

**TOWNSHIP OF ACME, MICHIGAN**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Township Board of the  
Township of Acme, Michigan

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, 2014, 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 of Acme, Michigan, as of June 30, 2014, 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 of Acme, Michigan'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 26, 2014, on our consideration of the Township of Acme, Michigan'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 of Acme, Michigan's internal control over financial reporting and compliance.



Gabridge & Company, PLC  
Grand Rapids, Michigan  
November 26, 2014

## 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, 2014. 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 \$20,702,680 (net position). Of this amount, \$2,679,413 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 \$2,594,771, an increase of \$216,900 in comparison with the prior year. Approximately 27% of this amount (\$700,063) 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 \$700,063, or approximately 100% 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., uncollected taxes and earned but unused vacation leave).

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 streets. 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, the farm land preservation, and the debt service funds, which are considered to be major funds. Data from the other eight 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 separate information for the water and sewer operations, both of which are considered to be major funds of the Township.

The basic proprietary fund financial statements can be found on pages 21 - 24 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 25 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 – 42 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 44 – 46 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 48 - 49 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 \$20,684,335, at the close of the most recent fiscal year.

### Township of Acme Net Position as of June 30, 2014 and June 30, 2013

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash & Equivalents	\$ 2,073,784	\$ 1,873,618	\$ 962,071	\$ 638,382	\$ 3,035,855	\$ 2,512,000
Accounts Receivable	281,787	129,187	210,287	192,200	492,074	321,387
Prepaid Items	290,657	290,607	-	-	290,657	290,607
Advance to Agency Fund	85,228	85,121	-	-	85,228	85,121
<b>Total Current Assets</b>	<b>2,731,456</b>	<b>2,378,533</b>	<b>1,172,358</b>	<b>830,582</b>	<b>3,903,814</b>	<b>3,209,115</b>
<i>Noncurrent Assets</i>						
Capital Assets (net)	11,743,234	11,861,018	6,952,573	7,197,752	18,695,807	19,058,770
<b>Total Assets</b>	<b>14,474,690</b>	<b>14,239,551</b>	<b>8,124,931</b>	<b>8,028,334</b>	<b>22,599,621</b>	<b>22,267,885</b>
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts Payable	42,683	64,303	53,001	68,611	95,684	132,914
Accrued Liabilities	29,714	19,693	-	-	29,714	19,693
Due to Fiduciary Activity	-	4,650	-	-	-	4,650
Accrued Interest	-	-	9,130	9,388	9,130	9,388
Current Portion of Long-term Debt	-	254,827	213,744	190,753	213,744	445,580
Internal Balances	(1,984)	(1,984)	1,984	1,984	-	-
<b>Total Current Liabilities</b>	<b>70,413</b>	<b>341,489</b>	<b>277,859</b>	<b>270,736</b>	<b>348,272</b>	<b>612,225</b>
<i>Noncurrent Liabilities</i>						
Long-term Debt	-	-	1,548,669	1,770,443	1,548,669	1,770,443
<b>Total Liabilities</b>	<b>70,413</b>	<b>341,489</b>	<b>1,826,528</b>	<b>2,041,179</b>	<b>1,896,941</b>	<b>2,382,668</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	11,743,234	11,453,919	5,249,214	5,236,556	16,992,448	16,690,475
Restricted	1,030,819	1,252,591	-	-	1,030,819	1,252,591
Unrestricted	1,630,224	1,191,552	1,049,189	750,599	2,679,413	1,942,151
<b>Total Net Position</b>	<b>\$ 14,404,277</b>	<b>\$ 13,898,062</b>	<b>\$ 6,298,403</b>	<b>\$ 5,987,155</b>	<b>\$ 20,702,680</b>	<b>\$ 19,885,217</b>

By far, the largest portion of the Township's net position (\$16,992,448, or 82%) 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 (\$1,030,819, or 5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,679,413, or 13%, 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 \$817,463 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 \$506,215 from the prior fiscal year for an ending balance of \$14,404,277. While the current recession certainly had an impact on the Township, management was able to take various actions (e.g., delaying certain nonrecurring expenses, reducing expenses related to non-essential ongoing programs in the culture and recreation function) that neutralized its effect on governmental activities.

**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 \$311,248, increasing overall net position to \$6,298,403. The increase was attributable to slightly increased revenues and monitoring of the costs of operating the water and sewer fund.

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, 2014 and June 30, 2013**

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
<b>Revenue</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 194,292	\$ 201,068	\$ 907,181	\$ 890,362	\$ 1,101,473	\$ 1,091,430
Operating Grants & Contributions	71,096	856,822	-	370	71,096	857,192
<b>Total Program Revenues</b>	<b>265,388</b>	<b>1,057,890</b>	<b>907,181</b>	<b>890,732</b>	<b>1,172,569</b>	<b>1,948,622</b>
<b>General Revenues</b>						
Property Taxes	1,325,911	1,176,829	-	-	1,325,911	1,176,829
State Revenue Sharing	328,728	321,850	-	-	328,728	321,850
Other	44,875	34,933	-	-	44,875	34,933
Investment Income (Loss)	4,810	2,085	8,200	3,526	13,010	5,611
<b>Total General Revenues</b>	<b>1,704,324</b>	<b>1,535,697</b>	<b>8,200</b>	<b>3,526</b>	<b>1,712,524</b>	<b>1,539,223</b>
<b>Total Revenues</b>	<b>1,969,712</b>	<b>2,593,587</b>	<b>915,381</b>	<b>894,258</b>	<b>2,885,093</b>	<b>3,487,845</b>
<b>Expenses</b>						
General Government	452,432	475,458	-	-	452,432	475,458
Public Safety	734,859	856,194	-	-	734,859	856,194
Public Works	2,347	9,633	-	-	2,347	9,633
Community & Economic Development	107,377	1,008,008	-	-	107,377	1,008,008
Recreation & Culture	163,982	179,651	-	-	163,982	179,651
Water & Sewer	-	-	604,133	703,589	604,133	703,589
Interest on Long-term Debt	2,500	10,150	-	-	2,500	10,150
<b>Total Expenses</b>	<b>1,463,497</b>	<b>2,539,094</b>	<b>604,133</b>	<b>703,589</b>	<b>2,067,630</b>	<b>3,242,683</b>
<b>Change in Net Position</b>	<b>506,215</b>	<b>54,493</b>	<b>311,248</b>	<b>190,669</b>	<b>817,463</b>	<b>245,162</b>
<i>Net Position at Beginning of Period</i>	<i>13,898,062</i>	<i>13,843,569</i>	<i>5,987,155</i>	<i>5,796,486</i>	<i>19,885,217</i>	<i>19,640,055</i>
<i>Net Position at End of Period</i>	<i>\$ 14,404,277</i>	<i>\$ 13,898,062</i>	<i>\$ 6,298,403</i>	<i>\$ 5,987,155</i>	<i>\$ 20,702,680</i>	<i>\$ 19,885,217</i>

### 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, 2014, the Township's governmental funds reported combined fund balances of \$2,594,771, an increase of \$216,900 in comparison with the prior year. Approximately 27% of this amount (\$700,063) 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

(\$1,030,819), 2) not in a spendable form (\$146,844), 3) committed for particular purposes (\$14,468), or 4) assigned for particular purposes (\$411,920).

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 \$700,063, while total fund balance increased to \$1,328,571. 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 100 percent of total general fund expenditures and transfers out, while total fund balance represents approximately 190 percent of that same amount.

The fund balance of the Township's general fund increased by \$156,021 during the current fiscal year. The increase in fund balance is a result of the Township Board closely monitoring the expenditure side of the ledger. As a result of the Township's active monitoring of expenditures during the year, the actual general fund expenditures and transfers out of \$700,229 came in under the final budgeted expenditures and transfers out of \$779,143 during the year.

The fire fund, a major fund, had a \$42,754 increase in fund balance during the current fiscal year which put the overall fund balance at \$380,527.

The farm land preservation fund, a major fund, had a \$66,271 increase in fund balance during the current fiscal year which put the overall fund balance at \$634,272.

The debt service fund, a major fund, had no change in fund balance during the current fiscal year as fund balance remained at zero. The debt service fund is subsidized by transfers in from the funds that received the benefit of the originating debt.

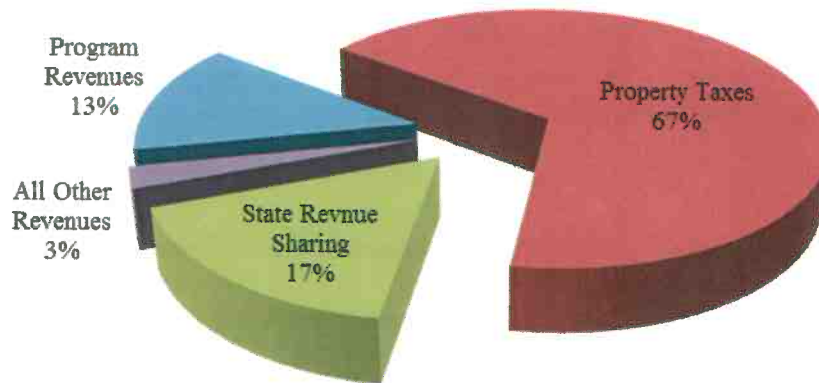
***Proprietary Funds.*** The Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer fund at the end of the year was \$1,049,189. The increase in net position for the fund was \$311,248. The increase in net position of the fund was consistent with prior year results except that operating expenses were down from prior years.

## Governmental Activities

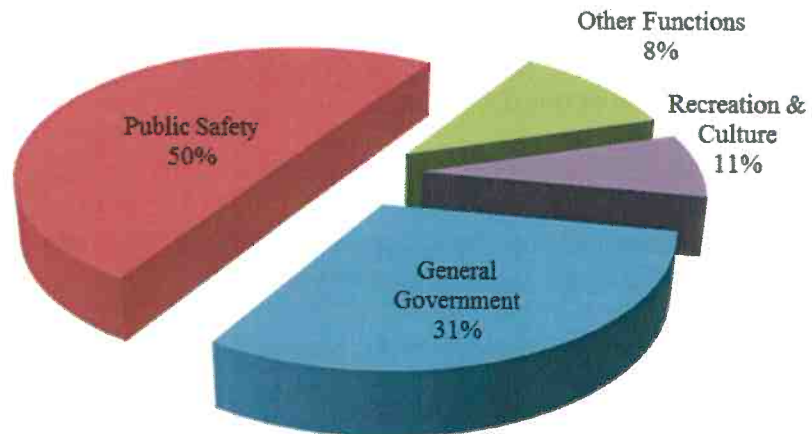
The following chart summarizes the revenue sources for the governmental activities of the Township for the most recent fiscal year end.

### 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 the following significant expenditures in excess of appropriations in the general fund:

<u>Department</u>	<u>Final Amended</u>	<u>Actual</u>	<u>Variance</u>
Parks	\$ 109,212	\$ 113,176	\$ (3,964)
Transfers Out	6,872	40,107	(33,235)

## Capital Assets and Debt Administration

### *Capital Assets*

At June 30, 2014, the Township had \$18,695,807 invested in capital assets.

The following table represents the Townships investment in capital assets:

#### **Township of Acme Capital Assets as of June 30, 2014**

Land & Development Rights	\$ 11,603,060
Equipment	23,418
Building & Improvements	67,268
Vehicles	49,488
Water & Sewer System	6,952,573
<i>Net Capital Assets</i>	<u>\$ 18,695,807</u>

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 \$1,762,413, which consist of a mix of bonds payable of \$1,422,276 and capital leases of \$340,137.

The Township continued to pay down its debt, retiring \$450,788 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, 2014.

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 \$850,000 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 2014. 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 2015, 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, 2014**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash & Cash Equivalents	\$ 2,073,784	\$ 962,071	\$ 3,035,855
Due from County	146,844	--	146,844
Accounts Receivable	21,449	210,287	231,736
Due from State	113,494	--	113,494
Due from Agency Funds	85,228	--	85,228
Prepaid Items	290,657	--	290,657
<b>Total Current Assets</b>	<b>2,731,456</b>	<b>1,172,358</b>	<b>3,903,814</b>
<i>Noncurrent Assets</i>			
Non-depreciable Capital Assets	11,603,060	--	11,603,060
Depreciable Capital Assets (net)	140,174	6,952,573	7,092,747
<b>Total Assets</b>	<b>14,474,690</b>	<b>8,124,931</b>	<b>22,599,621</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	42,683	53,001	95,684
Accrued Payroll & Related Liabilities	29,714	--	29,714
Accrued Interest	--	9,130	9,130
Current Portion Of Long-term Debt	--	206,362	206,362
Internal Balances	(1,984)	1,984	--
<b>Total Current Liabilities</b>	<b>70,413</b>	<b>270,477</b>	<b>340,890</b>
<i>Noncurrent Liabilities</i>			
Long-term Debt	--	1,556,051	1,556,051
<b>Total Liabilities</b>	<b>70,413</b>	<b>1,826,528</b>	<b>1,896,941</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,743,234	5,249,214	16,992,448
<i>Restricted for:</i>			
Other Functions (See Note 11)	1,030,819	--	1,030,819
<i>Unrestricted</i>	1,630,224	1,049,189	2,679,413
<b>Total Net Position</b>	<b>\$ 14,404,277</b>	<b>\$ 6,298,403</b>	<b>\$ 20,702,680</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, 2014**

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	\$ 452,432	\$ 115,769	\$ 92	\$ --	\$ (336,571)	\$ --	\$ (336,571)
Public Safety	734,859	250	19,113	--	(715,496)	--	(715,496)
Public Works	2,347	--	--	--	(2,347)	--	(2,347)
Recreation & Culture	163,982	45	51,891	--	(112,046)	--	(112,046)
Community & Economic Development	107,377	78,228	--	--	(29,149)	--	(29,149)
Interest on Long-term Debt	2,500	--	--	--	(2,500)	--	(2,500)
<b>Total Governmental Activities</b>	<b>1,463,497</b>	<b>194,292</b>	<b>71,096</b>	<b>--</b>	<b>(1,198,109)</b>	<b>--</b>	<b>(1,198,109)</b>
<b>Business-type Activities:</b>							
Water and Sewer	604,133	907,181	--	--	--	303,048	303,048
<b>Total Business-type Activities</b>	<b>604,133</b>	<b>907,181</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>303,048</b>	<b>303,048</b>
<b>Total Primary Government</b>	<b>\$ 2,067,630</b>	<b>\$ 1,101,473</b>	<b>\$ 71,096</b>	<b>\$ --</b>	<b>\$ (1,198,109)</b>	<b>\$ 303,048</b>	<b>\$ (895,061)</b>
<b>General Purpose Revenues and Transfers:</b>							
<b>Revenues</b>							
Property Taxes					1,325,911	--	1,325,911
Interest Income					4,810	8,200	13,010
State Revenue Sharing					328,728	--	328,728
Other					44,875	--	44,875
<b>Transfers</b>					--	--	--
<b>Total General Revenues and Transfers</b>					<b>1,704,324</b>	<b>8,200</b>	<b>1,712,524</b>
<b>Change in Net Position</b>					<b>506,215</b>	<b>311,248</b>	<b>817,463</b>
<i>Net Position at Beginning of Period</i>					<i>13,898,062</i>	<i>5,987,155</i>	<i>19,885,217</i>
<b>Net Position at End of Period</b>					<b>\$ 14,404,277</b>	<b>\$ 6,298,403</b>	<b>\$ 20,702,680</b>

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

**Township of Acme  
Balance Sheet  
Governmental Funds  
June 30, 2014**

	Special Revenue			Debt Service	Other Governmental Funds	Total Governmental Funds
	General	Fire Fund	Farm Land Preservation	Debt Service		
<b>ASSETS</b>						
Cash & Cash Equivalents	\$ 1,084,391	\$ 94,322	\$ 637,338	\$ --	\$ 257,733	\$ 2,073,784
Due from County	146,844	--	--	--	--	146,844
Accounts Receivable	20,943	--	--	--	506	21,449
Due from State	108,475	5,019	--	--	--	113,494
Due from Agency Funds	85,228	--	--	--	--	85,228
Prepaid Items	--	290,657	--	--	--	290,657
Due from Other Funds	3,274	--	--	--	135	3,409
<i>Total Assets</i>	<u>\$ 1,449,155</u>	<u>\$ 389,998</u>	<u>\$ 637,338</u>	<u>\$ --</u>	<u>\$ 258,374</u>	<u>\$ 2,734,865</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 25,104	\$ 9,471	\$ 1,776	\$ --	\$ 6,332	\$ 42,683
Accrued Payroll & Related Liabilities	29,714	--	--	--	--	29,714
Due to Other Funds	--	--	1,290	--	135	1,425
<i>Total Liabilities</i>	<u>54,818</u>	<u>9,471</u>	<u>3,066</u>	<u>--</u>	<u>6,467</u>	<u>73,822</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned Revenues	65,766	--	--	--	506	66,272
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>120,584</u>	<u>9,471</u>	<u>3,066</u>	<u>--</u>	<u>6,973</u>	<u>140,094</u>
<b>FUND BALANCE</b>						
Nonspendable	146,844	290,657	--	--	--	437,501
Restricted	69,744	89,870	634,272	--	236,933	1,030,819
Committed	--	--	--	--	14,468	14,468
Assigned	411,920	--	--	--	--	411,920
Unassigned	700,063	--	--	--	--	700,063
<i>Total Fund Balance</i>	<u>1,328,571</u>	<u>380,527</u>	<u>634,272</u>	<u>--</u>	<u>251,401</u>	<u>2,594,771</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 1,449,155</u>	<u>\$ 389,998</u>	<u>\$ 637,338</u>	<u>\$ --</u>	<u>\$ 258,374</u>	<u>\$ 2,734,865</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, 2014**

Total Fund Balance - Governmental Funds	\$ 2,594,771
General government capital assets of \$12,053,666, net of accumulated depreciation of \$310,432, are not financial resources and accordingly are not reported in the funds.	11,743,234
Special assessments are not available to cover current period expenditures and, therefore, are reported as deferred revenue in the funds.	66,272
<b>Total Net Position - Governmental Funds</b>	<b>\$ <u>14,404,277</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, 2014**

	Special Revenue			Debt Service	Other Governmental Funds	Total Governmental Funds
	General	Fire Fund	Farm Land Preservation	Debt Service		
<b>Revenues</b>						
Property Taxes	\$ 321,536	\$ 692,172	\$ 269,066	\$ --	\$ 43,137	\$ 1,325,911
License & Permits	84,104	--	--	--	8,950	93,054
Grants	14,690	--	--	--	37,201	51,891
State Revenue Sharing	328,728	--	--	--	--	328,728
Charges for Services	78,301	--	--	--	7,100	85,401
Other	24,742	10,163	--	--	44,967	79,872
Interest Income	4,149	--	599	--	107	4,855
<b>Total Revenues</b>	<b>856,250</b>	<b>702,335</b>	<b>269,665</b>	<b>--</b>	<b>141,462</b>	<b>1,969,712</b>
<b>Expenditures</b>						
General Government	435,042	--	--	--	8,698	443,740
Public Safety	--	659,581	--	--	75,278	734,859
Public Works	2,347	--	--	--	--	2,347
Community & Economic Development	98,408	--	8,969	--	--	107,377
Recreation & Culture	113,176	--	--	--	42,924	156,100
Capital Outlay	11,149	--	--	--	44,740	55,889
Debt Service - Principal	--	--	--	250,000	--	250,000
Debt Service - Interest	--	--	--	2,500	--	2,500
<b>Total Expenditures</b>	<b>660,122</b>	<b>659,581</b>	<b>8,969</b>	<b>252,500</b>	<b>171,640</b>	<b>1,752,812</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>196,128</b>	<b>42,754</b>	<b>260,696</b>	<b>(252,500)</b>	<b>(30,178)</b>	<b>216,900</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	--	--	--	252,500	48,607	301,107
Transfers Out	(40,107)	--	(194,425)	--	(66,575)	(301,107)
<b>Net Other Financing Sources (Uses)</b>	<b>(40,107)</b>	<b>--</b>	<b>(194,425)</b>	<b>252,500</b>	<b>(17,968)</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>156,021</b>	<b>42,754</b>	<b>66,271</b>	<b>--</b>	<b>(48,146)</b>	<b>216,900</b>
<b>Fund Balance at Beginning of Period</b>	<b>1,172,550</b>	<b>337,773</b>	<b>568,001</b>	<b>--</b>	<b>299,547</b>	<b>2,377,871</b>
<b>Fund Balance at End of Period</b>	<b>\$ 1,328,571</b>	<b>\$ 380,527</b>	<b>\$ 634,272</b>	<b>\$ --</b>	<b>\$ 251,401</b>	<b>\$ 2,594,771</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, 2014**

Total Net Change in Fund Balances - Governmental Funds	\$	216,900
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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 \$55,889 exceeds depreciation expense of \$21,402 in the current period.		34,488
--	--	--------

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.		250,000
---	--	---------

Bond premiums are reported as other financing sources in the governmental funds, but are reported as a n addition to the bond liability and amortized over the life of the bonds in the government-wide statements.		4,827
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<b>Changes in Net Position-Governmental Funds</b>	<b>\$</b>	<b>506,215</b>
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The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Acme  
Statement of Net Position  
Proprietary Funds  
June 30, 2014**

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water and Sewer</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash & Cash Equivalents	\$ 962,071
Accounts Receivable	210,287
<b>Total Current Assets</b>	<u>1,172,358</u>
<i>Noncurrent Assets</i>	
Depreciable Capital Assets (net)	6,952,573
<b>Total Assets</b>	<u>8,124,931</u>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts Payable	53,001
Accrued Interest	9,130
Current Portion Of Long-term Debt	206,362
Due to Other Funds	1,984
<b>Total Current Liabilities</b>	<u>270,477</u>
<i>Noncurrent Liabilities</i>	
Long-term Debt	1,556,051
<b>Total Liabilities</b>	<u>1,826,528</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	5,249,214
<i>Unrestricted</i>	1,049,189
<b>Total Net Position</b>	<u>\$ 6,298,403</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 Funds**  
**For the Year Ended June 30, 2014**

	<u><b>Business-type Activities - Enterprise Funds</b></u>
	<u><b>Water and Sewer</b></u>
<b>Operating Revenues</b>	
Charges for Services	\$ 907,181
<i><b>Total Operating Revenues</b></i>	<u>907,181</u>
<b>Operating Expenses</b>	
Contractual Services	301,562
Other	5,987
Depreciation	245,179
<i><b>Total Operating Expenses</b></i>	<u>552,728</u>
<i><b>Operating Income (Loss)</b></i>	<u>354,453</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest Income	8,200
Interest Expense	(51,405)
<i><b>Net Non-Operating Revenues (Expenses)</b></i>	<u>(43,205)</u>
<i><b>Change In Net Position</b></i>	<u><b>311,248</b></u>
<i><b>Net Position at Beginning of Period</b></i>	5,987,155
<i><b>Net Position at End of Period</b></i>	<u><u><b>\$ 6,298,403</b></u></u>

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



**Township of Acme  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2014**

	<u><b>Business-type Activities - Enterprise Funds</b></u>
	<u><b>Water and Sewer</b></u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 889,094
Cash Payments to Employees for Services and Fringe Benefits	(323,159)
<b><i>Total Cash Flows from Operating Activities</i></b>	<u>565,935</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Interest Paid	(51,663)
Principal Payments on Long-term Debt	(198,783)
<b><i>Total Cash Flows from Capital and Related Financing Activities</i></b>	<u>(250,446)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	8,200
<b><i>Total Cash Flows from Investing Activities</i></b>	<u>8,200</u>
<b><i>Net Increase (Decrease) in Cash and Equivalents</i></b>	323,689
<b><i>Cash and Equivalents - Beginning of Year</i></b>	<u>638,382</u>
<b><i>Cash and Equivalents - End of Year</i></b>	<u>\$ 962,071</u>

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

**Township of Acme  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2014**

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water and Sewer</u>
<b>Reconciliation of Operating Income (Loss) to</b>	
<b>Net Cash Provided (Used) by Operating Activities</b>	
<b>Operating Income</b>	\$ 354,453
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 (Net)	(18,087)
Accounts Payable	(15,610)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 565,935</u>

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, 2014**

	<u>Agency</u>	
	<u>Trust &amp; Agency</u>	<u>Current Tax</u>
<b>ASSETS</b>		
Cash & Cash Equivalents	\$ 17,117	\$ 19,343
Accounts Receivable	65,766	--
<i>Total Assets</i>	<u>82,883</u>	<u>19,343</u>
<b>LIABILITIES</b>		
Due to Other Governments	265	19,343
Due to General Fund	82,618	--
<i>Total Liabilities</i>	<u>82,883</u>	<u>19,343</u>
<b>NET POSITION</b>		
Held in Trust	<u>\$ --</u>	<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**

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#### **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**

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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. For the biannual period ended June 30, 2013, the Township's percentage was 6.30%. In the year ended June 30, 2014, the Township paid \$191,401 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 \$572,353 and \$75,088, to Metro Emergency Services Authority during the year ended June 30, 2014 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

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#### ***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 ***debt service fund*** accounts for the accumulation of resources for and the repayment of debt.

## Township of Acme

### Notes to the Financial Statements

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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.

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.

*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 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.



## Township of Acme

### Notes to the Financial Statements

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3. Prior to the first day of the following fiscal year, the budget is legally enacted through passage of a resolution.
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, 2014. 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.

## **Township of Acme**

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

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- Mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

#### ***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.

#### ***Prepaid Items***

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

#### ***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.

## Township of Acme

### Notes to the Financial Statements

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

#### ***Conservation Easements***

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

#### ***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 two sources: receivables for revenues that are not considered to be available to liquidate liabilities of the current period and special assessments. 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

## **Township of Acme**

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

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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. Management elected not to record a liability during the current year for compensated absences as the amount was considered inconsequential.

#### ***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*

## Township of Acme

### Notes to the Financial Statements

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*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 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 2013 tax is levied and collectible on December 1, 2013 and is recognized as revenue in the year ended June 30, 2014, when the proceeds of the levy are budgeted and available for the financing of operations.

## Township of Acme

### Notes to the Financial Statements

#### *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 26, 2014, 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 contracts, etc., are tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund</b>			
Parks	\$ 109,212	\$ 113,176	\$ (3,964)
Transfers Out	6,872	40,107	(33,235)
<b>Fire Fund</b>			
Public Safety	83,500	659,581	(576,081)

#### **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	\$ 2,073,784	\$ 962,071	\$ 36,460	\$ 3,072,315

## Township of Acme

### Notes to the Financial Statements

#### *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, 2014, \$2,322,315 of the Township's deposits were exposed to custodial credit risk because they were uninsured and uncollateralized.

#### **Note 4 – Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2014 was as follows:

<b>Primary Government</b>	<b>June 30, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2014</b>
<b>Capital assets not being depreciated</b>				
Land	\$ 11,558,320	\$ 44,740	\$ -	\$ 11,603,060
<b>Total Capital assets not being depreciated</b>	<b>11,558,320</b>	<b>44,740</b>	<b>-</b>	<b>11,603,060</b>
<b>Capital assets being depreciated</b>				
Buildings & Improvements	233,201	-	-	233,201
Vehicles	97,342	-	-	97,342
Equipment	108,914	11,149	-	120,063
<b>Total capital assets, being depreciated</b>	<b>439,457</b>	<b>11,149</b>	<b>-</b>	<b>450,606</b>
<b>Less accumulated depreciation</b>				
Buildings & Improvements	161,031	4,903	-	165,934
Vehicles	41,296	6,557	-	47,853
Equipment	86,704	9,941	-	96,645
<b>Total accumulated depreciation</b>	<b>289,031</b>	<b>21,401</b>	<b>-</b>	<b>310,432</b>
<b>Total capital assets</b>	<b>\$ 11,708,746</b>	<b>\$ 34,488</b>	<b>\$ -</b>	<b>\$ 11,743,234</b>

## Township of Acme

### Notes to the Financial Statements

Capital asset activity for business-type activities for the year ended June 30, 2014 was as follows:

Business-type Activities	June 30, 2013	Additions	Reductions	June 30, 2014
<b>Capital assets being depreciated</b>				
Water & Sewer System	\$ 12,260,679	\$ -	\$ -	\$ 12,260,679
<b>Total capital assets, being depreciated</b>	<u>12,260,679</u>	<u>-</u>	<u>-</u>	<u>12,260,679</u>
<b>Less accumulated depreciation</b>				
Water & Sewer System	5,062,927	245,179	-	5,308,106
<b>Total accumulated depreciation</b>	<u>5,062,927</u>	<u>245,179</u>	<u>-</u>	<u>5,308,106</u>
<b>Total capital assets</b>	<u>\$ 7,197,752</u>	<u>\$ (245,179)</u>	<u>\$ -</u>	<u>6,952,573</u>

Depreciation expense was charged to the Township as follows:

<b>Governmental Activities</b>		
General Government		\$ 13,519
Recreation & Culture		7,882
<b>Total Governmental Activities</b>		<u>\$ 21,401</u>
<b>Business-type Activities</b>		
Water & Sewer		<u>\$ 245,179</u>

#### Note 5 – Long-term Debt

Long-term debt at June 30, 2014 was composed of the following individual issues:

##### Capital Improvement General Obligation Bonds (Governmental activities)

*2011 Capital Improvement General Obligation Bond*; remaining annual installments of \$250,000 each year through June 2014; interest rate of 2.00%.

##### 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%.



## Township of Acme

### Notes to the Financial Statements

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 \$1,422,276 as of June 30, 2014. During the current year, net revenues of the system were \$907,181 compared to the annual debt requirements of \$250,188.

#### *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 \$405,116 as of June 30, 2014.

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

	6/30/2013	Additions	Reductions	6/30/2014	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable					
2011 Capital Improvement General Obligation Bond	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -
Unamortized Bond Premium	4,827	-	4,827	-	-
<b>Total Governmental Activities</b>	<u>254,827</u>	<u>-</u>	<u>254,827</u>	<u>-</u>	<u>-</u>
<b>Business-type Activities:</b>					
2003 Refunding Bonds	65,930	-	34,105	31,825	31,825
2011 Refunding Bonds	1,498,080	-	166,683	1,331,397	143,615
Unamortized Bond Premium	66,436	-	7,382	59,054	-
Leases with Grand Traverse County DPW	330,750	9,387	-	340,137	30,922
<b>Total Business-type Activities</b>	<u>1,961,196</u>	<u>9,387</u>	<u>208,170</u>	<u>1,762,413</u>	<u>206,362</u>
<b>Total Primary Government Long-term Debt</b>	<u>\$ 2,216,023</u>	<u>\$ 9,387</u>	<u>\$ 462,997</u>	<u>\$ 1,762,413</u>	<u>\$ 206,362</u>

## Township of Acme

### Notes to the Financial Statements

Future debt service maturity payments, excluding bond premiums, at June 30, 2014 were as follows:

<b>Years Ending</b>	<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 206,362	\$ 54,682	\$ 261,043
2016	180,256	48,938	229,194
2017	185,158	41,743	226,901
2018	191,694	35,553	227,246
2019	199,047	29,096	228,142
2020-2024	705,198	46,707	751,905
2025-2028	35,647	118	35,765
<b>Total</b>	<b>\$ 1,703,359</b>	<b>\$ 256,837</b>	<b>\$ 1,960,196</b>

#### ***Advance Refunding***

During the year ended June 30, 2012, the County issued general obligation City of Traverse City Treatment Plant 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 \$1,331,397 as of June 30, 2014.

#### **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.

Interfund balances as of June 30, 2014 are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
<b>General Fund</b>	<b>Farm Land Preservation</b>	<b>\$ 1,290</b>
<b>General Fund</b>	<b>Water &amp; Sewer</b>	<b>1,984</b>
<b>Nonmajor Governmental</b>	<b>Nonmajor Governmental</b>	<b>135</b>

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.

## Township of Acme

### Notes to the Financial Statements

Interfund transfers during the year were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental	General	\$ 40,107
Debt Service	Farm Land Preservation	194,425
Debt Service	Nonmajor Governmental	58,075
Nonmajor Governmental	Nonmajor Governmental	8,500

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 \$298,846. The current year contribution was calculated on covered payroll of \$183,445, resulting in an employer contribution of \$18,345. 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**

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#### **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, 2014, 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, 2014 have not yet been conducted. Accordingly, the Township's compliance with applicable grant requirements will be established at some future date.

# Township of Acme

## Notes to the Financial Statements

### 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.

	General Fund	Fire Fund	Farm Land Preservation	Nonmajor Funds	Total
Nonspendable:					
Long-term Receivable	\$ 146,844	\$ -	\$ -	\$ -	\$ 146,844
Prepaid Items	-	290,657	-	-	290,657
Total Nonspendable	146,844	290,657	-	-	437,501
Restricted for:					
Public Broadcasting	6,864	-	-	-	6,864
PA 48 Metro Act	62,880	-	-	-	62,880
Fire Fund	-	89,870	-	-	89,870
Farmland Preservation Fund	-	-	634,272	-	634,272
Shoreline Preservation Fund	-	-	-	1,437	1,437
Police Protection Fund	-	-	-	144,766	144,766
New Urbanist Town Center Fund	-	-	-	27,881	27,881
Liquor Fund	-	-	-	12,849	12,849
Township Improvement Fund	-	-	-	50,000	50,000
Total Restricted	69,744	89,870	634,272	236,933	1,030,819
Committed for:					
Parks & Recreation	-	-	-	9,836	9,836
Cemetery Fund Perpetual Care	-	-	-	4,632	4,632
Total Committed	-	-	-	14,468	14,468
Assigned for:					
Saylor Park Boat Launch Improvement	61,920	-	-	-	61,920
Hoxsie House Restoration	10,000	-	-	-	10,000
Septage Plant Bond Buyout	340,000	-	-	-	340,000
Total Assigned	411,920	-	-	-	411,920
Unassigned	681,718	-	-	-	681,718
<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 1,310,226</b>	<b>\$ 380,527</b>	<b>\$ 634,272</b>	<b>\$ 251,401</b>	<b>\$ 2,576,426</b>

Restricted fund balance of \$1,030,819 in the funds equals the amount restricted in the statement of net position in the government-wide financial statements.

## **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, 2014**

	<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	\$ 320,843	\$ 321,536	\$ 693
License & Permits	80,232	80,232	84,104	3,872
Grants	750	750	14,690	13,940
State Revenue Sharing	327,775	327,775	328,728	953
Charges for Services	54,250	54,250	78,301	24,051
Other	27,000	27,000	24,742	(2,258)
Interest Income	750	750	4,148	3,398
<b>Total Revenues</b>	<b>811,600</b>	<b>811,600</b>	<b>856,249</b>	<b>44,649</b>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<b>811,600</b>	<b>811,600</b>	<b>856,249</b>	<b>44,649</b>
<b>Expenditures</b>				
<b>General Government</b>				
Township Board	197,411	184,616	146,136	38,480
Supervisor	43,971	43,971	44,173	(202)
Elections	13,600	11,500	9,538	1,962
Assessing	39,913	39,913	37,541	2,372
Clerk	73,079	76,562	75,050	1,512
Board of Review	1,161	1,161	703	458
Treasurer	66,655	66,655	63,345	3,310
Building & Grounds	49,700	49,700	45,311	4,389
Other General Government	16,000	16,000	13,245	2,755
<b>Total General Government</b>	<b>501,490</b>	<b>490,078</b>	<b>435,042</b>	<b>55,036</b>
<b>Public Works</b>	<b>1,013</b>	<b>1,013</b>	<b>2,347</b>	<b>(1,334)</b>
<b>Community and Economic Development</b>	<b>149,301</b>	<b>155,301</b>	<b>98,408</b>	<b>56,893</b>
<b>Parks</b>	<b>107,779</b>	<b>109,212</b>	<b>113,176</b>	<b>(3,964)</b>
<b>Capital Outlay</b>	<b>16,667</b>	<b>16,667</b>	<b>11,149</b>	<b>5,518</b>
<b>Total Expenditures</b>	<b>776,250</b>	<b>772,271</b>	<b>660,122</b>	<b>112,149</b>
<b>Other Financing Uses</b>				
Transfers Out	--	6,872	40,107	(33,235)
<b>Total Expenditures and Other Financing Uses</b>	<b>776,250</b>	<b>779,143</b>	<b>700,229</b>	<b>78,914</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>35,350</b>	<b>32,457</b>	<b>156,021</b>	<b>123,564</b>
<b>Net Change in Fund Balance</b>	<b>35,350</b>	<b>32,457</b>	<b>156,021</b>	<b>123,564</b>
<b>Fund Balance at Beginning of Period</b>	<b>1,172,550</b>	<b>1,172,550</b>	<b>1,172,550</b>	<b>--</b>
<b>Fund Balance at End of Period</b>	<b>\$ 1,207,900</b>	<b>\$ 1,205,007</b>	<b>\$ 1,328,571</b>	<b>\$ 123,564</b>

**Township of Acme**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Farm Land Preservation**  
**For the Year Ended June 30, 2014**

	<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	\$ 266,800	\$ 266,800	\$ 269,066	\$ 2,266
Other	--	557,500	--	(557,500)
Interest Income	1,200	1,200	599	(601)
<b>Total Revenues</b>	<u>268,000</u>	<u>825,500</u>	<u>269,665</u>	<u>(555,835)</u>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<u>268,000</u>	<u>825,500</u>	<u>269,665</u>	<u>(555,835)</u>
<b>Expenditures</b>				
Community and Economic Development	44,500	44,500	8,969	35,531
Capital Outlay	585,000	585,000	--	585,000
<b>Total Expenditures</b>	<u>629,500</u>	<u>629,500</u>	<u>8,969</u>	<u>620,531</u>
<b>Other Financing Uses</b>				
Transfers Out	196,000	196,000	194,425	1,575
<b>Total Expenditures and Other Financing Uses</b>	<u>825,500</u>	<u>825,500</u>	<u>203,394</u>	<u>622,106</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(557,500)</u>	<u>--</u>	<u>66,271</u>	<u>66,271</u>
<b>Net Change in Fund Balance</b>	<u>(557,500)</u>	<u>--</u>	<u>66,271</u>	<u>66,271</u>
<b>Fund Balance at Beginning of Period</b>	568,001	568,001	568,001	--
<b>Fund Balance at End of Period</b>	<u>\$ 10,501</u>	<u>\$ 568,001</u>	<u>\$ 634,272</u>	<u>\$ 66,271</u>



**Township of Acme**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Fire Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$ 88,025	\$ 88,025	\$ 692,172	\$ 604,147
Other	--	604,867	10,163	(594,704)
<i>Total Revenues</i>	<u>88,025</u>	<u>692,892</u>	<u>702,335</u>	<u>9,443</u>
<b>Other Financing Sources</b>				
<i>Total Revenues and Other Financing Sources</i>	<u>88,025</u>	<u>692,892</u>	<u>702,335</u>	<u>9,443</u>
<b>Expenditures</b>				
Public Safety	83,500	83,500	950,238	(866,738)
<i>Total Expenditures</i>	<u>83,500</u>	<u>83,500</u>	<u>950,238</u>	<u>(866,738)</u>
<b>Other Financing Uses</b>				
<i>Total Expenditures and Other Financing Uses</i>	<u>83,500</u>	<u>83,500</u>	<u>950,238</u>	<u>(866,738)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>4,525</u>	<u>609,392</u>	<u>(247,903)</u>	<u>(857,295)</u>
<i>Net Change in Fund Balance</i>	<u>4,525</u>	<u>609,392</u>	<u>(247,903)</u>	<u>(857,295)</u>
<i>Fund Balance at Beginning of Period</i>	<u>337,773</u>	<u>337,773</u>	<u>337,773</u>	<u>--</u>
<i>Fund Balance at End of Period</i>	<u>\$ 342,298</u>	<u>\$ 947,165</u>	<u>\$ 89,870</u>	<u>\$ (857,295)</u>

## OTHER SUPPLEMENTARY INFORMATION

Township of Acme  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	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	
<b>ASSETS</b>									
Cash & Cash Equivalents	\$ 144,766	\$ 10,685	\$ 12,849	\$ 1,437	\$ 9,980	\$ 28,016	\$ 50,000	\$ --	\$ 257,733
Accounts Receivable	--	--	--	--	--	--	--	506	506
Due from Other Funds	--	--	--	--	135	--	--	--	135
<i>Total Assets</i>	<u>\$ 144,766</u>	<u>\$ 10,685</u>	<u>\$ 12,849</u>	<u>\$ 1,437</u>	<u>\$ 10,115</u>	<u>\$ 28,016</u>	<u>\$ 50,000</u>	<u>\$ 506</u>	<u>\$ 258,374</u>
<b>LIABILITIES</b>									
Accounts Payable	\$ --	\$ 6,053	\$ --	\$ --	\$ 279	\$ --	\$ --	\$ --	\$ 6,332
Due to Other Funds	--	--	--	--	--	135	--	--	135
<i>Total Liabilities</i>	<u>--</u>	<u>6,053</u>	<u>--</u>	<u>--</u>	<u>279</u>	<u>135</u>	<u>--</u>	<u>--</u>	<u>6,467</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable Revenues	--	--	--	--	--	--	--	506	506
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>6,053</u>	<u>--</u>	<u>--</u>	<u>279</u>	<u>135</u>	<u>--</u>	<u>506</u>	<u>6,973</u>
<b>FUND BALANCE</b>									
Restricted	144,766	--	12,849	1,437	--	27,881	50,000	--	236,933
Committed	--	4,632	--	--	9,836	--	--	--	14,468
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>144,766</u>	<u>4,632</u>	<u>12,849</u>	<u>1,437</u>	<u>9,836</u>	<u>27,881</u>	<u>50,000</u>	<u>--</u>	<u>251,401</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 144,766</u>	<u>\$ 10,685</u>	<u>\$ 12,849</u>	<u>\$ 1,437</u>	<u>\$ 10,115</u>	<u>\$ 28,016</u>	<u>\$ 50,000</u>	<u>\$ 506</u>	<u>\$ 258,374</u>

Township of Acme  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	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		
Revenues										
Property Taxes	\$ 43,137	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 43,137	
License & Permits	--	--	8,950	--	--	--	--	--	8,950	
Grants	--	--	--	37,201	--	--	--	--	37,201	
Charges for Services	--	7,100	--	--	--	--	--	--	7,100	
Other	--	--	--	44,740	227	--	--	--	44,967	
Interest Income	--	--	12	57	10	28	--	--	107	
Total Revenues	43,137	7,100	8,962	81,998	237	28	--	--	141,462	
Expenditures										
General Government	--	8,683	--	--	15	--	--	--	8,698	
Public Safety	75,278	--	--	--	--	--	--	--	75,278	
Recreation & Culture	--	--	--	42,924	--	--	--	--	42,924	
Capital Outlay	--	--	--	44,740	--	--	--	--	44,740	
Total Expenditures	75,278	8,683	--	87,664	15	--	--	--	171,640	
Excess of Revenues Over (Under) Expenditures	(32,141)	(1,583)	8,962	(5,666)	222	28	--	--	(30,178)	
Other Financing Sources (Uses)										
Transfers In	8,500	--	--	10,508	--	--	29,599	--	48,607	
Transfers Out	--	--	(8,500)	(58,075)	--	--	--	--	(66,575)	
Net Other Financing Sources (Uses)	8,500	--	(8,500)	(47,567)	--	--	29,599	--	(17,968)	
Net Change in Fund Balance	(23,641)	(1,583)	462	(53,233)	222	28	29,599	--	(48,146)	
Fund Balance at Beginning of Period	168,407	6,215	12,387	54,670	9,614	27,853	20,401	--	299,547	
Fund Balance at End of Period	\$ 144,766	\$ 4,632	\$ 12,849	\$ 1,437	\$ 9,836	\$ 27,881	\$ 50,000	\$ --	\$ 251,401	

November 26, 2014

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, 2014. 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 July 11, 2014. 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, 2014. 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 26, 2014.

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

Gabridge & Company, PLC  
Grand Rapids, MI

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 26, 2014

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, 2014, 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 26, 2014.

**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 cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC  
Grand Rapids, MI



## Jay Zollinger

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**From:** Gordie Lapointe <gordie.lapointe@gmail.com>  
**Sent:** Monday, December 15, 2014 6:07 PM  
**To:** Jay Zollinger  
**Subject:** budget amendment form

Jay

this might be a bit clearer to understand

Transaction		Fund	Dept	Desc	Line	AMT \$\$\$	Beginning Balance	New Balance
NO.1	From	101	191	election	702.000	\$10,000.00	\$50,000.00	\$40,000.00
	To	101	215	clerk	703.000	\$10,000.00	\$5,000.00	\$15,000.00
NO.2	From							
	To							
NO.3	From							
	To							
NO.4	From							
	To							

