

INDEPENDENT AUDITOR'S 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*

November 23, 2015

To the Township Board of the  
Township of Acme, Michigan

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Acme, Michigan (the "Township") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise The Township's basic financial statements, and have issued our report thereon dated November 23, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from 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 Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Best regards,

A handwritten signature in dark ink that reads "Gabridge & Company". The signature is written in a cursive, flowing style.

Gabridge & Company, PLC  
Grand Rapids, MI

November 23, 2015

To the Township Board of the  
Township of Acme, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Acme, Michigan for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 7, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2015. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

#### ***Difficulties Encountered in Performing the Audit***

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

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### ***Disagreements with Management***

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

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated November 23, 2015.

### ***Management Consultations with Other Independent Accountants***

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

### ***Other Audit Findings or Issues***

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

### ***Other Matters***

We applied certain limited procedures to management's discussion and analysis and the budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Restriction on Use**

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

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC  
Grand Rapids, MI

## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
<hr/>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	15
Statement of Activities	16
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balance	19
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance with the Statement of Activities	20
<b>Proprietary Funds</b>	
Statement of Net Position	21
Statement of Revenues, Expenses and Changes in Net Position	22
Statement of Cash Flows	23
<b>Fiduciary Funds</b>	
Statement of Fiduciary Net Position	24
<b>Notes to the Financial Statements</b>	26
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<hr/>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	43
Fire Fund	44
Farm Land Preservation Fund	45
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
<hr/>	
<b>Nonmajor Governmental Funds</b>	
Combining Balance Sheet	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	48

## INDEPENDENT AUDITOR'S REPORT

To the Township Board of the  
Township of Acme, Michigan

### *Report on the Financial Statements*

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 the Township of Acme, Michigan (the "Township") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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 and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Gabridge & Company, PLC  
Grand Rapids, Michigan  
November 23, 2015

## Management's Discussion and Analysis

As management of the Township of Acme, Michigan (The "Township" or "government") we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements.

### Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$23,762,482 (net position). Of this amount, \$2,934,221 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$2,030,118, a decrease of \$273,996 in comparison with the prior year. Approximately 42% of this amount (\$859,356) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$859,356, or approximately 106% of total general fund expenditures and transfers out.

### Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

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

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

The government-wide financial statements can be found on pages 15 - 16 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Township maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, the fire, and the farm land preservation funds, which are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The Township adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund and each major special revenue fund has been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 17 - 20 of this report.

**Proprietary Funds.** The Township maintains one type of proprietary fund, which is an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprises funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer operations, which is considered to be a major fund of the Township.

The basic proprietary fund financial statements can be found on pages 21 - 23 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Township maintains one type of fiduciary fund known as an agency fund type. The agency funds report resources held by the Township in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statement can be found on page 24 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 26 - 41 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* demonstrating the Township's compliance with its operating budgets by providing budgetary comparison schedules.

Required supplementary information can be found on pages 43 - 45 of this report.

This report also presents other supplementary information which includes the nonmajor fund combining and individual statements. The combining statements are presented immediately following the required supplementary information.

Combining and individual fund statements and schedules can be found on pages 47 - 48 of this report.

## Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$23,956,496, at the close of the most recent fiscal year.

### Township of Acme Net Position as of June 30, 2015 and June 30, 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash & Equivalents	\$ 1,844,924	\$ 2,073,784	\$ 1,383,757	\$ 962,071	\$ 3,228,681	\$ 3,035,855
Accounts Receivable	22,087	21,449	194,014	210,287	216,101	231,736
Due from County	140,048	146,844			140,048	146,844
Due from State	115,730	113,494	-	-	115,730	113,494
Advance to Agency Fund	56,261	85,228	-	-	56,261	85,228
<b>Total Current Assets</b>	<b>2,179,050</b>	<b>2,440,799</b>	<b>1,577,771</b>	<b>1,172,358</b>	<b>3,756,821</b>	<b>3,613,157</b>
<i>Noncurrent Assets</i>						
Non-depreciable Capital Assets	14,952,835	13,508,708	-	-	14,952,835	13,508,708
Depreciable Capital Assets, Net	112,989	140,174	6,707,394	6,952,573	6,820,383	7,092,747
<b>Total Assets</b>	<b>17,244,874</b>	<b>16,089,681</b>	<b>8,285,165</b>	<b>8,124,931</b>	<b>25,530,039</b>	<b>24,214,612</b>
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts Payable	61,285	42,683	78,393	53,001	139,678	95,684
Accrued Liabilities	31,386	29,714	-	-	31,386	29,714
Accrued Interest	-	-	8,156	9,130	8,156	9,130
Current Portion of Long-term Debt	-	-	170,272	213,744	170,272	213,744
Internal Balances	-	(1,984)	-	1,984	-	-
<b>Total Current Liabilities</b>	<b>92,671</b>	<b>70,413</b>	<b>256,821</b>	<b>277,859</b>	<b>349,492</b>	<b>348,272</b>
<i>Noncurrent Liabilities</i>						
Compensated Absences	3,224	-	-	-	3,224	-
Long-term Debt	-	-	1,414,841	1,548,669	1,414,841	1,548,669
<b>Total Liabilities</b>	<b>95,895</b>	<b>70,413</b>	<b>1,671,662</b>	<b>1,826,528</b>	<b>1,767,557</b>	<b>1,896,941</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	15,065,824	11,743,234	5,122,281	5,249,214	20,188,105	16,992,448
Restricted	640,156	1,030,819	-	-	640,156	1,030,819
Unrestricted	1,442,999	3,245,215	1,491,222	1,049,189	2,934,221	4,294,404
<b>Total Net Position</b>	<b>\$ 17,148,979</b>	<b>\$ 16,019,268</b>	<b>\$ 6,613,503</b>	<b>\$ 6,298,403</b>	<b>\$ 23,762,482</b>	<b>\$ 22,317,671</b>

By far, the largest portion of the Township's net position (\$20,188,105, or 85%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (\$640,156, or 3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of

\$2,934,221, or 12%, is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Township's overall net position increased \$1,444,811 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$1,129,711 from the prior fiscal year for an ending balance of \$17,148,979.

Charges for services increased from \$194,292 during the year ended June 30, 2014 to \$245,010 during the year ended June 30, 2015. This is a result of a special assessment issued during the year for street improvements. Capital grants were up \$819,402 during the year ended June 30, 2015 as a result of two properties purchased by the Township, both of which received grant funding to finance the purchase. Property taxes decreased from \$1,325,911 during the year ended 2014 to \$1,279,306 during the year ended 2015 primarily from a decreased millage request for the farmland preservation fund. All other governmental funds had an overall increase in taxes during the year.

General government expenses increased by approximately \$84,374 during the year largely as a result of demolition costs (which were financed with an operating grant in the amount of \$44,000). Public safety costs also increased by approximately \$70,588 during the year as a result of increased fire department activity and the associated costs. Finally, community and economic development expenses increased by \$41,993 during the year as a result of an investment by the Township in long-term planning, which required over \$39,000 of professional fees.

**Business-type Activities.** The results of the Township's business-type activities during the current fiscal year show an increase in overall net position of \$315,100, increasing overall net position to \$6,613,503. The increase was attributable to increased revenues. The primary reason for increased revenues is construction resulting in new users of the system, including significant new revenues related to the Meijer store construction.

The following page shows a two-year comparison of the changes in net position for both the governmental and business-type activities.

**Township of Acme**  
**Change in Net Position for Fiscal Year Ended June 30, 2015 and June 30, 2014**

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
<b>Revenue</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 245,010	\$ 194,292	\$ 972,382	\$ 907,181	\$ 1,217,392	\$ 1,101,473
Operating Grants & Contributions	82,677	71,096	-	-	82,677	71,096
Capital Grants & Contributions	819,402	-	-	-	819,402	-
<b>Total Program Revenues</b>	<b>1,147,089</b>	<b>265,388</b>	<b>972,382</b>	<b>907,181</b>	<b>2,119,471</b>	<b>1,172,569</b>
<b>General Revenues</b>						
Property Taxes	1,279,306	1,325,911	-	-	1,279,306	1,325,911
State Revenue Sharing	336,099	328,728	-	-	336,099	328,728
Other	4,724	44,875	-	-	4,724	44,875
Interest Income	5,025	4,810	7,861	8,200	12,886	13,010
<b>Total General Revenues</b>	<b>1,625,154</b>	<b>1,704,324</b>	<b>7,861</b>	<b>8,200</b>	<b>1,633,015</b>	<b>1,712,524</b>
<b>Total Revenues</b>	<b>2,772,243</b>	<b>1,969,712</b>	<b>980,243</b>	<b>915,381</b>	<b>3,752,486</b>	<b>2,885,093</b>
<b>Expenses</b>						
General Government	536,806	452,432	-	-	536,806	452,432
Public Safety	805,447	734,859	-	-	805,447	734,859
Public Works	10,062	2,347	-	-	10,062	2,347
Community & Economic Development	149,370	107,377	-	-	149,370	107,377
Recreation & Culture	140,847	163,982	-	-	140,847	163,982
Water & Sewer	-	-	665,143	604,133	665,143	604,133
Interest on Long-term Debt	-	2,500	-	-	-	2,500
<b>Total Expenses</b>	<b>1,642,532</b>	<b>1,463,497</b>	<b>665,143</b>	<b>604,133</b>	<b>2,307,675</b>	<b>2,067,630</b>
<b>Change in Net Position</b>	<b>1,129,711</b>	<b>506,215</b>	<b>315,100</b>	<b>311,248</b>	<b>1,444,811</b>	<b>817,463</b>
<i>Net Position at Beginning of Period</i>	<i>16,019,268</i>	<i>15,513,053</i>	<i>6,298,403</i>	<i>5,987,155</i>	<i>22,317,671</i>	<i>21,500,208</i>
<b>Net Position at End of Period</b>	<b>\$ 17,148,979</b>	<b>\$ 16,019,268</b>	<b>\$ 6,613,503</b>	<b>\$ 6,298,403</b>	<b>\$ 23,762,482</b>	<b>\$ 22,317,671</b>

### Financial Analysis of Governmental Funds

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

**Governmental Funds.** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Township itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Township's Board.

At June 30, 2015, the Township's governmental funds reported combined fund balances of \$2,030,118, a decrease of \$273,996 in comparison with the prior year. Approximately 42% of this amount (\$859,356) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) restricted for particular purposes

(\$640,156), 2) not in a spendable form (\$140,048), 3) committed for particular purposes (\$21,905), or 4) assigned for particular purposes (\$368,653).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$859,356, while total fund balance increased to \$1,422,203. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 114 percent of total general fund expenditures and transfers out, while total fund balance represents approximately 188 percent of that same amount.

The fund balance of the Township's general fund increased by \$93,632 during the current fiscal year which put the overall fund balance at \$1,422,203.

The fire fund, a major fund, had a \$43,404 decrease in fund balance during the current fiscal year which put the overall fund balance at \$46,466. This decrease in fund balance is related to the increased activity within the fire fund and the related costs.

The farm land preservation fund, a major fund, had a \$446,858 decrease in fund balance during the current fiscal year which put the overall fund balance at \$187,414. This decrease is a result of \$1,444,127 of capital outlay expenditures incurred during the year related to the Township's purchase of two PDR properties.

***Proprietary Funds.*** The Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

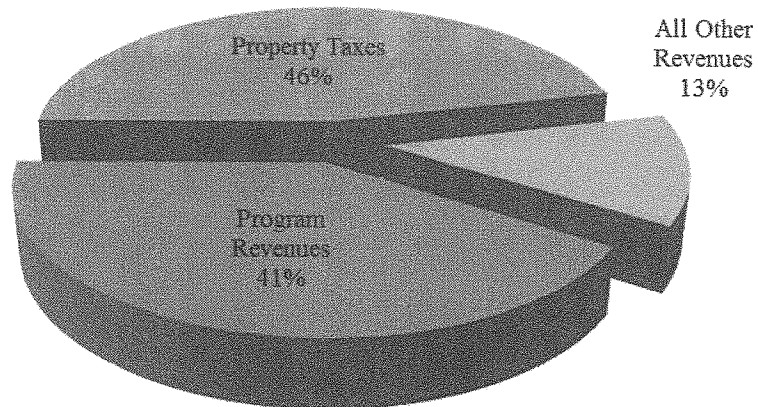
Unrestricted net position of the water and sewer fund at the end of the year was \$1,491,222. The increase in net position for the fund was \$315,100. The increase in net position of the fund was consistent with prior year results except that revenues were up from prior years as a result system expansion to new users.



## Governmental Activities

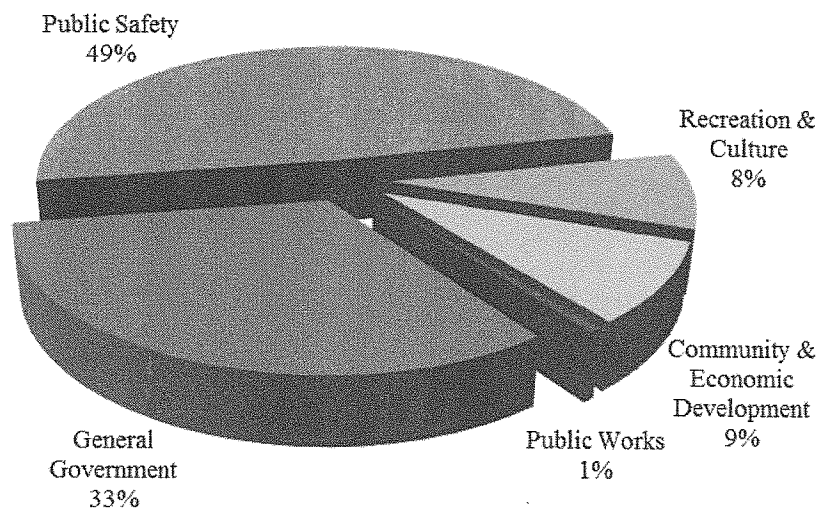
The following chart summarizes the revenue sources for the governmental activities of the Township for the most recent fiscal year end.

### Governmental Activities Revenues



The following chart summarizes the expenses for the governmental activities of the Township for the most recent fiscal year end.

### Governmental Activities Expenses



## **General Fund Budgetary Highlights**

*Original budget compared to final budget.* During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations in its general fund.

*Final budget compared to actual results.* During the current fiscal year the Township had no expenditures in excess of appropriations in the general fund.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

At June 30, 2015, the Township had \$21,773,218 invested in capital assets. The following table represents the Townships investment in capital assets:

#### **Township of Acme Capital Assets as of June 30, 2015**

Land & Development Rights	\$ 14,952,835
Equipment	7,650
Building & Improvements	62,364
Vehicles	42,975
Water & Sewer System	6,707,394
<b><i>Net Capital Assets</i></b>	<b><u>\$ 21,773,218</u></b>

More detailed information about the Township's capital assets can be found in the notes to the financial statements section of this document.

### ***Long-term Debt***

At year end the Township had total long-term debt of \$1,585,113. The Township continued to pay down its debt, retiring \$177,300 of outstanding debt principal during the year.

The State limits the amount of general obligation debt that a local unit can issue to 10 percent of the assessed value of all taxable property within a Township's boundaries. The Township is well under the State limit as of June 30, 2015.

More detailed information about the Township's long-term debt can be found in the notes to the financial statements section of this document.

## **Economic Condition and Outlook**

Management estimates that approximately \$930,000 of revenues will be available for appropriation in the general fund in the upcoming year. Expenditures are expected to change by

small amounts compared to 2015. The Township continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2016, the Township plans again to use current revenues to provide essential services and to maintain the Township's financial reserves at similar levels. Property tax revenues are expected to change minimally reflecting fairly stable property values. The ongoing costs of providing essential services for the citizens of the Township will again need to be monitored in order to maintain the financial condition of the Township.

### **Contacting the Township**

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Township of Acme  
602 Acme Road  
Williamsburg, MI 49690

## **BASIC FINANCIAL STATEMENTS**

**Township of Acme**  
**Statement of Net Position**  
**June 30, 2015**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash & Cash Equivalents	\$ 1,844,924	\$ 1,383,757	\$ 3,228,681
Due from County	140,048	--	140,048
Accounts Receivable	22,087	194,014	216,101
Due from State	115,730	--	115,730
Due from Agency Funds	56,261	--	56,261
<b>Total Current Assets</b>	<b>2,179,050</b>	<b>1,577,771</b>	<b>3,756,821</b>
<i>Noncurrent Assets</i>			
Non-depreciable Capital Assets	14,952,835	--	14,952,835
Depreciable Capital Assets (net)	112,989	6,707,394	6,820,383
<b>Total Assets</b>	<b>17,244,874</b>	<b>8,285,165</b>	<b>25,530,039</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	61,285	78,393	139,678
Accrued Payroll & Related Liabilities	31,386	--	31,386
Accrued Interest	--	8,156	8,156
Current Portion of Long-term Debt	--	170,272	170,272
<b>Total Current Liabilities</b>	<b>92,671</b>	<b>256,821</b>	<b>349,492</b>
<i>Noncurrent Liabilities</i>			
Long-term Debt	--	1,414,841	1,414,841
Compensated Absences	3,224	--	3,224
<b>Total Liabilities</b>	<b>95,895</b>	<b>1,671,662</b>	<b>1,767,557</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	15,065,824	5,122,281	20,188,105
<i>Restricted for:</i>			
Public Safety	178,795	--	178,795
Capital Projects	190,535	--	190,535
Other Functions	270,826	--	270,826
<i>Unrestricted</i>	1,442,999	1,491,222	2,934,221
<b>Total Net Position</b>	<b>\$ 17,148,979</b>	<b>\$ 6,613,503</b>	<b>\$ 23,762,482</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Acme  
Statement of Activities  
For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General Government	\$ 536,806	\$ 113,575	\$ 6,981	\$ --	\$ (416,250)	\$ --	\$ (416,250)
Public Safety	805,447	--	8,661	--	(796,786)	--	(796,786)
Public Works	10,062	94,572	--	--	84,510	--	84,510
Recreation & Culture	140,847	225	67,035	--	(73,587)	--	(73,587)
Community & Economic Development	149,370	36,638	--	819,402	706,670	--	706,670
<b>Total Governmental Activities</b>	<b>1,642,532</b>	<b>245,010</b>	<b>82,677</b>	<b>819,402</b>	<b>(495,443)</b>	<b>--</b>	<b>(495,443)</b>
<b>Business-type Activities:</b>							
Water & Sewer	665,143	972,382	--	--	--	307,239	307,239
<b>Total Business-type Activities</b>	<b>665,143</b>	<b>972,382</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>307,239</b>	<b>307,239</b>
<b>Total Primary Government</b>	<b>\$ 2,307,675</b>	<b>\$ 1,217,392</b>	<b>\$ 82,677</b>	<b>\$ 819,402</b>	<b>\$ (495,443)</b>	<b>\$ 307,239</b>	<b>\$ (188,204)</b>
<b>General Purpose Revenues and Transfers:</b>							
<b>Revenues</b>							
State Revenue Sharing					336,099	--	336,099
Other					4,724	--	4,724
Interest Income					5,025	7,861	12,886
Property Taxes					1,279,306	--	1,279,306
<b>Transfers</b>					--	--	--
<b>Total General Revenues and Transfers</b>					<b>1,625,154</b>	<b>7,861</b>	<b>1,633,015</b>
<b>Change in Net Position</b>					<b>1,129,711</b>	<b>315,100</b>	<b>1,444,811</b>
<i>Net Position at Beginning of Period - Restated (note 12)</i>					16,019,268	6,298,403	22,317,671
<b>Net Position at End of Period</b>					<b>\$ 17,148,979</b>	<b>\$ 6,613,503</b>	<b>\$ 23,762,482</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Acme  
Balance Sheet  
Governmental Funds  
June 30, 2015**

		Special Revenue			
	General	Fire Fund	Farm Land Preservation	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 1,194,223	\$ 61,353	\$ 194,914	\$ 394,434	\$ 1,844,924
Due from County	140,048	--	--	--	140,048
Accounts Receivable	22,087	--	--	--	22,087
Due from State	115,730	--	--	--	115,730
Due from Agency Funds	56,261	--	--	--	56,261
<i>Total Assets</i>	<u>\$ 1,528,349</u>	<u>\$ 61,353</u>	<u>\$ 194,914</u>	<u>\$ 394,434</u>	<u>\$ 2,179,050</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 18,499	\$ 14,887	\$ 7,500	\$ 20,399	\$ 61,285
Accrued Payroll & Related Liabilities	31,386	--	--	--	31,386
<i>Total Liabilities</i>	<u>49,885</u>	<u>14,887</u>	<u>7,500</u>	<u>20,399</u>	<u>92,671</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues	56,261	--	--	--	56,261
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>106,146</u>	<u>14,887</u>	<u>7,500</u>	<u>20,399</u>	<u>148,932</u>
<b>FUND BALANCE</b>					
Nonspendable	140,048	--	--	--	140,048
Restricted	54,146	46,466	187,414	352,130	640,156
Committed	--	--	--	21,905	21,905
Assigned	368,653	--	--	--	368,653
Unassigned	859,356	--	--	--	859,356
<i>Total Fund Balance</i>	<u>1,422,203</u>	<u>46,466</u>	<u>187,414</u>	<u>374,035</u>	<u>2,030,118</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 1,528,349</u>	<u>\$ 61,353</u>	<u>\$ 194,914</u>	<u>\$ 394,434</u>	<u>\$ 2,179,050</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Acme**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2015**

Total Fund Balance - Governmental Funds	\$ 2,030,118
General government capital assets of \$15,403,441, net of accumulated depreciation of \$337,617, are not financial resources and accordingly are not reported in the funds.	15,065,824
Receivables not collected within 60 days of year-end are not available to cover current period expenditures and, therefore, are reported as unavailable revenue in the funds.	56,261
Compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.	(3,224)
<b>Total Net Position - Governmental Funds</b>	<b>\$ <u>17,148,979</u></b>

The Notes to the Financial Statements are an integral part of these Financial Statements



**Township of Acme**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	Special Revenue			Other	Total
	General	Fire Fund	Farm Land Preservation	Governmental Funds	Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 341,431	\$ 678,318	\$ 217,180	\$ 42,377	\$ 1,279,306
License & Permits	88,602	--	--	8,661	97,263
Local Contributions	--	--	819,402	--	819,402
Grants	67,035	--	--	--	67,035
State Revenue Sharing	336,099	--	--	--	336,099
Charges for Services	36,917	--	--	98,172	135,089
Other	31,105	--	--	11,705	42,810
Interest Income	5,091	--	138	21	5,250
<b>Total Revenues</b>	<b>906,280</b>	<b>678,318</b>	<b>1,036,720</b>	<b>160,936</b>	<b>2,782,254</b>
<b>Expenditures</b>					
General Government	513,125	--	--	3,427	516,552
Public Safety	--	729,145	--	76,302	805,447
Public Works	1,549	--	--	8,513	10,062
Community & Economic Development	109,919	--	39,451	--	149,370
Recreation & Culture	130,632	--	--	60	130,692
Capital Outlay	--	--	1,444,127	--	1,444,127
<b>Total Expenditures</b>	<b>755,225</b>	<b>729,145</b>	<b>1,483,578</b>	<b>88,302</b>	<b>3,056,250</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>151,055</b>	<b>(50,827)</b>	<b>(446,858)</b>	<b>72,634</b>	<b>(273,996)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	--	7,423	--	108,500	115,923
Transfers Out	(57,423)	--	--	(58,500)	(115,923)
<b>Net Other Financing Sources (Uses)</b>	<b>(57,423)</b>	<b>7,423</b>	<b>--</b>	<b>50,000</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>93,632</b>	<b>(43,404)</b>	<b>(446,858)</b>	<b>122,634</b>	<b>(273,996)</b>
<i>Fund Balance at Beginning of Period - Restated (note 12)</i>	<i>1,328,571</i>	<i>89,870</i>	<i>634,272</i>	<i>251,401</i>	<i>2,304,114</i>
<b>Fund Balance at End of Period</b>	<b>\$ 1,422,203</b>	<b>\$ 46,466</b>	<b>\$ 187,414</b>	<b>\$ 374,035</b>	<b>\$ 2,030,118</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Acme**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended June 30, 2015**

Total Net Change in Fund Balances - Governmental Funds	\$	(273,996)
--------------------------------------------------------	----	-----------

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$1,444,127 exceeds depreciation expense of \$27,185 in the current period.		1,416,942
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-----------

Unavailable revenues not collected within 60 days of year-end are not included as revenues in the funds. However, they are reported as revenues in the statement of activities as soon as they are collectible. This represents the change in unavailable revenues during the year.		(10,011)
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	----------

Changes to compensated absences are not shown in the fund financial statements. The net effect of the current year is to decrease net position.		(3,224)
-------------------------------------------------------------------------------------------------------------------------------------------------	--	---------

<b>Changes in Net Position - Governmental Funds</b>	<b>\$</b>	<b><u>1,129,711</u></b>
-----------------------------------------------------	-----------	-------------------------

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Acme  
Statement of Net Position  
Proprietary Fund  
June 30, 2015**

	<b><u>Business-type Activities - Enterprise Fund</u></b>
	<b><u>Water and Sewer</u></b>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash & Cash Equivalents	\$ 1,383,757
Accounts Receivable	194,014
<i><b>Total Current Assets</b></i>	<u>1,577,771</u>
<i>Noncurrent Assets</i>	
Depreciable Capital Assets (net)	6,707,394
<i><b>Total Assets</b></i>	<u>8,285,165</u>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts Payable	78,393
Accrued Interest	8,156
Current Portion of Long-term Debt	170,272
<i><b>Total Current Liabilities</b></i>	<u>256,821</u>
<i>Noncurrent Liabilities</i>	
Long-term Debt	1,414,841
<i><b>Total Liabilities</b></i>	<u>1,671,662</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	5,122,281
<i>Unrestricted</i>	1,491,222
<i><b>Total Net Position</b></i>	<u><u>\$ 6,613,503</u></u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Acme**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2015**

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Water and Sewer</u>
<b>Operating Revenues</b>	
Charges for Services	\$ 972,382
<i><b>Total Operating Revenues</b></i>	<u>972,382</u>
<b>Operating Expenses</b>	
Contractual Services	375,899
Depreciation	245,179
<i><b>Total Operating Expenses</b></i>	<u>621,078</u>
<i><b>Operating Income (Loss)</b></i>	<u>351,304</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest Income	7,861
Interest Expense	(44,065)
<i><b>Net Non-Operating Revenues (Expenses)</b></i>	<u>(36,204)</u>
<i><b>Income Before Contributions and Transfers</b></i>	315,100
Transfers In	--
Transfers Out	--
<i><b>Change In Net Position</b></i>	<u>315,100</u>
<i><b>Net Position at Beginning of Period</b></i>	6,298,403
<i><b>Net Position at End of Period</b></i>	<u>\$ 6,613,503</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Acme  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2015**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Water and Sewer</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 988,655
Cash Payments to Employees for Services and Fringe Benefits	(350,507)
<b><i>Total Cash Flows from Operating Activities</i></b>	<b>638,148</b>
<b>Cash Flows from Non-capital and Related Financing Activities</b>	
Increase (Decrease) in Internal Balances	(1,984)
<b><i>Total Cash Flows from (used by) Capital and Related Financing Activities</i></b>	<b>(1,984)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Interest Paid	(44,065)
Principal Payments on Long-term Debt	(177,300)
<b><i>Total Cash Flows from (used by) Capital and Related Financing Activities</i></b>	<b>(221,365)</b>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	6,887
<b><i>Total Cash Flows from Investing Activities</i></b>	<b>6,887</b>
<b><i>Net Increase (Decrease) in Cash and Equivalents</i></b>	<b>421,686</b>
<b><i>Cash and Equivalents - Beginning of Year</i></b>	<b>962,071</b>
<b><i>Cash and Equivalents - End of Year</i></b>	<b>\$ 1,383,757</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
<b>Operating Income</b>	<b>351,304</b>
Adjustments to Reconcile Operating Income to Net Cash	
<b>Provided (Used) by Operating Activities</b>	
Depreciation Expense	245,179
<b>Changes in Assets &amp; Liabilities</b>	
Receivables	16,273
Accounts Payable	25,392
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 638,148</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Acme**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	<u>Agency</u>
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 17,325
Accounts Receivable	56,261
<i>Total Assets</i>	<u>73,586</u>
<b>LIABILITIES</b>	
Due to Other Governments	17,325
Due to General Fund	56,261
<i>Total Liabilities</i>	<u>73,586</u>
<b>NET POSITION</b>	
Held in Trust	<u>\$ --</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

## **NOTES TO THE FINANCIAL STATEMENTS**

## **Township of Acme**

### **Notes to the Financial Statements**

---

#### **Note 1 – Summary of Significant Accounting Policies**

The accounting policies of the Township of Acme, Michigan (the "Township" or "government"), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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 accounting policies are described below.

##### ***Reporting entity***

The Township is located in Grand Traverse County, Michigan, and provides services to its residents in many areas including police and fire protection, community enrichment and development, water and sewer services, recreation and culture, and human services. The Township is a general law township governed by a seven-member board elected by the citizens of the Township. The Township Board consists of the supervisor, clerk, treasurer and four trustees.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, "*The Financial Reporting Entity*," these financial statements present the Township. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. There are no other units that should be included in the financial statements.

The following entities are not included in the Township's financial statements but do represent an ongoing financial interest or responsibility:

##### **Joint Ventures**

##### ***Master Sewer Agreement***

The Township entered into a master sewer agreement effective July 1, 1987 through June 30, 2041 with the City of Traverse City, the Townships of 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 and sewer system. 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 townships have the option to purchase the facility 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.



## Township of Acme

### Notes to the Financial Statements

---

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 sewer system debt issues listed in Note 5 as determined biannually based upon the percentage of the Township's flow to the total flow through the treatment plant.

The Township is also responsible for lease payments to the Grand Traverse County Department of Public Works for the Township's portion of the Sewage Treatment Facility costs as listed in Note 5. In the year ended June 30, 2015, the Township paid \$161,235 to payoff sewage treatment plant bonds.

#### ***Metro Emergency Services Authority***

The Township participates jointly in the operation of the Metro Emergency Services Authority with the charter townships of East Bay and Garfield in Grand Traverse County. The Township paid \$635,015 and \$76,302, to Metro Emergency Services Authority during the year ended June 30, 2015 for fire department and EMS services, respectively.

#### ***Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## Township of Acme

### Notes to the Financial Statements

---

#### ***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 proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The ***general fund*** is the Township'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.

The ***fire fund*** accounts for the Township's portion of operation of the Metro Emergency Services Authority. Financing is provided by a special property tax levy.

The ***farmland preservation fund*** accounts for costs of establishing a system of farmland preservation. Financing is provided by a special property tax levy.

The Township reports the following major proprietary 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.

## Township of Acme

### Notes to the Financial Statements

---

Additionally, the Township reports the following fund types:

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

*Capital projects funds* account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

*Debt service funds* account for the accumulation of resources for and the repayment of debt.

*Agency funds* account for the collection and disbursements of taxes and other monies due to other units of government and individuals.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Township's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses are not meeting this definition are reported as nonoperating revenues and expenses.

#### ***Budgetary Basis of Accounting***

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The general fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to the first day of the following fiscal year, the budget is legally enacted through passage of a resolution.

## Township of Acme

### Notes to the Financial Statements

---

4. The Township Supervisor is authorized to make budget transfers to or from any one appropriation category during the fiscal year within dollar limits established by the Township Board. The legal level of budgetary control is at the activity level in the general fund and the functional level for special revenue funds.
5. Formal budgetary integration is employed as a management control device during the year for all funds except agency funds. Budget appropriations lapse at year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621, which was followed for the year ended June 30, 2015. Expenditures may not exceed appropriations. The appropriations resolutions are based on the projected expenditures budget of the department heads of the Township. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

### *Assets, Liabilities, and Equity*

#### *Cash and Cash Equivalents*

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash deposits are reported at carrying amounts which reasonably estimate fair value.

State statutes and Township policy authorize the Township to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

## Township of Acme

### Notes to the Financial Statements

---

#### *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and all other outstanding balances between funds are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No amounts have been deemed uncollectable.

#### *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, water and sewer lines, and similar items), are reported in the applicable governmental or business-type 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. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there was no interest expense capitalized as part of the cost of assets under construction.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<b>Description</b>	<b>Years</b>
Road Improvements	15-20
Water & Sewer Infrastructure	50
Buildings & Building Improvements	40-50
Vehicles	3-5
Equipment	3-7

## Township of Acme

### Notes to the Financial Statements

---

#### ***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 capital grants and contributions in the statement of activities. This value is capitalized as a non-depreciable capital asset as it is recognized as an intangible asset providing value to the residents of the Township.

#### ***Deferred Inflows of Resources / Unavailable Revenue***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: receivables for revenues that are not considered to be available to liquidate liabilities of the current period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### ***Long-term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, the 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 position. For new bond issuances of governmental funds after the implementation of GASB Statement No. 34 and all proprietary fund bond issues, bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as a current period expense.

In the fund financial statements, governmental funds 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 uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***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 per year, with a maximum accumulation of 120 hours.

## Township of Acme

### Notes to the Financial Statements

---

#### ***Net Position Flow Assumption***

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

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### ***Fund Balance Flow Assumptions***

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

#### ***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Township Board has authorized any two of the following to assign fund balance: the Township Supervisor, Clerk, or Treasurer. The Township Board may also assign fund balance as it does when

## Township of Acme

### Notes to the Financial Statements

---

appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned fund balance* is the residual classification for the Township's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Township's Board.

The Township intends to maintain a fund balance of 50% of the Township's general fund annual operating expenditures. If a fund balance declines below 50%, it shall be recovered at a rate of 1% minimally, each year.

#### **Revenues and Expenditures / Expenses**

##### ***Property Tax Revenue Recognition***

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 2014 tax is levied and collectible on December 1, 2014 and is recognized as revenue in the year ended June 30, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

##### ***Use of Estimates***

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

##### ***Subsequent Events***

The Township has evaluated subsequent events and transactions for potential recognition and disclosure through November 23, 2015, the date the financial statements were available to be issued.

#### **Note 2 - Stewardship, Compliance, and Accountability**

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.



## Township of Acme

### Notes to the Financial Statements

The Township had the following expenditures in excess of appropriations during the current year:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Farm Land Preservation</b>			
Capital Outlay	\$ 781,000	\$ 1,444,127	\$ (663,127)
<b>Fire Fund</b>			
Public Safety	708,967	729,145	(20,178)

### Note 3 – Cash and Investments

A reconciliation of cash and investments to the Township's deposits and investments, as shown in the government-wide financial statements and in the statement of fiduciary net position, is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
<b>Statement of Net Position</b>				
Cash & Cash Equivalents	\$ 1,844,924	\$ 1,383,757	\$ 17,325	\$ 3,246,006

### *Deposits*

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

### *Custodial Credit Risk*

In the event of bank failure, the Township's uninsured deposits may not be returned to it. As of June 30, 2015, \$2,514,809 of the Township's deposits were exposed to custodial credit risk because they were uninsured and uncollateralized.

# Township of Acme

## Notes to the Financial Statements

### Note 4 – Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2015 was as follows:

Primary Government	June 30, 2014	Additions	Reductions	June 30, 2015
<b>Capital assets not being depreciated</b>				
Land	\$ 13,508,708	\$ 1,444,127	\$ -	\$ 14,952,835
<b>Total Capital assets not being depreciated</b>	<u>13,508,708</u>	<u>1,444,127</u>	<u>-</u>	<u>14,952,835</u>
<b>Capital assets being depreciated</b>				
Buildings & Improvements	233,201	-	-	233,201
Vehicles	97,342	-	-	97,342
Equipment	120,063	-	20,350	120,063
<b>Total capital assets, being depreciated</b>	<u>450,606</u>	<u>-</u>	<u>20,350</u>	<u>450,606</u>
<b>Less accumulated depreciation</b>				
Buildings & Improvements	165,934	4,903	-	170,837
Vehicles	47,853	6,514	-	54,367
Equipment	96,645	15,768	20,350	112,413
<b>Total accumulated depreciation</b>	<u>310,432</u>	<u>27,185</u>	<u>20,350</u>	<u>337,617</u>
<b>Total capital assets</b>	<u>\$ 13,648,882</u>	<u>\$ 1,416,942</u>	<u>\$ -</u>	<u>\$ 15,065,824</u>

Capital asset activity for business-type activities for the year ended June 30, 2015 was as follows:

Business-type Activities	June 30, 2014	Additions	Reductions	June 30, 2015
<b>Capital assets being depreciated</b>				
Water & Sewer System	\$ 12,260,679	\$ -	\$ 1,723	\$ 12,258,956
<b>Total capital assets, being depreciated</b>	<u>12,260,679</u>	<u>-</u>	<u>1,723</u>	<u>12,258,956</u>
<b>Less accumulated depreciation</b>				
Water & Sewer System	5,308,106	245,179	1,723	5,551,562
<b>Total accumulated depreciation</b>	<u>5,308,106</u>	<u>245,179</u>	<u>1,723</u>	<u>5,551,562</u>
<b>Total capital assets</b>	<u>\$ 6,952,573</u>	<u>\$ (245,179)</u>	<u>\$ -</u>	<u>\$ 6,707,394</u>

Depreciation expense was charged to the Township as follows:

<b>Governmental Activities</b>	
General Government	\$ 19,780
Recreation & Culture	7,405
<b>Total Governmental Activities</b>	<u>\$ 27,185</u>
<b>Business-type Activities</b>	
Water & Sewer	<u>\$ 245,179</u>

## Township of Acme

### Notes to the Financial Statements

---

#### **Note 5 - Long-term Debt**

Long-term debt at June 30, 2015 was composed of the following individual issues:

##### **General Obligation Bonds (Business-type activities)**

*1995 Traverse City Wastewater Treatment Plant Sewer General Obligation Bond (#328);* remaining annual installments of \$21,460 to \$23,964 through April 2015; interest rate of 5.60% to 5.70%.

*2011 Traverse City Wastewater Treatment Plant - Upgrade Refunding General Obligation Bond (#334);* remaining annual installments of \$137,054 to \$194,853 through April 2022; interest rate of 3.00% to 4.00%.

The above business-type activities contractual obligations to Grand Traverse County (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. The Township's portion of County bonds are adjusted annually based on plant flows. Proceeds from the County bonds provided financing for the construction of the sewer facilities and assets. All agreements provide for the Township to use, operate and maintain the systems, at its own expense, subject to the terms and conditions of the agreement. The remaining principal to be paid on the bonds total \$1,261,041 as of June 30, 2015. During the current year, net revenues of the system were \$1,166,396 compared to the annual debt requirements of \$261,043.

##### ***Leases 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 and operation of the Septage Treatment Plant joint venture. 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, members of the joint venture have the option to purchase the facility.

Under the accrual basis of accounting, the leases are classified as sales leases. As a result, lease payable is recognized in the accompanying statement of net position.

Assets capitalized under the lease have a cost of \$470,853 and a net book value of \$395,699 as of June 30, 2015.

# Township of Acme

## Notes to the Financial Statements

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

	Interest Rate	Maturity	6/30/2014	Reductions	6/30/2015	Due Within One Year
<b>Business-type Activities:</b>						
2003 Traverse City Wastewater Treatment Refunding Bonds	1.50 - 3.75%	2015	\$ 31,825	\$ 31,825	\$ -	\$ -
2004 Traverse City Septage Treatment Facility Project Bonds	3.05 - 5.00%	2024	51,975	9,175	42,800	9,598
2011 Traverse City Wastewater Treatment Plant Upgrade Refunding Bonds	3.00 - 4.00%	2022	1,279,422	112,853	1,166,569	144,609
Unamortized Bond Premium		2022	59,054	7,382	51,672	-
Leases with Grand Traverse County Department of Public Works		2022	340,137	16,065	324,072	16,065
<b>Total Business-type Activities</b>			<u>1,762,413</u>	<u>177,300</u>	<u>1,585,113</u>	<u>170,272</u>
<b>Total Primary Government Long-term Debt</b>			<u>\$ 1,762,413</u>	<u>\$ 177,300</u>	<u>\$ 1,585,113</u>	<u>\$ 170,272</u>

Future debt service maturity payments, excluding bond premiums, at June 30, 2015 were as follows:

<b>Business-type Activities</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 170,272	\$ 48,938	\$ 219,210
2017	185,158	41,743	226,901
2018	191,694	35,553	227,246
2019	199,047	29,096	228,142
2020	205,174	22,341	227,515
2021-2025	582,097	24,484	606,581
<b>Total</b>	<u>\$ 1,533,441</u>	<u>\$ 202,156</u>	<u>\$ 1,735,597</u>

### *Advance Refunding*

During the year ended June 30, 2012, the County issued general obligation City of Traverse City Treatment Plan Series 2011 bonds of \$20,385,000 (par value) with interest rates ranging from 3.00% to 4.00% to advance refund \$21,300,000 of the County Series 2002 bonds. The remaining Series 2002 bonds mature in fiscal years 2014 through 2022 in the amount of \$19,750,000 with interest rates of 4.10% to 5.00%. Acme Township's portion of the remaining maturities is \$1,209,369 as of June 30, 2015.

### **Note 6 - Interfund Balances & Interfund Transfers**

The Township reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position / balance sheet for governmental funds, proprietary funds, and fiduciary funds.

There were no interfund balances as of June 30, 2015.

## Township of Acme

### Notes to the Financial Statements

All balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers during the year were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 50,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	58,500
Fire Fund	General Fund	7,423

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### **Note 7 – Defined Contribution Pension Plan**

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. Employer contributions 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 \$268,129. The current year contribution was calculated on covered payroll of \$185,163, resulting in an employer contribution of \$18,516. No contributions from employees are required.

#### **Note 8 - 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.

## Township of Acme

### Notes to the Financial Statements

---

#### **Note 9 - 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. 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 plan includes the land use liability coverage, the shoreline park property, and buildings on the park property. The coverage under the current Michigan Municipal League policy, which covers all risks under the same policy-wide limit, is \$5 million.

#### **Note 10 - Commitments and Contingencies**

##### ***Septage Treatment Facility***

The Township is a participant in the Septage Treatment Facility. Being a participant requires the Township to contribute funding to the planning of a new facility. As of June 30, 2015, the total cost of the project has not been estimated and no expenditures have been made.

##### ***Grant Programs***

The Township participates in state and federally assisted grant programs. The programs are subject to economy and efficiency, and program result audits by the grantors or their representatives. The audits of the programs for, or including, the year ended June 30, 2015 have not yet been conducted. Accordingly, the Township's compliance with applicable grant requirements will be established at some future date.

#### **Note 11 - Fund Balances – Governmental Funds**

The Township reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

## Township of Acme

### Notes to the Financial Statements

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Farm Land Preservation</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Nonspendable:					
Long-term Receivable	\$ 140,048	\$ -	\$ -	\$ -	\$ 140,048
Restricted for:					
Public Broadcasting	6,864	-	-	-	6,864
PA 48 Metro Act	33,282	-	-	-	33,282
Water Engineering Study	14,000	-	-	-	14,000
Fire Fund	-	46,466	-	-	46,466
Farmland Preservation Fund	-	-	187,414	-	187,414
Shoreline Preservation Fund	-	-	-	1,377	1,377
Police Protection Fund	-	-	-	119,310	119,310
New Urbanist Town Center Fund	-	-	-	27,889	27,889
Liquor Fund	-	-	-	13,019	13,019
Holiday Hills Improvement	-	-	-	190,535	190,535
Total Restricted	<u>54,146</u>	<u>46,466</u>	<u>187,414</u>	<u>352,130</u>	<u>640,156</u>
Committed for:					
Parks & Recreation	-	-	-	17,100	17,100
Cemetery Fund Perpetual Care	-	-	-	4,805	4,805
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,905</u>	<u>21,905</u>
Assigned for:					
Saylor Park Boat Launch Improvement	95,868	-	-	-	95,868
GTTC Engineer Project Management	40,000	-	-	-	40,000
BS&A	30,539	-	-	-	30,539
Septage Plant Bond Buyout	<u>202,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,246</u>
Total Assigned	<u>368,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,653</u>
Unassigned	<u>859,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>859,356</u>
<b>Total Fund Balances - Governmental Funds</b>	<b><u>\$ 1,422,203</u></b>	<b><u>\$ 46,466</u></b>	<b><u>\$ 187,414</u></b>	<b><u>\$ 374,035</u></b>	<b><u>\$ 2,030,118</u></b>

Restricted fund balance of \$640,156 in the funds equals the amount restricted in the statement of net position in the government-wide financial statements.

#### Note 12 - Prior Period Adjustment

Beginning net equity was adjusted as of July 1, 2014 as follows:

- Fund balance of the fire fund was decreased by \$290,657 to account for prepaid expenditures that were expensed in prior periods.
- Net position increased by \$1,614,991 to account for purchase development rights, which are an intangible asset that were recorded at cost as opposed to gross value.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**Township of Acme**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Property Taxes	\$ 320,843	\$ 349,126	\$ 341,431	\$ (7,695)
License & Permits	80,232	85,224	88,602	3,378
Grants	750	66,750	67,035	285
State Revenue Sharing	327,775	335,358	336,099	741
Charges for Services	54,250	22,485	36,917	14,432
Other	27,000	28,500	31,105	2,605
Interest Income	750	3,500	5,091	1,591
<b>Total Revenues</b>	<b>811,600</b>	<b>890,943</b>	<b>906,280</b>	<b>15,337</b>
<b>Expenditures</b>				
<b>General Government</b>				
Township Board	176,911	251,976	231,738	20,238
Supervisor	43,971	45,712	43,912	1,800
Elections	14,100	15,700	15,082	618
Assessing	39,913	41,033	39,916	1,117
Clerk	73,079	81,553	75,534	6,019
Board of Review	1,161	1,101	879	222
Treasurer	66,655	67,694	59,761	7,933
Building & Grounds	49,700	40,300	39,227	1,073
Other General Government	16,000	15,200	7,076	8,124
<b>Total General Government</b>	<b>481,490</b>	<b>560,269</b>	<b>513,125</b>	<b>47,144</b>
<b>Public Works</b>	<b>1,013</b>	<b>2,720</b>	<b>1,549</b>	<b>1,171</b>
<b>Community and Economic Development</b>	<b>148,701</b>	<b>120,104</b>	<b>109,919</b>	<b>10,185</b>
<b>Parks &amp; Recreation</b>	<b>128,379</b>	<b>142,631</b>	<b>130,632</b>	<b>11,999</b>
<b>Capital Outlay</b>	<b>16,667</b>	<b>26,032</b>	<b>--</b>	<b>26,032</b>
<b>Total Expenditures</b>	<b>776,250</b>	<b>772,270</b>	<b>755,225</b>	<b>17,045</b>
<b>Other Financing Uses</b>				
Transfers Out	--	57,423	57,423	--
<b>Total Expenditures and Other Financing Uses</b>	<b>776,250</b>	<b>909,179</b>	<b>812,648</b>	<b>96,531</b>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Uses</b>	<b>35,350</b>	<b>(18,236)</b>	<b>93,632</b>	<b>111,868</b>
<b>Net Change in Fund Balance</b>	<b>35,350</b>	<b>(18,236)</b>	<b>93,632</b>	<b>111,868</b>
<b>Fund Balance at Beginning of Period</b>	<b>1,328,571</b>	<b>1,328,571</b>	<b>1,328,571</b>	<b>--</b>
<b>Fund Balance at End of Period</b>	<b>\$ 1,363,921</b>	<b>\$ 1,310,335</b>	<b>\$ 1,422,203</b>	<b>\$ 111,868</b>

**Township of Acme**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Fire Fund**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Property Taxes	\$ 88,025	\$ 705,178	\$ 678,318	\$ (26,860)
<i>Total Revenues</i>	<u>88,025</u>	<u>705,178</u>	<u>678,318</u>	<u>(26,860)</u>
<b>Other Financing Sources</b>				
Transfers In	--	8,613	7,423	(1,190)
<i>Total Revenues and Other Financing Sources</i>	<u>88,025</u>	<u>713,791</u>	<u>685,741</u>	<u>(28,050)</u>
<b>Expenditures</b>				
Public Safety	83,500	708,967	729,145	(20,178)
<i>Total Expenditures</i>	<u>83,500</u>	<u>708,967</u>	<u>729,145</u>	<u>(20,178)</u>
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</i>	<u>4,525</u>	<u>4,824</u>	<u>(43,404)</u>	<u>(48,288)</u>
<i>Net Change in Fund Balance</i>	<u>4,525</u>	<u>4,824</u>	<u>(43,404)</u>	<u>(48,288)</u>
<i>Fund Balance at Beginning of Period</i>	89,870	89,870	89,870	--
<i>Fund Balance at End of Period</i>	<u>\$ 94,395</u>	<u>\$ 94,694</u>	<u>\$ 46,466</u>	<u>\$ (48,288)</u>

Township of Acme  
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual  
Farm Land Preservation  
For the Year Ended June 30, 2015

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	Final to Actual
<b>Revenues</b>				
Property Taxes	\$ 266,800	\$ 266,800	\$ 217,180	\$ (49,620)
Local Contributions	--	--	819,402	819,402
Interest Income	1,200	1,200	138	(1,062)
<b>Total Revenues</b>	<u>268,000</u>	<u>268,000</u>	<u>1,036,720</u>	<u>768,720</u>
<b>Expenditures</b>				
Community and Economic Development	44,500	44,500	39,451	5,049
Capital Outlay	781,000	781,000	1,444,127	(663,127)
<b>Total Expenditures</b>	<u>825,500</u>	<u>825,500</u>	<u>1,483,578</u>	<u>(658,078)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(557,500)</u>	<u>(557,500)</u>	<u>(446,858)</u>	<u>110,642</u>
<b>Net Change in Fund Balance</b>	<u>(557,500)</u>	<u>(557,500)</u>	<u>(446,858)</u>	<u>110,642</u>
<b>Fund Balance at Beginning of Period</b>	<u>634,272</u>	<u>634,272</u>	<u>634,272</u>	<u>--</u>
<b>Fund Balance at End of Period</b>	<u>\$ 76,772</u>	<u>\$ 76,772</u>	<u>\$ 187,414</u>	<u>\$ 110,642</u>

## OTHER SUPPLEMENTARY INFORMATION

**Township of Acme  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015**

	Special Revenue						Capital Projects			Total Nonmajor Governmental Funds
	Police Protection	Cemetery Fund	Liquor Fund	Shoreline Preservation	Parks and Recreation	New Urbanist Town Center	Township Improvement	Arnold Special Assessment	Holiday Hills Improvement	
<b>ASSETS</b>										
Cash & Cash Equivalents	\$ 138,457	\$ 5,940	\$ 13,019	\$ 1,377	\$ 17,100	\$ 27,889	\$ --	\$ --	\$ 190,652	\$ 394,434
<i>Total Assets</i>	<u>\$ 138,457</u>	<u>\$ 5,940</u>	<u>\$ 13,019</u>	<u>\$ 1,377</u>	<u>\$ 17,100</u>	<u>\$ 27,889</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 190,652</u>	<u>\$ 394,434</u>
<b>LIABILITIES</b>										
Accounts Payable	\$ 19,147	\$ 1,135	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 117	\$ 20,399
<i>Total Liabilities</i>	<u>19,147</u>	<u>1,135</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>117</u>	<u>20,399</u>
<b>FUND BALANCE</b>										
Restricted	119,310	--	13,019	1,377	--	27,889	--	--	190,535	352,130
Committed	--	4,805	--	--	17,100	--	--	--	--	21,905
Unassigned	--	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>119,310</u>	<u>4,805</u>	<u>13,019</u>	<u>1,377</u>	<u>17,100</u>	<u>27,889</u>	<u>--</u>	<u>--</u>	<u>190,535</u>	<u>374,035</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 138,457</u>	<u>\$ 5,940</u>	<u>\$ 13,019</u>	<u>\$ 1,377</u>	<u>\$ 17,100</u>	<u>\$ 27,889</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 190,652</u>	<u>\$ 394,434</u>

**Township of Acme**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2015**

	Special Revenue						Capital Projects			Total Nonmajor Governmental Funds
	Police Protection	Cemetery Fund	Liquor Fund	Shoreline Preservation	Parks and Recreation	New Urbanist Town Center	Township Improvement	Arnold Special Assessment	Holiday Hills Improvement	
<b>Revenues</b>										
Property Taxes	\$ 42,377	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 42,377
License & Permits	--	--	8,661	--	--	--	--	--	--	8,661
Charges for Services	--	3,600	--	--	--	--	--	--	94,572	98,172
Other	(31)	--	--	--	7,260	--	--	--	4,476	11,705
Interest Income	--	--	9	--	4	8	--	--	--	21
<b>Total Revenues</b>	<u>42,346</u>	<u>3,600</u>	<u>8,670</u>	<u>--</u>	<u>7,264</u>	<u>8</u>	<u>--</u>	<u>--</u>	<u>99,048</u>	<u>160,936</u>
<b>Expenditures</b>										
General Government	--	3,427	--	--	--	--	--	--	--	3,427
Public Safety	76,302	--	--	--	--	--	--	--	--	76,302
Public Works	--	--	--	--	--	--	--	--	8,513	8,513
Recreation & Culture	--	--	--	60	--	--	--	--	--	60
<b>Total Expenditures</b>	<u>76,302</u>	<u>3,427</u>	<u>--</u>	<u>60</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,513</u>	<u>88,302</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(33,956)</u>	<u>173</u>	<u>8,670</u>	<u>(60)</u>	<u>7,264</u>	<u>8</u>	<u>--</u>	<u>--</u>	<u>90,535</u>	<u>72,634</u>
<b>Other Financing Sources (Uses)</b>										
Transfers In	8,500	--	--	--	--	--	--	--	100,000	108,500
Transfers Out	--	--	(8,500)	--	--	--	(50,000)	--	--	(58,500)
<b>Net Other Financing Sources (Uses)</b>	<u>8,500</u>	<u>--</u>	<u>(8,500)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(50,000)</u>	<u>--</u>	<u>100,000</u>	<u>50,000</u>
<b>Net Change in Fund Balance</b>	<u>(25,456)</u>	<u>173</u>	<u>170</u>	<u>(60)</u>	<u>7,264</u>	<u>8</u>	<u>(50,000)</u>	<u>--</u>	<u>190,535</u>	<u>122,634</u>
<b>Fund Balance at Beginning of Period</b>	144,766	4,632	12,849	1,437	9,836	27,881	50,000	--	--	251,401
<b>Fund Balance at End of Period</b>	<u>\$ 119,310</u>	<u>\$ 4,805</u>	<u>\$ 13,019</u>	<u>\$ 1,377</u>	<u>\$ 17,100</u>	<u>\$ 27,889</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 190,535</u>	<u>\$ 374,035</u>