounts for grant funds received for the purpose of creating a new town center.

Liquor Fund - The Liquor Fund accounts for Liquor license fees refunded by the State and utilized for enforcement of the State's liquor laws.

Cemetery Fund - The Cemetery Fund accounts for revenues and expenditures related to the Township's cemetery and maintenance.

Township Improvement Fund - The Township Improvement Fund accounts for money that will be utilized for road repairs that will be repaid by future special assessments on properties.

Township Zoning Fund - The Township Zoning Fund accounts for Board designated funds for potential zoning lawsuits.

Acme Heritage Fund - The Acme Heritage Fund accounts for archiving historical information.

Arnold Road Assessment Fund - The Arnold Road Assessment Fund accounts for the financing and completion of road repairs.

Fiduciary Funds

Agency Funds - The Agency Funds account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Special Revenue Funds. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level for the General Fund, and the fund level for Special Revenue Funds.

The Township does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at fiscal year-end.

Cash and Investments

The Township pools financial resources of its various funds to facilitate the management of cash and investments. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in bank certificates of deposit and in various interest-bearing securities.

For the purpose of the statement of cash flows, the Township considers all highly liquid investments, including all certificates of deposit and all restricted investments, with a maturity of 90 days or less, to be cash equivalents.

Cash deposits are reported at carrying amounts which reasonably estimates fair value.

Property Taxes

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2008 tax is levied and collectible on December 1, 2008 and is recognized as revenue in the year ended June 30, 2009, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2009 taxable valuation of the Township totaled $329.9 million, on which taxes levied consisted of 0.7332 mills for operating purposes, 2.25 mills for public safety (applies to taxable real property only of $315.6 million), and 0.9203 mill for farmland preservation. This resulted in approximately $247,000 for operating, $709,000 for public safety and $304,000 for farmland preservation. These amounts are recognized in the respective General and Special Revenue Funds financial statements as property tax revenues.

Interfund Transactions and Balances

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Due to/from other funds are short-term interfund balances that occur in the normal course of operations. Advances to/from other funds are long-term interfund financing arrangements. Outstanding balances on the government-wide statement of net assets are captioned "internal balances."

Operating transfers in and out arise in the normal course of operations from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets

Capital assets, which include property, buildings, equipment and infrastructure assets (e.g., roads, water and sewer lines) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded by the Township when the initial individual cost exceeds $5,000 and has an estimated useful life in excess of one year.

Capital 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.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Road improvements	15 - 20 years
Water and sewer distribution and treatment systems	50 years
Buildings and building improvements	40 - 50 years
Vehicles	3 - 5 years
Equipment	3 - 7 years

Conservation Easements

A conservation easement is a legal agreement between a landowner and a qualified conservation organization that permanently limits a property's use in order to protect its conservation values. Conservation easements, either purchased or donated, are initially valued at their appraised value. The difference between the purchase price and appraised value is reflected as a gift of land or development rights in the Statement of Activities. Once the development rights for a specific conservation easement are extinguished, generally immediately after acquisition, a valuation allowance is established to reduce the value of the conservation easement to $1. This value reflects the lack of marketability related to the easements.

Long-term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund-type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Restricted Assets

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 needed.

Compensated Absences (Paid Time Off)

The Township's policy for compensated absences allows unused time to carry over to the following year at a maximum of 24 hours.

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. Designated fund balances represent tentative plans for future use of financial resources. Unrestricted net assets of Proprietary Funds represent the net assets that have not been legally identified for specific purposes.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE B - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended by Act 196 P.A. 1997) authorizes local governmental units to make deposits and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Township 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' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; 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 Board, in accordance with Public Act 196 of 1997, has authorized all of the investments in the State statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

At June 30, 2009, the Township's cash and investments include the following:

	Deposits
Carrying amounts	
Cash and equivalents	$ 2,767,410

Custodial Credit Risk

In the event of bank failure, the Township's uninsured deposits may not be returned to it. As of June 30, 2009, $1,471,417 of the Township's deposits (including certificates of deposit) were exposed to custodial credit risk because they were uninsured and uncollateralized.

NOTE C - RECEIVABLES

Receivables as of June 30, 2009 including the applicable allowances for uncollectible accounts, are as follows:

Water and sewer customer billings	$ 190,052
Special assessments	30,801
Intergovernmental	86,087
Interest and other	32,733
Net receivables	$ 339,673

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, $10,092 of special assessment and other deferred revenue was unavailable.

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables within the primary government are as follows:

	Interfund Receivables	Interfund Payables
Major Funds		
General Fund	$ 23,559	$ 12,842
Water and Sewer Fund	-	4
Non-major Funds		
Arnold Road Assessment Fund	6,353	1,065
Trust and Agency Fund	-	16,001
Total	$ 29,912	$ 29,912

NOTE E - INTERFUND TRANSFERS

Operating transfers within the primary government are as follows:

	Transfers In	Transfers Out
General Fund	$ -	$ 75,000
Township Zoning Fund	50,000	-
Shoreline Preservation Fund	25,000	-
Total	$ 75,000	$ 75,000

NOTE F - CAPITAL ASSETS

Investment in capital assets changed as follows during the year ended June 30, 2009:

Governmental Activities

	Beginning	Capital Acquisitions	Sales and Other Dispositions	Ending
Capital assets not being depreciated				
Land	$ 4,729,143	$ -	$ -	$ 4,729,143
Capital assets being depreciated				
Road improvements	50,191	-	-	50,191
Buildings and improvements	233,202	-	-	233,202
Vehicles	50,671	-	-	50,671
Equipment	107,133	-	-	107,133
Subtotal	441,197	-	-	441,197
Less accumulated depreciation				
Road improvements	(12,550)	(2,510)	-	(15,060)
Buildings and improvements	(133,601)	(6,362)	-	(139,963)
Vehicles	(27,735)	(5,067)	-	(32,802)
Equipment	(63,539)	(8,278)	-	(71,817)
Subtotal	(237,425)	(22,217)	-	(259,642)
Net capital assets being depreciated	203,772	(22,217)	-	181,555
Governmental activities net capital assets	$ 4,932,915	$ (22,217)	$ -	$ 4,910,698

Business-Type Activities

	Beginning	Capital Acquisitions	Sales and Other Dispositions	Ending
Capital assets being depreciated				
Water and sewer distribution systems	$12,251,301	$ 9,378	$ -	$12,260,679
Less accumulated depreciation				
Water and sewer distribution systems	(3,837,022)	(245,181)	-	(4,082,203)
Business-type activities net capital assets	$ 8,414,279	$ (235,803)	$ -	$ 8,178,476

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

Governmental activities

General government	$ 17,150
Recreation and culture	5,067
Total governmental activities	$ 22,217

Business-type activities

Water and Sewer	$ 245,181

NOTE G - DEVELOPMENT RIGHTS

Development rights typically are donated through the gift of a conservation easement. The donation of a perpetual conservation easement which preserves the conservation values of a property deemed to be in the public benefit, such as prime agricultural land, scenic views, wetlands, forests and unique wildlife habitats, is recognized in the Federal Tax Code and may result in substantial income and estate tax benefits to the donor/landowner.

In situations where charitable tax benefits do not provide sufficient incentives, development rights are purchased rather than donated. This is often the case with farmland preservation programs. The amount paid to the landowner is determined by a "before and after" appraisal of the fair market value of the subject land. The amount recorded as development rights reflects only the purchase price. Other costs, such as appraisals, surveys, title work and personnel expenditures for securing the easement, are expensed.

When the Township receives a conservation easement, it takes on the permanent responsibility and legal right to enforce the terms of the easement. The Township monitors easements by inspecting the land regularly (yearly in most cases) and maintaining communications with the landowner about future plans in order to avoid conflict with the easement. If a future owner or someone else violates the easement, for example by erecting a building that the easement does not allow, the Township will take action to have the violation corrected, including going to court if necessary. These permanent responsibilities are a long-term cost to the Township.

The Township purchased farmland property development rights of $540,000 and protected 115 acres for the year ended June 30, 2009. The payment is reflected as Community and Economic Development Expense in the Statement of Activities.

NOTE H - LONG-TERM DEBT

The following is a summary of the Township's long-term debt for the year ended June 30, 2009:

	Beginning Balance	New Debt	Payments	Ending Balance	Current Portion
Business-type activities					
General obligation bonds	$ 3,301,707	$ -	$ (293,775)	$ 3,007,932	$ 239,617
Special assessment bonds	120,000	-	(120,000)	-	-
Lease payable	436,275	-	(20,475)	415,800	17,325
Total business-type activities debt	$ 3,857,982	$ -	$ (434,250)	$ 3,423,732	$ 256,942

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

Long-term debt at June 30, 2009 is composed of the following individual issues:

General Obligation (Business-type activities)

1995 Traverse City Wastewater Treatment Plant General Obligation Bond (#328); remaining annual installments of $17,612 to $24,584 through April 2015; interest rate of 5.05% to 5.70%.	$ 147,588
1998 Traverse City Wastewater Treatment Plant General Obligation Bond (#330); remaining annual installments of $11,213 to $14,839 through April 2013; interest rate of 4.00% to 4.50%.	49,823

2002 Traverse City Wastewater Treatment Plant - 2002 Upgrade General Obligation Bond (#334); remaining annual installments of $119,246 to $204,422 through April 2022; interest rate of 2.75% to 5.00%.	$ 2,106,230
2003 Grand Traverse County Sewer and Water Projects - Acme, East Bay and Peninsula Townships General Obligation Bond (#336); remaining annual installments of $91,546 to $108,191 through October 2023; interest rate of 2.25% to 5.00%.	704,291
Total business-type activities general obligation debt	$ 3,007,932

The above contractual obligations to the County are the result of the County issuance of bonds on the Township's behalf. The Township has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations; in addition, it has pledged to raise property taxes, to the extent permitted by law, if necessary to fund the obligation to repay the County. Proceeds from the County bonds provided financing for the construction of the sewer facilities and assets. The remaining principal, in the amount of $3,007,932, and interest, in the amount of $882,156, to be paid on the bonds total $3,890,088. During the current year, net revenues of the system were $959,157 compared to the annual debt requirements of $314,250.

Lease Payable

The Grand Traverse County Department of Public Works has entered into various lease agreements with Acme Township to issue bonded debt and to manage the construction of water and sewer systems in Acme Township. These agreements generally terminate with the retirement of the related bond issues. Leases payable are reported at an amount equal to the outstanding bond principal. Annual lease payments under these agreements are equal to the related bond principal and interest due each year. At termination of a lease, title to the leased property is passed to Acme Township.

Under the accrual basis of accounting and the provisions of FASB (Financial Accounting Standards Board) Statement No. 13, *Accounting for Leases*, the leases are classified as sales leases. As a result, lease payable are recognized in the accompanying statement of net assets.

All lease agreements provide for the lessees to use, operate and maintain the systems, at their own expense, subject to the terms and conditions of the agreement.

Assets capitalized under the lease are $470,853.

The annual requirements to amortize all long-term debt obligations outstanding, as of June 30, 2009, are as follows:

	General and special assessment obligation bonds		Lease payable	
Years Ending	Principal	Interest	Principal	Interest
2010	$ 239,617	$ 126,615	$ 17,325	$ 13,041
2011	254,115	118,256	17,325	12,521
2012	262,714	109,067	18,900	11,943
2013	273,004	99,259	18,900	11,317
2014	272,508	88,925	20,475	10,653
2015-2019	959,933	279,436	116,550	41,510
2020-2024	746,041	60,598	206,325	16,035
	$ 3,007,932	$ 882,156	$ 415,800	$ 117,020

Defeased Debt

In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. As of June 30, 2009, $1.1 million of bonds outstanding are considered defeased.

NOTE I - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township has purchased commercial insurance for medical claims and participates in the Michigan Townships Participating Plan for all other claims except that the Township is self-insured for land use lawsuits. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League operates its public entity risk pool and group self insurance program as common risk management and insurance programs for various municipalities throughout the State. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

The Township has determined that there is no liability for land use claims that have been incurred through the end of the fiscal year, including claims that have not yet been reported. All land use reviews initiated prior to June 30, 2009 have been finalized and no appeals were issued within the statutory time limit. No claims were paid during the fiscal year ended June 30, 2009.

NOTE J - DEFINED CONTRIBUTION PENSION PLANS

The Township provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after 12 months of employment with a minimum age of 21. As established by the Board of Trustees, the Township contributes 10 percent of employees' gross earnings and employee contributions for each employee; plus interest allocated to the employee's account are fully vested after four years of service.

The Township's total payroll during the current year was $334,117. The current year contribution was calculated on covered payroll of $253,672, resulting in an employer contribution of $25,367. No contributions from employees are required.

NOTE K - JOINT VENTURES

Master Sewer Agreement

The Township entered into a master sewer agreement effective July 1, 1987 through June 30, 2010 with the City of Traverse City, the Townships of Acme, Peninsula and Garfield in Grand Traverse County, the Township of Elmwood in Leelanau County and Grand Traverse County. This master sewer agreement defines the allocation of costs and establishes certain rights and responsibilities with respect to the wastewater treatment plant. Grand Traverse County is the owner of the treatment plant and the City of Traverse City is the owner of all multi-user facilities. Ownership of the treatment plant will revert to the City of Traverse City when certain bonds issued by Grand Traverse County are retired.

The City of Traverse City is the exclusive manager of the plant for the benefit to itself and the townships. As the exclusive manager, the City of Traverse City has the obligation to fully inform and advise townships as to the treatment plant's operation and the townships shall have the right to comment on all matters connected with the administration of the plant.

Each participant in the joint venture pays an amount sufficient to cover its pro rata share of treatment plant costs. Each participant's pro rata share is determined by its volume of sewage treated in relation to total sewage treated at the plant.

The Township is responsible for debt service on the debt issues listed in Note H as determined biannually based upon the percentage of the Township's flow to the total flow through the treatment plant. For the biannual period ended June 30, 2009, the Township's percentage was 7.63%.

Grand Traverse County Fire Department - Metro Division

The Township contributed its Fire Fund tax levy to the Grand Traverse County Fire Department - Metro Division (Metro). Metro was a joint venture between the Township and East Bay and Garfield Townships of Grand Traverse County. Effective January 1, 2009, Metro became the Grand Traverse Metro Emergency Services Authority, a separate legal entity. The Township's equity interest in Metro of $1,182,000 was recorded as a contribution to a local unit during the year ended June 30, 2009.

NOTE L - COMMITMENTS AND CONTINGENCIES

The Township is a participant in the regional wastewater treatment facility. Being a participant requires the Township to contribute funding to the planning of a new regional facility. As of June 30, 2009, the total cost of the project has not been estimated and no expenditures have been made.

REQUIRED SUPPLEMENTARY INFORMATION

Acme Township

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

Year ended June 30, 2009

	Budgeted Amounts		Actual	Variances - Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual Total
REVENUES					
Property taxes	$ 241,937	$ 241,937	$ 246,829	$ -	$ 4,892
Licenses and permits	75,000	75,000	85,563	-	10,563
State sources	292,357	292,357	335,124	-	42,767
Charges for services	132,227	130,227	133,146	(2,000)	2,919
Interest income	31,250	31,250	16,833	-	(14,417)
Other	29,400	29,400	47,447	-	18,047
Total revenues	802,171	800,171	864,942	(2,000)	64,771
EXPENDITURES					
Legislative	217,212	232,312	209,371	(15,100)	22,941
General government					
Elections	16,000	24,800	12,204	(8,800)	12,596
Assessor	37,796	37,796	36,431	-	1,365
Clerk	68,534	68,534	66,093	-	2,441
Board of review	1,115	1,115	1,000	-	115
Treasurer	67,131	67,131	61,066	-	6,065
Township Hall	39,160	69,960	44,138	(30,800)	25,822
Supervisor	43,945	43,945	36,629	-	7,316
Public safety					
Planning and zoning	125,010	135,760	92,881	(10,750)	42,879
Recreation and culture					
Maintenance	94,652	124,552	97,881	(29,900)	26,671
Other					
Retirement/pension	500	2,566	2,066	(2,066)	500
Insurance	15,400	15,400	14,664	-	736
Self-insurance	50,000	50,000	-	-	50,000
Other	7,850	7,850	7,645	-	205
Capital outlay	-	33,950	32,601	(33,950)	1,349
Total expenditures	784,305	915,671	714,670	(131,366)	201,001
REVENUES OVER (UNDER) EXPENDITURES	17,866	(115,500)	150,272	(133,366)	265,772
OTHER FINANCING USES					
Operating transfers out	-	(75,000)	(75,000)	(75,000)	-
NET CHANGE IN FUND BALANCE	17,866	(190,500)	75,272	(208,366)	265,772
Fund balance, beginning of year	979,747	979,747	979,747	-	-
Fund balance, end of year	$ 997,613	$ 789,247	$ 1,055,019	$ (208,366)	$ 265,772

Acme Township

BUDGETARY COMPARISON SCHEDULE FOR THE FIRE FUND

Year ended June 30, 2009

	Budgeted Amounts		Actual	Variances - Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual Total
REVENUES					
Property taxes	$ 630,122	$ 630,122	$ 630,538	$ -	$ 416
Interest	3,500	3,500	1,997	-	(1,503)
Total revenues	633,622	633,622	632,535	-	(1,087)
EXPENDITURES					
Public safety	623,826	623,826	598,563	-	25,263
REVENUES OVER EXPENDITURES	9,796	9,796	33,972	-	24,176
Fund balance, beginning of year	237,484	237,484	237,484	-	-
Fund balance, end of year	$ 247,280	$ 247,280	$ 271,456	$ -	$ 24,176

Acme Township

BUDGETARY COMPARISON SCHEDULE FOR THE FARMLAND PRESERVATION FUND

Year ended June 30, 2009

	Budgeted Amounts		Actual	Variances - Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual Total
REVENUES					
Property taxes	$ 303,687	$ 303,687	$ 303,654	$ -	$ (33)
Interest	33,055	33,055	17,810	-	(15,245)
Other	-	-	25,000	-	25,000
Total revenues	336,742	336,742	346,464	-	9,722
EXPENDITURES					
Community and economic development	713,000	713,000	557,461	-	155,539
REVENUES UNDER EXPENDITURES	(376,258)	(376,258)	(210,997)	-	165,261
Fund balance, beginning of year	1,101,840	1,101,840	1,101,840	-	-
Fund balance, end of year	$ 725,582	$ 725,582	$ 890,843	$ -	$ 165,261

COMBINING FINANCIAL STATEMENTS

Acme Township

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2009

	Special Revenue Funds										
	Police Protection Fund	Shoreline Preservation Fund	Oil and Gas Lease Fund	New Urbanist Town Center Fund	Liquor Fund	Cemetery Fund	Township Improvement Fund	Township Zoning Fund	Acme Heritage Fund	Arnold Road Assessment Fund	Total Non-Major Governmental Funds
ASSETS											
Current assets											
Cash and cash equivalents	$ 91,037	$ 50,169	$ 4,329	$ 27,465	$ 70,860	$ 2,990	$ 30,034	$ 50,000	$ 229	$ 11	$ 327,124
Receivables, net	-	-	-	-	-	-	-	-	-	7,911	7,911
Due from other funds	-	-	-	-	-	-	-	-	-	6,353	6,353
Total assets	$ 91,037	$ 50,169	$ 4,329	$ 27,465	$ 70,860	$ 2,990	$ 30,034	$ 50,000	$ 229	$ 14,275	$ 341,388
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable	$ 146	$ -	$ -	$ -	$ -	$ 7	$ -	$ -	$ -	$ -	$ 153
Due to other funds	-	-	-	-	-	-	-	-	-	1,065	1,065
Deferred revenue	-	-	-	-	-	-	-	-	-	7,911	7,911
Total liabilities	146	-	-	-	-	7	-	-	-	8,976	9,129
FUND BALANCES											
Designated for Zoning lawsuits	-	-	-	-	-	-	-	50,000	-	-	50,000
Undesignated	90,891	50,169	4,329	27,465	70,860	2,983	30,034	-	229	5,299	282,259
Total fund balances	90,891	50,169	4,329	27,465	70,860	2,983	30,034	50,000	229	5,299	332,259
Total liabilities and fund balances	$ 91,037	$ 50,169	$ 4,329	$ 27,465	$ 70,860	$ 2,990	$ 30,034	$ 50,000	$ 229	$ 14,275	$ 341,388

Acme Township

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2009

	Special Revenue Funds										
	Police Protection Fund	Shoreline Preservation Fund	Oil and Gas Lease Fund	New Urbanist Town Center Fund	Liquor Fund	Cemetery Fund	Township Improvement Fund	Township Zoning Fund	Acme Heritage Fund	Arnold Road Assessment Fund	Total Non-Major Governmental Funds
REVENUES											
Property taxes	$ 78,862	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 78,862
License and permits	-	-	-	-	9,766	-	-	-	-	-	9,766
Charges for services	-	-	-	-	-	1,475	-	-	-	-	1,475
Interest	1,168	15	4	413	1,247	52	34	-	-	4	2,937
Other	-	20,000	252	-	-	-	-	-	2,050	5,295	27,597
Total revenues	80,030	20,015	256	413	11,013	1,527	34	-	2,050	5,299	120,637
EXPENDITURES											
General government	-	-	-	-	-	3,544	-	-	-	-	3,544
Public safety	69,866	-	-	-	-	-	-	-	-	-	69,866
Recreation and culture	-	7,500	-	-	-	-	-	-	1,821	-	9,321
Total expenditures	69,866	7,500	-	-	-	3,544	-	-	1,821	-	82,731
REVENUES OVER (UNDER) EXPENDITURES	10,164	12,515	256	413	11,013	(2,017)	34	-	229	5,299	37,906
OTHER FINANCING SOURCES											
Transfers in	-	25,000	-	-	-	-	-	50,000	-	-	75,000
NET CHANGE IN FUND BALANCE	10,164	37,515	256	413	11,013	(2,017)	34	50,000	229	5,299	112,906
Fund balance, beginning of year	80,727	12,654	4,073	27,052	59,847	5,000	30,000	-	-	-	219,353
Fund balance, end of year	$ 90,891	$ 50,169	$ 4,329	$ 27,465	$ 70,860	$ 2,983	$ 30,034	$ 50,000	$ 229	$ 5,299	$ 332,259