



DENNIS, GARTLAND & NIERGARTH

Certified Public Accountants
Business Advisors

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AUDIT-RELATED COMMUNICATIONS

To the Board of Directors
Acme Township

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of *Acme Township* (the "Township") for the year ended June 30, 2010. 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 December 9, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Compliance

As part of obtaining reasonable assurance about whether Township's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts and grant agreements. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Internal Controls

As part of our audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis.

Please see our separate report on internal control for our findings.

The following additional matters are not considered to be material weaknesses or significant deficiencies in internal control, but are opportunities to strengthen internal controls, reporting and operating efficiency.

Accruals

The clerk and treasurer provided us with accrual items to be adjusted. We posted audit entries to accrue accounts receivable for State shared revenue for May and June 2010, Bates Crossing receivable, cable TV fees for April through June 2010, and June Sewer receiving fund collections from Grand Traverse County. We posted an audit entry to accrue the wages for the pay period ended June 28, 2010 that were paid in July 2010. We recommend the clerk, treasurer and administrator review these balances after year-end to adjust activity for the year ended June 30, 2010.

Shoreline Preservation Property Purchases and Debt

One parcel purchased with bond proceeds was recorded through audit entries. Property purchases and debt proceeds should be recorded for any noncash transactions.

Bank Reconciliations

Some cash adjustments were identified on the bank reconciliations that were not recorded on the general ledger. We recommend all bank adjustments be recorded monthly on the general ledger.

Fund Balance Reporting and Governmental Fund Type Definitions

During March 2009, the Governmental Accounting Standards Board ("GASB") issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for periods beginning after June 15, 2010. This statement will significantly change how fund balance information is reported. The statement is intended to improve the usefulness of the amount reported in fund balance by providing more structured classification. The statement also clarifies the definition of existing governmental fund types. We recommend the Township review GASB No. 54 and consider whether any changes to current practices are needed. We suggest the Township review the following items for disclosure in the June 30, 2011 financial statements:

- Adopt a policy that identifies the highest level of decision-making authority needed to commit a balance and the person authorized to assign a balance,

- Explain the order of spending from restricted, committed, assigned or unassigned balances, and
- Identify any minimum fund-balance requirements.

Qualitative Aspects of Accounting Practices

Management is responsible for selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the Township 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. However, none of the estimates contained in the financial statements are considered to be particularly sensitive.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements was the long-term debt of the Township.

No 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. There were three unposted adjustments for accrued interest of \$13,906, vacation and sick accrual of \$1,513, and an accounts payable difference of \$4,847. Management has determined their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements were corrected by management: Record Bates Crossing receivable, cable TV fees from April through June 2010, June Sewer receiving fund collections from the County, accrued wages, depreciation expense, Shoreline Property with debt proceeds, donations from the Grand Traverse Regional Land Conservancy, and adjust fund balances to actual.

No 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 October 25, 2010.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Dennis, Gartland & Niergarth

October 25, 2010

Acme Township
Grand Traverse County, Michigan

FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2010

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Acme Township
Management Discussion and Analysis (Unaudited)
June 30, 2010

Our discussion and analysis of Acme Township, Michigan's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2010.

- Property taxes related to the Township's governmental activities decreased by approximately \$43,000 due to a decrease in taxable values.
- Total net assets related to the Township's governmental activities increased by approximately \$3.4 million due to the shoreline grants receivable, and the unrestricted portion of net assets decreased by approximately \$84,000.

The Township's net assets increased by \$3,453,929 or 27% in 2010 with the increase made up of the following:

Governmental net assets increased by \$3,397,939.
Business-type net assets increased by \$55,990.

Total revenues and transfers for the year are \$6,363,528 and are made up of the following:

Governmental activities \$5,509,121.
Business-type activities \$854,407.
Governmental activities reflects a one-time increase of \$3,552,000 for shoreline acquisition for expansion of Bay Side Park.

Total expenses for the year are \$2,909,599 and are made up of the following:

Governmental activities \$2,111,182.
Business-type activities \$798,417.

The General Fund on a current financial resources basis experienced a decrease of \$151,820 in fund balance resulting in a total fund balance at year-end of \$903,199.

Using this Annual Report

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

Acme Township
Management Discussion and Analysis (Unaudited) - Continued

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

The Township as a Whole

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

Summary of Net Assets
June 30, 2010 and 2009

	Governmental	Activities	Business-type	Activities	Total Primary	Government
	2010	2009	2010	2009	2010	2009
Current and other assets	\$5,475	\$2,624	\$ 536	\$ 454	\$ 6,011	\$ 3,078
Capital assets	8,458	4,911	7,933	8,178	16,391	13,089
Total assets	\$13,933	\$7,535	\$8,469	\$8,632	\$22,402	\$16,167
Current liabilities	\$ 3,065	\$ 64	\$362	\$303	\$ 3,427	\$ 367
Long-term debt outstanding	-	-	2,889	3,167	2,889	3,167
Total liabilities	\$ 3,065	\$ 64	\$3,251	\$3,470	\$ 6,316	\$ 3,534
Net assets:						
Invested in capital assets, net of related debt	\$5,446	\$4,911	\$4,770	\$4,755	\$ 10,216	\$ 9,665
Restricted						
Fire Operations	258	272	-	-	258	272
Farmland Preservation	624	891	-	-	624	891
Police Protection	163	91	-	-	163	91
Shoreline Preservation	3,263	50	-	-	3,263	50
Liquor Enforcement	12	71	-	-	12	71
New Urbanist Town Center	28	27	-	-	28	27
Unrestricted	1,074	1,158	448	408	1,522	1,566
Total net assets	\$10,868	\$7,471	\$5,218	\$5,163	\$16,086	\$12,633

Acme Township

Management Discussion and Analysis (Unaudited) - Continued

Financial Analysis - continued

The Township's combined net assets increased 3.6% from a year ago - increasing from \$12.6 million to \$13.1 million. As we look at the governmental activities separately from the business-type activities, we can see that the net assets of the governmental activities increased by approximately \$392,000 and net assets of business-type activities increased by approximately \$56,000. Unrestricted business-type net assets increased by \$41,000.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, decreased by approximately \$84,000, for the governmental activities. This represents a decrease of approximately 7.3%. The current level of unrestricted net assets for our governmental activities stands at \$1.1 million, or about 50.9% of expenditures.

Changes in Net Assets June 30, 2010 and 2009

	Governmental	Activities	Business-type	Activities	Total Primary	Government
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 245	\$ 230	\$ 850	\$ 875	\$ 1,095	\$ 1,105
Capital grants and contributions	3,657	-	-	74	3,657	74
General revenue:						
Property taxes	1,217	1,260	-	-	1,217	1,260
State-shared revenue	275	335	-	-	275	335
Unrestricted investment earnings	10	40	3	7	13	47
Transfers and other revenue	105	92	1	2	106	95
Total revenues	5,509	1,957	854	959	6,363	2,917
Expenses						
Program expenses:						
Legislative	249	210	-	-	249	210
General government	263	278	-	-	263	278
Public safety	828	761	-	-	828	761
Community and economic development	568	565	-	-	568	565
Recreation and culture	190	112	-	-	190	112
Water and sewer	-	-	798	778	798	778
Other	14	49	-	-	14	49
Contributions to local units	-	1,182	-	-	-	1,182
Total program expenses	2,112	3,157	798	778	2,910	3,935
Changes in net assets	3,397	(1,200)	56	181	3,453	(1,018)
Net assets-beginning of year	7,471	8,671	5,162	4,981	12,633	13,652
Net assets-end of year	\$10,868	\$7,471	\$5,218	\$5,162	\$16,086	\$12,633

Acme Township
Management Discussion and Analysis (Unaudited) - Continued

Governmental Activities

The Township's total governmental revenues increased by approximately \$3,552,000. The increase, which represents 182%, was primarily due to increase in capital grants and contributions for the Shoreline Preservation Project.

Business-type Activities

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

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

Revenue and expenses from the sale of water and sewage disposal were approximately \$850,000 and \$412,000, respectively, for the year ended June 30, 2010. Additional costs incurred in relation to both water and sewer included depreciation expense of approximately \$245,000 and interest expense of \$141,000.

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

The Township's Funds

Our analysis of the Township's major funds follows the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2010 include the General Fund, Fire Fund, Farmland Preservation Fund, Shoreline Preservation Fund and Water and Sewer Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. The most significant changes were to increase expenditures for legislative by \$81,500 over initial projections related to Pure Michigan Funds spent, and \$36,305 for planning and zoning. This produced an overall decrease in the General Fund's fund balance from approximately \$1,055,000 a year ago to \$903,000 at June 30, 2010.

Acme Township

Management Discussion and Analysis (Unaudited) - Continued

The Township has been saving money to provide a safety net for continued general operations in an economic environment where traditional revenue streams are threatened.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2010, the Township had \$16.4 million invested in a broad range of capital assets, including land, buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Grand Traverse County Road Commission (along with the responsibility to maintain them).

Debt

At the end of this year, the Township had \$6.2 million in debt outstanding versus \$3.4 million in the previous year - a change of 80.4%. In 2010, the Township borrowed \$3 million in short-term funds for the Shoreline Project. Approximately \$1 million was paid off with grant proceeds in September 2010.

Economic Factors and Next Year's Budgets and Rates

For the 2010-2011 fiscal year, the Township has budgeted for an increase of approximately \$7,000 in revenue from 2009-2010 in the General Fund, primarily due to economic conditions.

The Township has projected General Fund Expenditures of \$783,137 for the 2010-11 fiscal year, which is consistent with actual expenditures in the 2009-10 fiscal year. This represents a budget deficit of \$47,222 over anticipated revenues of \$735,915, primarily due to conservative projections that property tax and state sales tax revenue sharing revenues will remain flat. The Township also conservatively budgeted \$20,000 for potential unemployment claims by an employee who separated from the Township in March 2010 and approximately \$40,000 for potential contributions towards principal and interest payments related to debt for the Septage Treatment Plant in which the Township has an interest. It is possible that actual expenditures related to these two items will be significantly reduced or even non-existent. The Board of Trustees maintains a strong commitment to a balanced budget whereby current year revenues match or exceed current year operating expenditures and will seek ways to reduce or eliminate this proposed budget deficit throughout the 2010-11 fiscal year.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Acme Township

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of *Acme Township* (the "Township") as of and for the year ended June 30, 2010, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Acme Township as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2010 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through v and 34 through 37 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's financial statements as a whole. The combining non-major fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Dennis, Gartland & Niergarth

October 25, 2010



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

Board of Trustees
Acme Township

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of *Acme Township* (the "Township") as of and for the year ended June 30, 2010, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated October 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below to be material weaknesses.

Reporting Financial Data

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

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

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

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

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

Segregation of Duties

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

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Shoreline Preservation Fund Budget Deficit

Criteria: The State of Michigan requires all local units of government shall not adopt a deficit budget in accordance with the fiscal stabilization act, Act 80 of 1981 MCL 141.1001 etal.

Condition: The Township adopted a deficit budget for the Shoreline Preservation Fund.

Cause: An inadvertent clerical error in the budget for this fund was discovered after year-end, and therefore, could not be corrected by a budget amendment.

Effect: A deficit budget was adopted for the Townships' Shoreline Preservation Fund.

Management's Response: The Township worked with a local land conservancy to acquire three parcels of property for Shoreline Preservation. The Township inadvertently did not budget for local grants and contributions collected by the conservancy and used in the property closings on June 28, 2010.

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

Dennis. Gartland & Niergarth

October 25, 2010

Acme Township
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,266,172	\$ 351,660	\$ 2,617,832
Receivables			
Accounts, net	202,123	184,407	386,530
Grants	3,006,200	-	3,006,200
Internal balances	4	(4)	-
Total current assets	<u>5,474,499</u>	<u>536,063</u>	<u>6,010,562</u>
Non-current assets			
Capital assets	8,740,340	12,260,679	21,001,019
Less accumulated depreciation	<u>(281,859)</u>	<u>(4,327,384)</u>	<u>(4,609,243)</u>
Total non-current assets	<u>8,458,481</u>	<u>7,933,295</u>	<u>16,391,776</u>
Total assets	<u>\$ 13,932,980</u>	<u>\$ 8,469,358</u>	<u>\$ 22,402,338</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current liabilities			
Accounts payable	\$ 20,399	\$ 29,559	\$ 49,958
Accrued and other liabilities	31,775	21,192	52,967
Due to other governmental units	-	36,518	36,518
Short-term debt	3,012,500	-	3,012,500
Current portion of long-term debt	<u>-</u>	<u>274,467</u>	<u>274,467</u>
Total current liabilities	3,064,674	361,736	3,426,410
Noncurrent liabilities			
Long-term debt	<u>-</u>	<u>2,889,082</u>	<u>2,889,082</u>
Total liabilities	<u>3,064,674</u>	<u>3,250,818</u>	<u>6,315,492</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,445,981	4,769,746	10,215,727
Restricted			
Fire operations	257,953	-	257,953
Farmland Preservation	624,354	-	624,354
Police Protection	163,227	-	163,227
Shoreline Preservation	3,263,049	-	3,263,049
Liquor enforcement	12,319	-	12,319
New Urbanist Town Center	27,588	-	27,588
Unrestricted	<u>1,073,835</u>	<u>448,794</u>	<u>1,522,629</u>
Total net assets	<u>10,868,306</u>	<u>5,218,540</u>	<u>16,086,846</u>
Total liabilities and net assets	<u>\$ 13,932,980</u>	<u>\$ 8,469,358</u>	<u>\$ 22,402,338</u>

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

Acme Township

STATEMENT OF ACTIVITIES

Year ended June 30, 2010

Functions/Program	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets		
		Charges For Services	Capital Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary Government						
Governmental activities						
Legislative	\$ 248,798	\$ -	\$ -	\$ (248,798)	\$ -	\$ (248,798)
General government	262,676	163,375	-	(99,301)	-	(99,301)
Public safety	828,216	81,477	-	(746,739)	-	(746,739)
Community and economic development	567,725	-	-	(567,725)	-	(567,725)
Recreation and culture	189,982	-	3,657,100	3,467,118	-	3,467,118
Other	13,785	-	-	(13,785)	-	(13,785)
Total governmental activities	2,111,182	244,852	3,657,100	1,790,770	-	1,790,770
Business-type activities						
Water and sewer	798,417	849,986	-	-	51,569	51,569
Total primary government	<u>\$ 2,909,599</u>	<u>\$ 1,094,838</u>	<u>\$ 3,657,100</u>	<u>1,790,770</u>	<u>51,569</u>	<u>1,842,339</u>
General revenues						
Property taxes				1,216,859	-	1,216,859
State-shared revenues				275,171	-	275,171
Unrestricted interest and investment earnings				9,793	3,364	13,157
Miscellaneous				105,346	1,057	106,403
Total general revenues, transfers and special item				<u>1,607,169</u>	<u>4,421</u>	<u>1,611,590</u>
Change in net assets				3,397,939	55,990	3,453,929
Net assets, beginning of year				<u>7,470,367</u>	<u>5,162,550</u>	<u>12,632,917</u>
Net assets, end of year				<u>\$ 10,868,306</u>	<u>\$ 5,218,540</u>	<u>\$ 16,086,846</u>

Acme Township

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2010

	General Fund	Fire Fund	Farmland Preservation Fund	Shoreline Preservation Fund	Other Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 820,613	\$ 257,957	\$ 624,357	\$ 268,418	\$ 294,827	\$ 2,266,172
Receivables						
Accounts, net	114,496	-	-	-	5,860	120,356
Grants	-	-	-	3,006,200	-	3,006,200
Due from other funds	88,260	-	-	-	6,353	94,613
Total assets	<u>\$ 1,023,369</u>	<u>\$ 257,957</u>	<u>\$ 624,357</u>	<u>\$ 3,274,618</u>	<u>\$ 307,040</u>	<u>\$ 5,487,341</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 8,577	\$ -	\$ 3	\$ 11,569	\$ 250	\$ 20,399
Accrued and other liabilities	31,771	4	-	-	-	31,775
Due to other funds	12,842	-	-	-	-	12,842
Deferred revenue	66,980	-	-	3,006,200	5,860	3,079,040
Total liabilities	<u>120,170</u>	<u>4</u>	<u>3</u>	<u>3,017,769</u>	<u>6,110</u>	<u>3,144,056</u>
FUND BALANCES						
Unreserved						
Designated for zoning lawsuits	-	-	-	-	50,601	50,601
Undesignated	903,199	-	-	-	-	903,199
Reported in special revenue funds	-	257,953	624,354	256,849	250,329	1,389,485
Total fund balances	<u>903,199</u>	<u>257,953</u>	<u>624,354</u>	<u>256,849</u>	<u>300,930</u>	<u>2,343,285</u>
Total liabilities and fund balances	<u>\$ 1,023,369</u>	<u>\$ 257,957</u>	<u>\$ 624,357</u>	<u>\$ 3,274,618</u>	<u>\$ 307,040</u>	

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

Amounts reported for governmental activities in the statement of net assets are different because:

Grants receivable not available to pay for current period expenditures that are deferred to the following fiscal year	3,006,200
Capital assets used in governmental activities are not financial resources and are not reported in the funds	8,458,481
Short-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds	(3,012,500)
Special assessment receivables are expected to be collected over several years and are not available for current-year expenditures	<u>72,840</u>
Total net assets - governmental activities	<u>\$ 10,868,306</u>

Acme Township

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

Year ended June 30, 2010

	General Fund	Fire Fund	Farmland Preservation Fund	Shoreline Preservation Fund	Other Non-Major Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 246,864	\$ 604,218	\$ 290,258	\$ -	\$ 75,519	\$ 1,216,859
Licenses and permits	72,057	-	-	-	9,420	81,477
State-shared revenues and grants	275,171	-	-	-	-	275,171
Charges for services	108,520	-	-	-	2,050	110,570
Interest	4,824	-	3,475	39	1,455	9,793
Other	89,855	-	-	650,900	5,548	746,303
Total revenues	<u>797,291</u>	<u>604,218</u>	<u>293,733</u>	<u>650,939</u>	<u>93,992</u>	<u>2,440,173</u>
EXPENDITURES						
Current						
Legislative	248,798	-	-	-	-	248,798
General government	242,183	-	-	-	3,343	245,526
Public safety	138,950	617,721	-	-	71,545	828,216
Community and economic development	7,503	-	560,222	-	-	567,725
Recreation and culture	97,892	-	-	86,759	264	184,915
Other	13,785	-	-	-	-	13,785
Capital outlay	-	-	-	3,570,000	-	3,570,000
Total expenditures	<u>749,111</u>	<u>617,721</u>	<u>560,222</u>	<u>3,656,759</u>	<u>75,152</u>	<u>5,658,965</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>48,180</u>	<u>(13,503)</u>	<u>(266,489)</u>	<u>(3,005,820)</u>	<u>18,840</u>	<u>(3,218,792)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	200,000	68,362	268,362
Operating transfer out	(200,000)	-	-	-	(68,362)	(268,362)
Debt proceeds	-	-	-	3,012,500	-	3,012,500
Total other financing sources (uses)	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>3,212,500</u>	<u>-</u>	<u>3,012,500</u>
NET CHANGE IN FUND BALANCES	<u>(151,820)</u>	<u>(13,503)</u>	<u>(266,489)</u>	<u>206,680</u>	<u>18,840</u>	<u>(206,292)</u>
Fund balance, beginning of year	<u>1,055,019</u>	<u>271,456</u>	<u>890,843</u>	<u>50,169</u>	<u>282,090</u>	<u>2,549,577</u>
Fund balance, end of year	<u>\$ 903,199</u>	<u>\$ 257,953</u>	<u>\$ 624,354</u>	<u>\$ 256,849</u>	<u>\$ 300,930</u>	<u>\$ 2,343,285</u>

Acme Township

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

Year ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds	\$ (206,292)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Expenditures for capital assets	3,570,000
Current year depreciation	(22,217)

Grant revenue that does not provide current financial resources and is therefore reported as deferred revenues in the funds	3,006,200
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Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year-end.	62,748
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Bond and note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases short-term liabilities in the Statement of Net Assets.	(3,012,500)
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Change in Net Assets of Governmental Activities	<u>\$ 3,397,939</u>
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Acme Township

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2010

	Enterprise - Water and Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 351,660
Receivables, net	
Accounts	170,947
Special assessments	<u>13,460</u>
Total current assets	<u>536,067</u>
NONCURRENT ASSETS	
Capital assets	12,260,679
Less accumulated depreciation	<u>(4,327,384)</u>
Total noncurrent assets	<u>7,933,295</u>
Total assets	<u><u>\$ 8,469,362</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 29,559
Accrued and other liabilities	21,192
Due to other funds	4
Due to other governmental units	36,518
Current portion of long-term debt	<u>274,467</u>
Total current liabilities	361,740
NONCURRENT LIABILITIES	
Long-term debt	<u>2,889,082</u>
Total liabilities	<u>3,250,822</u>
NET ASSETS	
Investment in capital assets, net of related debt	4,769,746
Unrestricted	<u>448,794</u>
Total net assets	<u>5,218,540</u>
Total liabilities and net assets	<u><u>\$ 8,469,362</u></u>

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

Acme Township

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

Year ended June 30, 2010

	Enterprise - Water and Sewer Fund
Operating revenue	
Usage fees	\$ 802,354
Interest and fees	<u>47,632</u>
Total operating revenue	<u>849,986</u>
Operating expenses	
Cost of water produced/purchased	412,175
Depreciation	<u>245,181</u>
Total operating expenses	<u>657,356</u>
OPERATING INCOME	<u>192,630</u>
Nonoperating income (expenses)	
Investment income	3,364
Special assessments interest income	1,057
Interest expense	<u>(141,061)</u>
Total nonoperating income (expenses)	<u>(136,640)</u>
CHANGE IN NET ASSETS	55,990
Net assets, beginning of year	<u>5,162,550</u>
Net assets, end of year	<u>\$ 5,218,540</u>

Acme Township

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2010

	Enterprise - Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 869,091
Cash payments to suppliers	<u>(371,278)</u>
Net cash flows provided by operating activities	<u>497,813</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Collection of customer assessments (principal and interest)	8,305
Principal and interest paid on capital debt	<u>(401,244)</u>
Net cash used by capital and related financing activities	<u>(392,939)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	<u>3,364</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	108,238
Cash and cash equivalents, beginning of year	<u>243,422</u>
Cash and cash equivalents, end of year	<u><u>\$ 351,660</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 192,630
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	245,181
Changes in assets and liabilities:	
Receivables	19,105
Accounts payable	4,383
Accrued and other liabilities	(4)
Due to other governmental units	<u>36,518</u>
Total adjustments	<u>305,183</u>
Net cash provided by operating activities	<u><u>\$ 497,813</u></u>
Supplemental disclosure of noncash activity	
Septage treatment bond principal and interest payments made by Grand Traverse County	<u><u>\$ 16,043</u></u>

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

Acme Township

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2010

	Trust and Agency Fund	Tax Collection Fund	Total Agency Funds
ASSETS			
Cash	\$ 2,274	\$ 22,823	\$ 25,097
Accounts receivable	65,766	-	65,766
Due from others	<u>13,727</u>	<u>-</u>	<u>13,727</u>
	<u>\$ 81,767</u>	<u>\$ 22,823</u>	<u>\$ 104,590</u>
LIABILITIES			
Due to other funds	\$ 81,767	\$ -	\$ 81,767
Due to others	<u>-</u>	<u>22,823</u>	<u>22,823</u>
	<u>\$ 81,767</u>	<u>\$ 22,823</u>	<u>\$ 104,590</u>

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

Acme Township

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The accounting and reporting framework and the significant accounting principles and practices of Acme Township (the "Township") are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Township's financial activities for the year ended June 30, 2010.

The Financial Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Government-Wide Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS - Continued

The program revenues must be directly associated with the function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue.

Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The government-wide statements are reported using the economic resources measurement focus and the full accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred.

NOTES TO FINANCIAL STATEMENTS - Continued

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

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

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

Fund Types and Major Funds

Activities in Major Funds

Governmental Funds

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

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

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

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

Proprietary Funds

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

NOTES TO FINANCIAL STATEMENTS - Continued

Activities in Non-Major Funds

Governmental Funds

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

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

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

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

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

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

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

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

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

Fiduciary Funds

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

Budgets and Budgetary Accounting

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

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

NOTES TO FINANCIAL STATEMENTS - Continued

Cash and Investments

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

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

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

Property Taxes

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

The Township's 2009 tax is levied and collectible on December 1, 2009 and is recognized as revenue in the year ended June 30, 2010, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2010 taxable valuation of the Township totaled \$316.7 million, on which taxes levied consisted of 0.7332 mills for operating purposes, 2.25 mills for public safety (applies to taxable real property only of \$302.9 million), and 0.9203 mill for farmland preservation. This resulted in approximately \$247,000 for operating, \$680,000 for public safety and \$290,000 for farmland preservation. These amounts are recognized in the respective General and Special Revenue Funds financial statements as property tax revenues.

Interfund Transactions and Balances

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

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

Capital Assets

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

NOTES TO FINANCIAL STATEMENTS - Continued

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Conservation Easements

A conservation easement is a legal agreement between a landowner and a qualified conservation organization that permanently limits a property's use in order to protect its conservation values. Conservation easements, either purchased or donated, are initially valued at their appraised value. The difference between the purchase price and appraised value is reflected as 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 Revenue

Governmental Funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

Long-term Obligations

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

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

NOTES TO FINANCIAL STATEMENTS - Continued

Restricted Assets

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

Compensated Absences (Paid Time Off)

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

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources. Unrestricted net assets of Proprietary Funds represent the net assets that have not been legally identified for specific purposes. The Township Zoning Fund has designated \$50,601 for zoning lawsuits.

Use of Estimates

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

Accounting Changes

The Township will implement the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the year ended June 30, 2011. In accordance with the standard, fund balance will be classified as nonspendable, restricted, committed, and assigned or unassigned. The Township will review special revenue funds to determine if any funds should be closed to the General Fund in accordance with the standard.

NOTE B - BUDGETARY COMPLIANCE

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended June 30, 2010, the Township was in compliance with the Act.

NOTE C - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended by Act 196 P.A. 1997) authorizes local governmental units to make deposits and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Board, in accordance with Public Act 196 of 1997, has authorized all of the investments in the State statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

At June 30, 2010, the Township's cash and investments include the following:

	<u>Deposits</u>
Carrying amounts	
Cash and equivalents	<u>\$ 2,642,929</u>

Custodial Credit Risk

In the event of bank failure, the Township's uninsured deposits may not be returned to it. As of June 30, 2010, \$1,903,610 of the Township's deposits (including certificates of deposit) were exposed to custodial credit risk because they were uninsured and uncollateralized.

NOTE D - RECEIVABLES

Receivables as of June 30, 2010 including the applicable allowances for uncollectible accounts, are as follows:

Water and sewer customer billings	\$ 170,947
Special assessments	20,534
Intergovernmental	3,106,702
Interest and other	<u>100,847</u>
Net receivables	<u>\$ 3,399,030</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, \$72,840 of special assessment and other deferred revenue, and \$3,006,200 of intergovernmental grants receivable was unavailable.

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 88,260	\$ 12,842
Water and Sewer Fund	-	4
Non-major Funds		
Arnold Road Assessment Fund	6,353	-
Fiduciary Fund		
Trust and Agency Fund	<u>-</u>	<u>81,767</u>
Total	<u>\$ 94,613</u>	<u>\$ 94,613</u>

NOTE F - INTERFUND TRANSFERS

Operating transfers within the primary government are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds		
General Fund	\$ -	\$ 200,000
Shoreline Preservation Fund	200,000	-
Non-major Funds		
Police Protection Fund	68,362	-
Liquor Fund	<u>-</u>	<u>68,362</u>
Total	<u>\$ 268,362</u>	<u>\$ 268,362</u>

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NOTES TO FINANCIAL STATEMENTS - Continued

NOTE G - CAPITAL ASSETS

Investment in capital assets changed as follows during the year ended June 30, 2010:

Governmental Activities

	<u>Beginning</u>	<u>Capital Acquisitions</u>	<u>Sales and Other Dispositions</u>	<u>Ending</u>
Capital assets not being depreciated				
Land	\$ 4,729,143	\$ 3,570,000	\$ -	\$ 8,299,143
Capital assets being depreciated				
Road improvements	50,191	-	-	50,191
Buildings and improvements	233,202	-	-	233,202
Vehicles	50,671	-	-	50,671
Equipment	<u>107,133</u>	<u>-</u>	<u>-</u>	<u>107,133</u>
Subtotal	<u>441,197</u>	<u>-</u>	<u>-</u>	<u>441,197</u>
Less accumulated depreciation				
Road improvements	(15,060)	(2,510)	-	(17,570)
Buildings and improvements	(139,963)	(6,362)	-	(146,325)
Vehicles	(32,802)	(5,067)	-	(37,869)
Equipment	<u>(71,817)</u>	<u>(8,278)</u>	<u>-</u>	<u>(80,095)</u>
Subtotal	<u>(259,642)</u>	<u>(22,217)</u>	<u>-</u>	<u>(281,859)</u>
Net capital assets being depreciated	<u>181,555</u>	<u>(22,217)</u>	<u>-</u>	<u>159,338</u>
Governmental activities net capital assets	<u>\$ 4,910,698</u>	<u>\$ 3,547,783</u>	<u>\$ -</u>	<u>\$ 8,458,481</u>

Business-Type Activities

	<u>Beginning</u>	<u>Capital Acquisitions</u>	<u>Sales and Other Dispositions</u>	<u>Ending</u>
Capital assets being depreciated				
Water and sewer distribution systems	\$12,260,679	\$ -	\$ -	\$12,260,679
Less accumulated depreciation				
Water and sewer distribution systems	<u>(4,082,203)</u>	<u>(245,181)</u>	<u>-</u>	<u>(4,327,384)</u>
Business-type activities net capital assets	<u>\$ 8,178,476</u>	<u>\$ (245,181)</u>	<u>\$ -</u>	<u>\$ 7,933,295</u>

NOTES TO FINANCIAL STATEMENTS - Continued

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

Governmental activities

General government	\$ 17,150
Recreation and culture	<u>5,067</u>
Total governmental activities	<u>\$ 22,217</u>

Business-type activities

Water and Sewer	<u>\$ 245,181</u>
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NOTE H - 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.

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

The Township purchased farmland property development rights of \$531,498 and protected 114 acres for the year ended June 30, 2010. The payment is reflected as Community and Economic Development Expense in the Statement of Activities.

NOTES TO FINANCIAL STATEMENTS - Continued

NOTE I - SHORT-TERM DEBT

The following is a summary of the Township's short-term debt for the year ended June 30, 2010:

	Beginning Balance	New Debt	Payments	Ending Balance	Current Portion
Governmental activities					
General obligation bond	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 2,000,000
General obligation note	-	1,012,500	-	1,012,500	1,012,500
 Total governmental activities debt	<u>\$ -</u>	<u>\$ 3,012,500</u>	<u>\$ -</u>	<u>\$ 3,012,500</u>	<u>\$ 3,012,500</u>

Short-term debt at June 30, 2010 is composed of the following individual issues:

General Obligation (Governmental activities)

2010 Township of Acme Capital Improvement Bonds, Series 2010, General Obligation Limited Tax Bonds; \$2,000,000 due on March 1, 2011; interest rate of 1.65%; secured by Michigan Natural Resources Trust Fund Grant to be received two months prior to the maturity of the bonds and property taxes of the Township. \$ 2,000,000

2010 State of Michigan Grant Anticipation Note; Series 2010A Limited Tax General Obligation; \$1,012,500 due on September 30, 2010; interest rate of 2.00%; secured by Michigan Natural Resources Trust Fund Grant approved February 12, 2010. 1,012,500

Total governmental activities short-term debt \$ 3,012,500

NOTE J - LONG-TERM DEBT

The following is a summary of the Township's long-term debt for the year ended June 30, 2010:

	Beginning Balance	New Debt	Payments	Ending Balance	Current Portion
Business-type activities					
General obligation bonds	\$ 3,007,932	\$ -	\$ (239,708)	\$ 2,768,224	\$ 253,992
Lease payable	<u>415,800</u>	<u>-</u>	<u>(20,475)</u>	<u>395,325</u>	<u>20,475</u>
 Total business-type activities debt	<u>\$ 3,423,732</u>	<u>\$ -</u>	<u>\$ (260,183)</u>	<u>\$ 3,163,549</u>	<u>\$ 274,467</u>

NOTES TO FINANCIAL STATEMENTS - Continued

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

Long-term debt at June 30, 2010 is composed of the following individual issues:

General Obligation (Business-type activities)

1995 Traverse City Wastewater Treatment Plant General Obligation Bond (#328); remaining annual installments of \$17,612 to \$24,584 through April 2015; interest rate of 5.05% to 5.70%.	\$ 130,153
1998 Traverse City Wastewater Treatment Plant General Obligation Bond (#330); remaining annual installments of \$11,213 to \$14,839 through April 2013; interest rate of 4.00% to 4.50%.	38,556
2002 Traverse City Wastewater Treatment Plant - 2002 Upgrade General Obligation Bond (#334); remaining annual installments of \$119,246 to \$204,422 through April 2022; interest rate of 2.75% to 5.00%.	1,986,770
2003 Grand Traverse County Sewer and Water Projects - Acme, East Bay and Peninsula Townships General Obligation Bond (#336); remaining annual installments of \$91,546 to \$108,191 through October 2023; interest rate of 2.25% to 5.00%.	<u>612,745</u>
Total business-type activities general obligation debt	<u><u>\$ 2,768,224</u></u>

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. Proceeds from the County bonds provided financing for the construction of the sewer facilities and assets. The remaining principal, in the amount of \$2,768,224, and interest, in the amount of \$827,694, to be paid on the bonds total \$3,595,918. During the current year, net revenues of the system were \$806,775 compared to the annual debt requirements of \$239,708.

Lease Payable

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

NOTES TO FINANCIAL STATEMENTS - Continued

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

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

Assets capitalized under the lease are \$470,853.

The annual requirements to amortize all long-term debt obligations outstanding, as of June 30, 2010, are as follows:

Years Ending	Business-Type Activities			
	General and special		Lease payable	
	assessment	obligation bonds	Principal	Interest
	Principal	Interest	Principal	Interest
2011	\$ 253,992	\$ 118,256	\$ 20,475	\$ 12,521
2012	262,620	109,067	22,050	11,943
2013	273,179	99,259	22,050	11,317
2014	272,615	88,925	25,200	10,653
2015	307,893	84,597	25,200	9,949
2016-2020	952,665	267,601	140,175	37,102
2021-2025	445,260	59,989	140,175	10,494
	<u>\$ 2,768,224</u>	<u>\$ 827,694</u>	<u>\$ 395,325</u>	<u>\$ 103,979</u>

Defeased Debt

In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. As of June 30, 2010, \$1.1 million of bonds outstanding are considered defeased.

NOTE K - RISK MANAGEMENT

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

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

NOTES TO FINANCIAL STATEMENTS - Continued

The Township has determined that there is no liability for land use claims that have been incurred through the end of the fiscal year, including claims that have not yet been reported. All land use reviews initiated prior to June 30, 2010 have been finalized and no appeals were issued within the statutory time limit. No claims were paid during the fiscal year ended June 30, 2010.

NOTE L - DEFINED CONTRIBUTION PENSION PLANS

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

The Township's total payroll during the current year was \$332,154. The current year contribution was calculated on covered payroll of \$277,795, resulting in an employer contribution of \$27,779. No contributions from employees are required.

NOTE M - JOINT VENTURES

Master Sewer Agreement

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

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

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

The Township is responsible for debt service on the debt issues listed in Note J as determined biannually based upon the percentage of the Township's flow to the total flow through the treatment plant. For the biannual period ended June 30, 2010, the Township's percentage was 6.30%.

NOTES TO FINANCIAL STATEMENTS - Continued

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 \$617,721 to Metro Emergency Services Authority during the year ended June 30, 2010.

NOTE N - COMMITMENTS AND CONTINGENCIES

Regional Wastewater Treatment Facility

The Township is a participant in the regional wastewater treatment facility. Being a participant requires the Township to contribute funding to the planning of a new regional facility. As of June 30, 2010, 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, 2010 have not yet been conducted. Accordingly, the Township's compliance with applicable grant requirements will be established at some future date.

NOTE O - SUBSEQUENT EVENTS

The 2010 Grant Anticipation Note of \$1,012,500 was paid off in September 2010.

The Township has evaluated events and transactions to June 30, 2010 for potential recognition and disclosure through October 25, 2010, the date the financial statements were available to be issued. Management has not identified any subsequent events through October 25, 2010, except for the item noted above.

REQUIRED SUPPLEMENTARY INFORMATION

Acme Township

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

Year ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual Total
REVENUES					
Property taxes	\$ 232,835	\$ 232,835	\$ 246,864	\$ -	\$ 14,029
Licenses and permits	63,500	63,500	72,057	-	8,557
State sources	295,881	295,881	275,171	-	(20,710)
Charges for services	113,517	113,517	108,520	-	(4,997)
Interest income	4,910	4,910	4,824	-	(86)
Other	18,527	93,577	89,855	75,050	(3,722)
Total revenues	729,170	804,220	797,291	75,050	(6,929)
EXPENDITURES					
Legislative	186,407	267,907	248,798	(81,500)	19,109
General government					
Elections	12,555	7,555	7,753	5,000	(198)
Assessor	42,904	41,900	37,572	1,004	4,328
Clerk	64,620	64,620	62,662	-	1,958
Board of review	1,061	1,061	804	-	257
Treasurer	73,152	73,152	63,545	-	9,607
Township Hall	42,370	42,370	34,377	-	7,993
Supervisor	37,695	37,695	35,470	-	2,225
Public safety					
Planning and zoning	133,173	169,478	138,950	(36,305)	30,528
Recreation and culture					
Maintenance	105,784	100,784	97,892	5,000	2,892
Other					
Retirement/pension	2,000	2,000	1,380	-	620
Insurance	15,500	15,500	12,162	-	3,338
Other	8,400	9,900	7,746	(1,500)	2,154
Total expenditures	725,621	833,922	749,111	(108,301)	84,811
REVENUES OVER (UNDER) EXPENDITURES	3,549	(29,702)	48,180	(33,251)	77,882
OTHER FINANCING USES					
Operating transfers out	(150,000)	(200,000)	(200,000)	(50,000)	-
NET CHANGE IN FUND BALANCE	(146,451)	(229,702)	(151,820)	(83,251)	77,882
Fund balance, beginning of year	1,055,019	1,055,019	1,055,019	-	-
Fund balance, end of year	\$ 908,568	\$ 825,317	\$ 903,199	\$ (83,251)	\$ 77,882

Acme Township

BUDGETARY COMPARISON SCHEDULE FOR THE FIRE FUND

Year ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual Total
REVENUES					
Property taxes	\$ 607,454	\$ 607,454	\$ 604,218	\$ -	\$ (3,236)
Interest	<u>1,357</u>	<u>1,357</u>	<u>-</u>	<u>-</u>	<u>(1,357)</u>
Total revenues	608,811	608,811	604,218	-	(4,593)
EXPENDITURES					
Public safety	<u>618,788</u>	<u>618,788</u>	<u>617,721</u>	<u>-</u>	<u>1,067</u>
REVENUES UNDER EXPENDITURES	(9,977)	(9,977)	(13,503)	-	(3,526)
Fund balance, beginning of year	<u>271,456</u>	<u>271,456</u>	<u>271,456</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 261,479</u>	<u>\$ 261,479</u>	<u>\$ 257,953</u>	<u>\$ -</u>	<u>\$ (3,526)</u>

Acme Township

BUDGETARY COMPARISON SCHEDULE FOR THE FARMLAND PRESERVATION FUND

Year ended June 30, 2010

				Variances - Positive (Negative)	
	Budgeted Amounts		Actual	Original to	Final to
	Original	Final	(GAAP Basis)	Final	Actual Total
REVENUES					
Property taxes	\$ 292,262	\$ 292,262	\$ 290,258	\$ -	\$ (2,004)
Interest	3,900	3,900	3,475	-	(425)
Other	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Total revenues	316,162	316,162	293,733	-	(22,429)
EXPENDITURES					
Community and economic development	<u>1,050,500</u>	<u>1,050,500</u>	<u>560,222</u>	<u>-</u>	<u>490,278</u>
REVENUES OVER (UNDER) EXPENDITURES					
	(734,338)	(734,338)	(266,489)	-	467,849
Fund balance, beginning of year	<u>890,843</u>	<u>890,843</u>	<u>890,843</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 156,505</u>	<u>\$ 156,505</u>	<u>\$ 624,354</u>	<u>\$ -</u>	<u>\$ 467,849</u>

Acme Township

BUDGETARY COMPARISON SCHEDULE FOR THE SHORELINE PRESERVATION FUND

Year ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual Total
REVENUES					
Interest	\$ 10	\$ 10	\$ 39	\$ -	\$ 29
Other	<u>3,006,200</u>	<u>3,006,200</u>	<u>650,900</u>	<u>-</u>	<u>(2,355,300)</u>
Total revenues	<u>3,006,210</u>	<u>3,006,210</u>	<u>650,939</u>	<u>-</u>	<u>(2,355,271)</u>
EXPENDITURES					
Recreation and culture	42,505	42,505	86,759	-	(44,254)
Capital outlay	<u>4,000,000</u>	<u>4,000,000</u>	<u>3,570,000</u>	<u>-</u>	<u>430,000</u>
Total expenditures	<u>4,042,505</u>	<u>4,042,505</u>	<u>3,656,759</u>	<u>-</u>	<u>385,746</u>
REVENUES UNDER EXPENDITURES	(1,036,295)	(1,036,295)	(3,005,820)	-	(1,969,525)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	150,000	200,000	200,000	50,000	-
Debt proceeds	<u>-</u>	<u>-</u>	<u>3,012,500</u>	<u>-</u>	<u>3,012,500</u>
Total other financing sources	<u>150,000</u>	<u>200,000</u>	<u>3,212,500</u>	<u>50,000</u>	<u>3,012,500</u>
NET CHANGE IN FUND BALANCE	(886,295)	(836,295)	206,680	50,000	1,042,975
Fund balance, beginning of year	<u>50,169</u>	<u>50,169</u>	<u>50,169</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ (836,126)</u>	<u>\$ (786,126)</u>	<u>\$ 256,849</u>	<u>\$ 50,000</u>	<u>\$ 1,042,975</u>

COMBINING FINANCIAL STATEMENTS

Acme Township

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2010

	Special Revenue Funds									Total Non-Major Governmental Funds
	Police Protection Fund	Oil and Gas Lease Fund	New Urbanist Town Center Fund	Liquor Fund	Cemetery Fund	Township Improvement Fund	Township Zoning Fund	Acme Heritage Fund	Arnold Road Assessment Fund	
ASSETS										
Current assets										
Cash and cash equivalents	\$ 163,376	\$ 9,103	\$ 27,588	\$ 12,319	\$ 1,791	\$ 30,034	\$ 50,601	\$ 15	\$ -	\$ 294,827
Receivables, net	-	-	-	-	-	-	-	-	5,860	5,860
Due from other funds	-	-	-	-	-	-	-	-	6,353	6,353
Total assets	<u>\$ 163,376</u>	<u>\$ 9,103</u>	<u>\$ 27,588</u>	<u>\$ 12,319</u>	<u>\$ 1,791</u>	<u>\$ 30,034</u>	<u>\$ 50,601</u>	<u>\$ 15</u>	<u>\$ 12,213</u>	<u>\$ 307,040</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ 149	\$ -	\$ -	\$ -	\$ 101	\$ -	\$ -	\$ -	\$ -	\$ 250
Deferred revenue	-	-	-	-	-	-	-	-	5,860	5,860
Total liabilities	<u>149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,860</u>	<u>6,110</u>
FUND BALANCES										
Designated for Zoning lawsuits	-	-	-	-	-	-	50,601	-	-	50,601
Undesignated	<u>163,227</u>	<u>9,103</u>	<u>27,588</u>	<u>12,319</u>	<u>1,690</u>	<u>30,034</u>	<u>-</u>	<u>15</u>	<u>6,353</u>	<u>250,329</u>
Total fund balances	<u>163,227</u>	<u>9,103</u>	<u>27,588</u>	<u>12,319</u>	<u>1,690</u>	<u>30,034</u>	<u>50,601</u>	<u>15</u>	<u>6,353</u>	<u>300,930</u>
Total liabilities and fund balances	<u>\$ 163,376</u>	<u>\$ 9,103</u>	<u>\$ 27,588</u>	<u>\$ 12,319</u>	<u>\$ 1,791</u>	<u>\$ 30,034</u>	<u>\$ 50,601</u>	<u>\$ 15</u>	<u>\$ 12,213</u>	<u>\$ 307,040</u>

Acme Township

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

Year ended June 30, 2010

	Special Revenue Funds									Total
	Police Protection Fund	Oil and Gas Lease Fund	New Urbanist Town Center Fund	Liquor Fund	Cemetery Fund	Township Improvement Fund	Township Zoning Fund	Acme Heritage Fund	Arnold Road Assessment Fund	Non-Major Governmental Funds
REVENUES										
Property taxes	\$ 75,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,519
License and permits	-	-	-	9,420	-	-	-	-	-	9,420
Charges for services	-	-	-	-	2,050	-	-	-	-	2,050
Interest	-	4	123	401	-	-	601	-	326	1,455
Other	-	4,770	-	-	-	-	-	50	728	5,548
Total revenues	75,519	4,774	123	9,821	2,050	-	601	50	1,054	93,992
EXPENDITURES										
General government	-	-	-	-	3,343	-	-	-	-	3,343
Public safety	71,545	-	-	-	-	-	-	-	-	71,545
Recreation and culture	-	-	-	-	-	-	-	264	-	264
Total expenditures	71,545	-	-	-	3,343	-	-	264	-	75,152
REVENUES OVER (UNDER) EXPENDITURES	3,974	4,774	123	9,821	(1,293)	-	601	(214)	1,054	18,840
OTHER FINANCING SOURCES (USES)										
Operating transfers in	68,362	-	-	-	-	-	-	-	-	68,362
Operating transfers out	-	-	-	(68,362)	-	-	-	-	-	(68,362)
NET CHANGE IN FUND BALANCE	72,336	4,774	123	(58,541)	(1,293)	-	601	(214)	1,054	18,840
Fund balance, beginning of year	90,891	4,329	27,465	70,860	2,983	30,034	50,000	229	5,299	282,090
Fund balance, end of year	\$ 163,227	\$ 9,103	\$ 27,588	\$ 12,319	\$ 1,690	\$ 30,034	\$ 50,601	\$ 15	\$ 6,353	\$ 300,930