

Tobin & Co.

Acme Township

Grand Traverse County, Michigan

Audit Report

For the Year Ended June 30, 2004

Tobin & Co.

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Grand Traverse County, Michigan

Audit Report

For the Year Ended June 30, 2004

Tobin & Co.

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Acme Township, Grand Traverse County, for the year ended June 30, 2004 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Acme Township taken as a whole. In the course of our examination we noted some shortcomings in the Township accounting and internal control procedures and we addressed these shortcomings in a separate letter to the Board. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Accounting records were maintained in good order. Recorded revenues were deposited timely and intact and bank accounts were reconciled on a regular basis. Required journals and ledgers were maintained. Follow-up procedures appeared good.

Budgets and Procedures

The Township prepared and adopted budgets for its General and three of its Special Revenue Funds but not the Farmland Preservation Fund. Four of the General Fund activities, the Fire Fund, Police Protection Fund, and Liquor Law Enforcement Fund exceeded their budgets without formal amendment by the Board. See Note 2C of the "Notes to Financial Statements".

General Fund

The General Fund is presented on Schedule 1 of this report. The fund balance at June 30, 2004 was \$916,301, a decrease of \$114,033 from the balance at June 30, 2003.

Fire Fund

This fund, presented on Schedule 2, is used to account for a special assessment and special voted tax of 1.428 mills for fire protection. Revenue amounted to \$329,497 for the audit year, while contractual payments to the Grand Traverse County Metro Fire Department totaled \$310,874. The fund balance at June 30, 2004 was \$182,159.

Police Protection Fund

This fund, presented on Schedule 3, was formed by Board resolution to account for a special voted tax of .2973 mills for police protection. Revenues amounted to \$73,407 for the audit year, while contractual payments to the Grand Traverse County Sheriff's Department totaled \$74,063. The fund balance at June 30, 2004 was \$21,595.

Liquor Law Enforcement Fund

This fund, presented on Schedule 4, is used to account for liquor license fees refunded by the State of Michigan. These fees may be used only for enforcement of the State liquor laws. Revenues exceeded expenditures by \$8,524 for the audit year, and the fund balance at June 30, 2004 was \$27,862.

Farmland Preservation Fund

This fund, presented on Schedule 5, is used to account for contributions by various townships and a donation by Rotary Charities to establish a system of farmland preservation. Expenditures of \$28,679 consisted of contractual consulting services. The fund balance at June 30, 2004 was \$568. This fund was closed during the subsequent year.

Debt Service Funds

These funds, presented on Schedules 6 through 11, are used to account for special assessments levied to retire long-term debt incurred to construct and maintain Township roads. The four remaining Road Improvement Funds reflected a combined fund balance of \$117,062 at June 30, 2004.

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Comments and Recommendations

Enterprise Fund

The sewer and water operations of the Township, maintained in part by the Township and in part by the County DPW, are presented in the Township's basic financial statements. These financial statements incorporate all aspects of the sewer and water operations and financial position, including special assessments and long-term debt.

Fiduciary Funds

These funds are presented on Schedule 12. They consist of the Trust and Agency Fund and the Current Tax Collection Fund, and are used to account for monies received by the Township that are not available for Township use but are due to other units of government, other funds, or to firms and individuals.

Property Tax Collections

The collection and distribution of the 2003 tax levy was handled in an excellent manner by the Township Treasurer. Paid receipts were filed in order of payment, bundled by deposit and supported by computer printouts. Deposits were made timely and intact. Distributions to taxing units during the collection period were in accordance with statutory requirements.

See Schedule 13 for a summary of the 2003 tax levy and collections.

Property Tax Administration Fees

A 1% property tax administration fee, permitted by statute, was levied on all 2003 property taxes. These fees may be used only for such property tax administration costs as assessing, collecting and the review and appeals process. As noted in Schedule 14, revenues exceeded costs by \$4,491.

Payroll Procedures

Payroll records were very well maintained by the Township Clerk. Social Security and Medicare taxes are being withheld as required by statute.

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Burnham and Flowers Insurance Agency and the Michigan Municipal Liability and Property Pool and has such coverage as fire and extended coverage, general liability, errors and omissions, workmen's compensation, equipment and crime coverage. Board minutes indicate that coverage was reviewed during the audit year. The Clerk, Treasurer, and their deputies, the Assessor, Planner and Zoning Administrator have surety bond coverage.

After completion of our audit, we will mail the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field examiners in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Acme Township
Grand Traverse County
Acme, Michigan 49610


We have audited the basic financial statements of Acme Township as of and for the year ended June 30, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of such funds of Acme Township at June 30, 2004, and the results of operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Acme Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
November 19, 2004

Acme Township Management Discussion and Analysis Letter

As the Township Board of Acme Township, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Acme Township for the fiscal year ended June 30, 2004

Financial Highlights

- The assets of Acme Township exceeded its liabilities at the close of the most recent fiscal year by \$11,625,148 (*net assets*). Of this amount, \$3,221,244 (*unrestricted net assets*) may be used to meet the township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$1,265,547 a decrease of \$141,145 in comparison with the prior year. One hundred percent (100%) of the total amount, \$1,265,547, is available for spending at the township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$916,301 or 111% percent of total general fund expenditures.
- The Township's total debt increased by \$2,194,205 (479%) during the current fiscal year. The key factor in this increase is new debt created for installation of new sanitary sewer projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Acme Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

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

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

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include the Township itself (known as the *primary government*). There are no "now major" **component units** (such as a legally separate Downtown Development Authority) for which the Township is financially accountable at this time. If there were any such component units, financial information for them would be reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 through 22 of this report.

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

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

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

Acme Township maintains nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, and Police Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *individual and combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

Proprietary funds. Acme Township maintains a single proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses an enterprise fund to account for its water and sewer activity.

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

The basic fiduciary fund financial statements can be found on page 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 31 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required and non-required supplementary information*. Supplementary information can be found on pages 33 through 49 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Acme Township, assets exceeded liabilities by \$11,625,148 at the close of the most recent fiscal year.

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By far the most significant portion of the Township's net assets (\$8,012,761 or 69%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Township's Net Assets Fiscal Year 2003-2004*

	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$1,374,459	\$2,338,402	\$ 3,712,861
Capital Assets	<u>\$4,929,840</u>	<u>\$5,659,394</u>	<u>\$10,589,234</u>
Total	\$6,304,299	\$7,997,796	\$14,302,095
Long-term Liabilities	\$ 46,844	\$2,577,310	\$ 2,624,154
Other Liabilities	<u>\$ 18,766</u>	<u>\$ 34,027</u>	<u>\$ 52,793</u>
Total	\$ 65,610	\$2,611,337	\$ 2,676,947
Net Assets			
Invested in Capital Assets			
Net of related debt	\$4,930,677	\$3,082,084	\$ 8,012,761
Restricted	\$ 391,143	\$ 0	\$ 391,143
Unrestricted	<u>\$ 916,869</u>	<u>\$2,304,375</u>	<u>\$ 3,221,244</u>
Total Net Assets	<u>\$6,238,689</u>	<u>\$5,386,459</u>	<u>\$11,625,148</u>

* *Because this is the first fiscal year for which this report has been prepared, this table contains data only for the current fiscal year. In subsequent years, this table will contain data comparing the current fiscal year to the immediately preceding fiscal year.*

An additional portion of the Township's net assets (3.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$3,221,244) may be used to meet the Township's ongoing obligations to citizens and creditors.

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

The Township's net assets decreased by \$226,741 during the current fiscal year as discussed below.

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Governmental activities. Governmental activities decreased the Township's net assets by \$65,152, accounting for 29% percent of the total decrease in the net assets of the Township. Key elements of this decrease are as follows:

	Governmental Activities	Business-Type Activities	Total
Program Revenues			
Charges for Services	\$ 28,616	\$658,325	\$ 686,941
Operating Grants & Contributions	\$ 42,437	\$ 0	\$ 42,437
General Revenues			
Property Taxes	\$ 666,840	\$0	\$ 666,840
Grants & Contributions Not restricted to specific programs	\$ 294,545	\$0	\$ 294,545
Unrestricted Investment Earnings	\$ 18,141	\$30,434	\$ 48,575
Miscellaneous	\$ 72,521	\$0	\$ 72,521
Total Revenues	\$1,123,100	\$688,759	\$1,811,859
Program Expenses			
Legislative	\$ 147,229	\$ 0	\$ 147,229
General Government	\$ 293,674	\$ 0	\$ 293,674
Public Safety	\$ 657,819	\$ 0	\$ 657,819
Public Works	\$ 8,040	\$ 0	\$ 8,040
Recreational & Cultural	\$ 78,992	\$ 0	\$ 78,992
Interest on Long-Term Debt	\$ 2,498	\$ 0	\$ 2,498
Sewer & Water	\$ 0	\$850,348	\$ 850,348
Total Expenses	\$1,188,252	\$850,348	\$2,038,600
Change in Net Assets	<u>(\$ 65,152)</u>	<u>(\$161,589)</u>	<u>(\$ 226,741)</u>

* *Because this is the first fiscal year for which this report has been prepared, this table contains data only for the current fiscal year. In subsequent years, this table will contain data comparing the current fiscal year to the immediately preceding fiscal year.*

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. One noteworthy exception, however, is that planning and zoning expenditures were approximately \$162,000 higher than anticipated due to changes in personnel that required the use of outside consulting services and legal costs associated with litigation defense.

Business-type activities. Business-type activities decreased the Township's net assets by \$161,589, accounting for 71% of the total decrease in the Township's net assets. The key elements of this decrease are construction of a new main sanitary sewer bypass line and the attendant creation of additional debt, combined with slow sales of new sewer service to provide revenue for debt service.

Financial Analysis of the Township's Funds

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

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

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As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,265,547, a decrease of \$141,145 in comparison with the prior year. 100% of this total amount, constitutes *unreserved fund balance*, which is available for spending at the Township's discretion.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$916,301. Unreserved fund balance represents 111% percent of total general fund expenditures.

The fund balance of the Township's general fund decreased by \$114,033 during the current fiscal year. Key factors included the need for planning consulting services due to changes in staff and legal expenses related to litigation defense.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$2,304,375. The total decrease in net assets was \$161,589. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$70,500 (increase in appropriations) and can be briefly summarized as follows:

- A \$90,500 increase in Planning & Zoning appropriations from \$118,403 to \$208,903
- A \$20,000 decrease in Contingency appropriations from \$25,000 to \$5,000

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of June 30, 2004 amounts to \$10,589,235 (*net of accumulated depreciation*). This investment in capital assets includes: land, buildings and improvements, vehicles and equipment, and sewer and water systems. The total increase in the Township's investment in capital assets for the current fiscal year was 10% (a 0.3% increase for governmental activities and a 21% increase for business-type activities).

Major capital asset events during the current fiscal year included additions and upgrades to the sanitary sewer system valued at \$964,420 net of accumulated depreciation.

Details of the Township's capital assets are contained in the notes to the financial statements on page 25.

Long-term debt. At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$2,652,221. Of this amount, \$46,844 comprises debt backed by the full faith and credit of the government and \$2,605,377 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Additional information on the Township's long-term debt can be found in the notes on page 28.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to decrease in the 2004-2005 fiscal year. The Township budgeted for a decrease in state-shared revenue, but additional cuts have already been made and more cuts are expected before the end of the fiscal year. The Township's millage rate was reduced again by the Headlee Amendment rollback to 0.7967 mills for general operating purposes. These factors were considered in preparing the Township's budget for the 2004-2005 fiscal year.

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During the current fiscal year, unreserved fund balance in the general fund decreased to \$916,301. The members of the Township Board of Trustees in office as of June 30, 2004 presented a deficit-spending budget in the 2004-2005 fiscal year budget that anticipates appropriations of \$27,464 from the unreserved fund balance. All of the members of the Township Board of Trustees were replaced in the November 2004 elections. The new Board members have expressed a strong commitment to reducing or eliminating the anticipated deficit and balancing the budget during the remainder of the 2004-2005 fiscal year.

At this time, it is anticipated that the Water and Sewer Fund rates will remain constant for the 2004-2005 budget year. Sewer system benefit sales are currently below levels needed to finance debt service effectively. There is strong business development interest/pressure within Acme Township which may lead to increased benefit sales levels. However, if benefit sales rates remain at levels below those needed to effectively fund debt service, sewer rate adjustments may be contemplated.

Requests for Information

This financial report is designed to provide a general overview of Acme Township's finances for all those with an interest in the township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor, Bill Kurtz, Acme Township, 6042 Acme Road, Williamsburg MI 49690.

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Acme Township Statement of Net Assets June 30, 2004

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 462,071	\$ 1,337,425	\$ 1,799,496
Investments	747,779	870,805	1,618,584
Accounts Receivable	59,332	46,880	106,212
Special Assessments Receivable	43,084	82,755	125,839
Prepaid Expenses	14,512	537	15,049
Capital Assets:			
Land	4,729,143	-	4,729,143
Other Capital Assets, Net of Depreciation	200,697	5,659,394	5,860,091
Intangible Assets, Net of Amortization	<u>47,681</u>	<u>-</u>	<u>47,681</u>
Total Assets	<u>6,304,299</u>	<u>7,997,796</u>	<u>14,302,095</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	18,766	34,027	52,793
Long-term Liabilities, Net of Discounts:			
Due Within One Year	5,313	214,275	219,588
Due in More Than One Year	<u>41,531</u>	<u>2,363,035</u>	<u>2,404,566</u>
Total Liabilities	<u>65,610</u>	<u>2,611,337</u>	<u>2,676,947</u>
<u>Net Assets</u>			
Invested in Capital Assets and Intangible Assets, Net of Related Debt	4,930,677	3,082,084	8,012,761
Restricted for:			
Fire Protection	182,159	-	182,159
Police Protection	21,595	-	21,595
Liquor Inspections	27,862	-	27,862
Debt Service	159,527	-	159,527
Unrestricted	<u>916,869</u>	<u>2,304,375</u>	<u>3,221,244</u>
Total Net Assets	<u>\$ 6,238,689</u>	<u>\$ 5,386,459</u>	<u>\$11,625,148</u>

See Accompanying Notes to Basic Financial Statements

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Acme Township Statement of Activities June 30, 2004

Functions/Programs	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Legislative	\$ 147,229	\$ -	\$ -	\$ (147,229)	\$ -	\$ (147,229)
General Government	293,674	24,568	10,009	(259,097)	-	(259,097)
Public Safety	657,819	-	23,379	(634,440)	-	(634,440)
Public Works	8,040	2,918	9,049	3,927	-	3,927
Recreation and Cultural	78,992	1,130	-	(77,862)	-	(77,862)
Interest on Long-term Debt	<u>2,498</u>	<u>-</u>	<u>-</u>	<u>(2,498)</u>	<u>-</u>	<u>(2,498)</u>
Total Governmental Activities	<u>1,188,252</u>	<u>28,616</u>	<u>42,437</u>	<u>(1,117,199)</u>	<u>-</u>	<u>(1,117,199)</u>
Business-type Activities:						
Sewer and Water	<u>850,348</u>	<u>658,325</u>	<u>-</u>	<u>-</u>	<u>(192,023)</u>	<u>(192,023)</u>
General Revenues:						
Property Taxes				666,840	-	666,840
Grants and Contributions Not Restricted To						
Specific Programs				294,545	-	294,545
Unrestricted Investment Earnings				18,141	30,434	48,575
Miscellaneous				<u>72,521</u>	<u>-</u>	<u>72,521</u>
Total General Revenues				1,052,047	30,434	1,082,481
Change in Net Assets				(65,152)	(161,589)	(226,741)
Net Assets – Beginning				<u>6,303,841</u>	<u>5,548,048</u>	<u>11,851,889</u>
Net Assets – Ending				<u>\$ 6,238,689</u>	<u>\$ 5,386,459</u>	<u>\$11,625,148</u>

See Accompanying Notes to Basic Financial Statements

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Acme Township Balance Sheet Governmental Funds June 30, 2004

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 861,223	\$ 182,159	\$ 21,595	\$ 144,873	\$ 1,209,850
Accounts Receivable, Net	59,332	-	-	43,084	102,416
Prepaid Expenses	<u>14,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,512</u>
Total Assets	<u>\$ 935,067</u>	<u>\$ 182,159</u>	<u>\$ 21,595</u>	<u>\$ 187,957</u>	<u>\$ 1,326,778</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts Payable and Accrued Expenses	\$ 18,650	\$ -	\$ -	\$ -	\$ 18,650
Due to Other Funds	116	-	-	-	116
Deferred Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,465</u>	<u>42,465</u>
Total Liabilities	<u>18,766</u>	<u>-</u>	<u>-</u>	<u>42,465</u>	<u>61,231</u>
<u>Fund Balances:</u>					
Unrestricted	<u>916,301</u>	<u>182,159</u>	<u>21,595</u>	<u>145,492</u>	<u>1,265,547</u>
Total Fund Balances	<u>916,301</u>	<u>182,159</u>	<u>21,595</u>	<u>145,492</u>	<u>1,265,547</u>
Total Liabilities and Fund Balances	<u>\$ 935,067</u>	<u>\$ 182,159</u>	<u>\$ 21,595</u>	<u>\$ 187,957</u>	
Amounts reported for governmental activities on the statement of net assets are different because:					
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.					4,977,521
Special assessment receivables in the debt service funds and not financial resources and therefore are deferred to future periods in the funds.					42,465
Long-term liabilities do not use current financial resources and therefore are not reported in the funds.					<u>(46,844)</u>
Net assets of governmental activities.					<u>\$ 6,238,689</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Taxes	\$ 269,855	\$ 328,707	\$ 68,278	\$ -	\$ 666,840
Licenses and Permits	65,101	-	-	-	65,101
State Grants	313,603	-	5,000	8,379	326,982
Contributions from Local Units	10,000	-	-	-	10,000
Charges for Services	14,432	-	-	38,840	53,272
Interest and Rents	17,318	790	129	1,034	19,271
Other	<u>17,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,556</u>
Total	<u>707,865</u>	<u>329,497</u>	<u>73,407</u>	<u>48,253</u>	<u>1,159,022</u>
<u>Expenditures</u>					
Legislative	147,229	-	-	-	147,229
General Government	252,697	-	-	28,769	281,466
Public Safety	270,927	311,144	74,108	91	656,270
Public Works	-	-	-	64,157	64,157
Recreation and Cultural	69,270	-	-	-	69,270
Other	10,801	-	-	-	10,801
Capital Outlay	<u>70,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,974</u>
Total	<u>821,898</u>	<u>311,144</u>	<u>74,108</u>	<u>93,017</u>	<u>1,300,167</u>
Excess Revenues (Expenditures) and Net Change in Fund Balances	(114,033)	18,353	(701)	(44,764)	(141,145)
Fund Balance – Beginning of Year	<u>1,030,334</u>	<u>163,806</u>	<u>22,296</u>	<u>190,256</u>	<u>1,406,692</u>
Fund Balance – End of Year	<u>\$ 916,301</u>	<u>\$ 182,159</u>	<u>\$ 21,595</u>	<u>\$ 145,492</u>	<u>\$ 1,265,547</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Acme Township
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Of Governmental Activities
For the Year Ended June 30, 2004

Net change in fund balances – total governmental funds	\$ (141,145)
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	100,743
Revenues in the governmental funds that provide current financial resources are not reported as revenues in the statement of activities	(35,922)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayment during the period.	<u>11,172</u>
Changes in net assets of governmental activities	<u>\$ (65,152)</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Acme Township
Statement of Net Assets
Enterprise Sewer and Water Fund
June 30, 2004

Assets

Cash and Cash Equivalents	\$ 1,337,425
Investments	870,805
Accounts Receivable	46,880
Special Assessments Receivable	82,755
Prepaid Expenses	537
Capital Assets:	
Other Capital Assets, Net of Depreciation	<u>5,659,394</u>
Total Assets	<u>7,997,796</u>

Liabilities

Accounts Payable and Accrued Expenses	34,027
Long-term Liabilities, Net of Discounts:	
Due Within One Year	214,275
Due in More Than One Year	<u>2,363,035</u>
Total Liabilities	<u>2,611,337</u>

Net Assets

Invested in Capital and Intangible Assets, Net of Related Debt	3,082,084
Unrestricted	<u>2,304,375</u>
Total Net Assets	<u>\$ 5,386,459</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Acme Township
Statement of Revenues, Expenses and Changes in Net Assets
Enterprise Sewer and Water Fund
For the Year Ended June 30, 2004

Operating Revenues

Usage and Connection Fees	\$ 649,665
Interest and Penalties on Special Assessments	2,607
Unrealized Gain on Investments	3,056
Other	<u>2,997</u>
Total	<u>658,325</u>

Operating Expenses

Maintenance and Repairs	314,080
Capacity Lease	46,250
Miscellaneous	730
Depreciation and Amortization	141,510
Debt Service:	
Interest and Fees	213,817
Principle Payments on Joint Ventures	<u>129,306</u>
Total	<u>845,693</u>

Operating Income (Loss) (187,368)

Non-operating Income (Expense)

Interest	30,434
Loss on Sale of Investments	<u>(4,655)</u>
Total	<u>25,779</u>

Change in Net Assets (161,589)

Net Assets – Beginning of Year 5,548,048

Net Assets – End of Year \$ 5,386,459

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Acme Township
Statement of Cash Flows
Enterprise Sewer and Water Fund
For the Year Ended June 30, 2004

Operating Activities

Collection of Usage and Connection Fees	\$ 643,553
Collection of Special Assessments	2,607
Collection of Interest	30,434
Collection of Tower Rent	2,997
Deduct Expenses Using Cash and Cash Equivalents	<u>(720,708)</u>
Net Cash Flow (Used In) Operating Activities	<u>(41,117)</u>

Investing Activities

Purchase of Investments	<u>280,903</u>
Net Cash Flow (Used In) Investing Activities	<u>280,903</u>

Capital Financing Activities

Collection of Special Assessments	22,249
Receipt of Bond Proceeds	2,217,310
Payment of Due to Other Funds	(130,439)
Acquisition of Sewer System Assets	(1,105,930)
Principal Payments on Bonds	<u>(40,000)</u>
Net Cash Flow From Capital Financing Activities	<u>963,190</u>
Net Increase in Cash	1,202,976
Balance of Cash – Beginning of Year	<u>132,366</u>
Balance of Cash – End of Year	<u>\$ 1,335,342</u>

Reconciliation of Net (Loss) and Net Cash Flow (Used In) Operating Activities

Net (Loss)	\$ (161,589)
Adjustments to Reconcile Net Earnings:	
Depreciation and Amortization	141,510
Unrealized Gain on Investments	(3,056)
Loss on Investments	4,655
(Increase) in Receivables	(6,112)
(Increase) in Prepaids	(537)
(Decrease) in Payables	<u>(15,988)</u>
Net Cash Flow from Operating Activities	<u>\$ (41,117)</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Acme Township
Statement of Fiduciary Net Assets
June 30, 2004

Assets

Cash	\$ <u>1,974</u>
Total Assets	<u>1,974</u>

Liabilities

Escrow Deposits	<u>1,974</u>
Total Liabilities	<u>1,974</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Acme Township
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Acme Township is a general law township located in Grand Traverse County. Population as of the 2000 census was 4,332, and the current State equalized valuation of the year of audit was \$316,857,200.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

Sewer and Water System Operations – The Grand Traverse County Board of Public Works operates, maintains and administers the Township's sewage disposal and water systems. The original construction and subsequent extensions were administered by the County and financed in part through bonds backed by the full faith and credit pledges of the Township.

The County DPW collects all user fees, accounts for direct and allocated operating expenses, remits debt payments and maintains Capital Project and Debt Service Funds. The Township's administration reviews DPW operations on behalf of the Township, establishes special assessment districts, approves of construction expenditures, collects special assessment levies, which are remitted to the County for debt retirement, and maintains the special assessment rolls.

The arrangements between the County and Township were established to enable more favorable interest rates and borrowing limits and to achieve overall efficiency in operating these public services to the community. The County is acting as an agent for the Township and the Township retains significant control and responsibility over operations of the sewer and water systems.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

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

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Tobin & Co.

Acme Township
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Debt Service Funds – These funds are used to account for special assessments and other resources to be used for the payment of interest and principal on long-term debt.

Proprietary Funds – These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the statement of net assets.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township’s actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

Tobin & Co.

Acme Township Notes to Financial Statements June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns or business-type activities in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Sewer and Water Systems	50 years
Buildings	50 years
Building Improvements	20 years
Vehicles	10 years
Equipment	5 – 10 years

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

G. Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

H. Prepaid Items

Prepaid balances are for payments made by the Township in the current year to provide services occurring in subsequent fiscal years.

I. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$316,857,200	\$229,604,200	.8506
Fire Protection	\$316,857,200	\$218,045,800	1.4828
Police Protection	\$316,857,200	\$229,604,200	.2973

Tobin & Co.

Acme Township Notes to Financial Statements June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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 results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at June 30, 2004.
- C. Public Act 621 of 1978, §18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended June 30, 2004, four cost centers of the General Fund, the Fire Fund, Police Protection Fund, and the Liquor Law Enforcement Fund exceeded their appropriations without formal budget amendments.

General Fund:		
Township Board	\$	15,665
Cemetery	\$	840
Planning and Zoning	\$	62,024
Other	\$	6,001
Fire Fund	\$	10,260
Police Protection Fund	\$	15,560
Liquor Law Enforcement Fund	\$	91

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) In repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) In obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

Tobin & Co.

Acme Township Notes to Financial Statements June 30, 2004

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

B. Types of Deposits and Investments

The Township had \$513,944 deposited with local financial institutions at June 30, 2004 with a carrying value of \$483,644. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$335,002 of uninsured deposits at June 30, 2004. In addition, the Township had \$1,315,852 on deposit through Grand Traverse County. The insured status of these deposits is unknown.

Investments of \$1,618,584 are carried at market value and represent pooled investments composed of vehicles that are legal for direct investment by local units of government in Michigan.

NOTE 4 - RECEIVABLES

\$49,323 of accounts receivable of governmental activities represent State shared revenues for June 2004 received in July 2004. \$10,009 of accounts receivable of governmental activities represent State reimbursement grant revenues not yet received by audit date. \$46,880 of accounts receivable of business-type activities represents billed but uncollected sewer and water usage fees as of June 30, 2004. \$35,739 of governmental activities and \$68,326 of business-type activities special assessments receivables are not due within one year.

NOTE 5 - CAPITAL/INTANGIBLE ASSETS

	<u>6/30/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/04</u>
Governmental Activities:				
Land	\$ 4,729,143	\$ -	\$ -	\$ 4,729,143
Buildings and Improvements	233,202	-	-	233,202
Vehicles and Equipment	<u>78,159</u>	<u>33,576</u>	<u>-</u>	<u>111,735</u>
Total	5,040,504	33,576	-	5,074,080
Less Accumulated Depreciation	<u>(126,328)</u>	<u>(17,912)</u>	<u>-</u>	<u>(144,240)</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,914,176</u>	<u>\$ 15,664</u>	<u>\$ -</u>	<u>\$ 4,929,840</u>
Business-type Activities:				
Sewer and Water Systems	\$ 7,185,312	\$ 1,105,930	\$ -	\$ 8,291,242
Less Accumulated Depreciation	<u>(2,490,337)</u>	<u>(141,510)</u>	<u>-</u>	<u>(2,631,847)</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,694,975</u>	<u>\$ 964,420</u>	<u>\$ -</u>	<u>\$ 5,659,395</u>

Intangible assets at June 30, 2004 consisted of major improvements to roads owned and maintained by Grand Traverse County: Arnold Road cost \$50,191 less accumulated amortization of \$2,510.

NOTE 6 - LOANS AND TRANSFERS BETWEEN FUNDS

The following is a summary of interfund receivables/payables as of June 30, 2004:

	<u>General Fund</u>	<u>Current Tax Collection Fund</u>	<u>Total</u>
Due From:			
Due To:			
General	\$ -	\$ 10,664	\$ 10,664
Debt Service Funds	-	22,549	22,549
Enterprise Funds	-	2,083	2,083
Trust and Agency Fund	115	-	115
Current Tax Collection Fund	<u>6,414</u>	<u>-</u>	<u>6,414</u>
	<u>\$ 6,529</u>	<u>\$ 35,296</u>	<u>\$ 41,825</u>

Tobin & Co.

Acme Township Notes to Financial Statements June 30, 2004

NOTE 7 - LONG-TERM DEBT

A. Listed below are descriptions of the bond issues included in the Township business-type activities. The following schedule presents the bonds issued by the County on behalf of the Township to finance construction and extension of sewer systems to be retired through special assessments and usage and connections fees:

1. Grand Traverse County Sewage Disposal System No. 2 (Acme Township) Bond Issue dated 6/1/92, original issue amount \$195,000, interest rates 5.0% - 7.0%, interest due dates 4/1 and 10/1, principal due date 10/1.
2. Grand Traverse County Sewage Disposal System No. 2 (Acme Township) Bond Issue dated 8/1/93, original issue amount \$510,000, interest rates 4.5% - 6.5%, interest due dates 3/1 and 9/1, principal due date 3/1.
3. Grand Traverse County Sewer and Water Projects (Acme, East Bay and Peninsula Townships) Bond Issue dated 8/1/03, original issue amount \$2,245,377 (Acme portion), interest rates 2.25% - 5.00%, interest due dates 5/1 and 11/1, principal due date 11/1.

B. Listed below is the description of installment notes payable included in Township governmental activities:

1. Notes payable to Grand Traverse County Road Commission for payment of Holiday Pines Road Project consist of two 4.55% installment notes payable in annual principal and interest installments.
2. Installment note payable to local bank for Arnold Road improvement, interest at 4.3% payable in five annual installments of \$7,016 and a final installment of \$32,297, including principal and interest.

C. Changes in long-term debt are scheduled below:

Proprietary Debt: Sewage Disposal System No. 2 Bonds	Balance 7/01/03	Additions	Retirements	Balance 6/30/04
- 06/01/92	\$ 130,000	\$ -	\$ 10,000	\$ 120,000
- 09/01/93	270,000	-	30,000	240,000
Sewer Project	-	2,245,377	-	2,245,377
	<u>400,000</u>	<u>2,245,377</u>	<u>40,000</u>	<u>2,605,377</u>

General Long-term Debt	Balance 7/01/03	Additions	Retirements	Balance 6/30/04
Holiday Pines Road Project	\$ 5,796	\$ -	\$ 5,796	\$ -
Holiday Pines Road Project	619	-	619	-
Arnold Road Project	51,601	-	4,757	46,844
	<u>58,016</u>	<u>-</u>	<u>11,172</u>	<u>46,844</u>
	<u>\$ 458,016</u>	<u>\$ 2,245,377</u>	<u>\$ 51,172</u>	<u>\$ 2,652,221</u>

D. Debt service requirements to maturity:

2004	\$ 123,224	\$ 111,250	\$ 5,043	\$ 1,973
2005	128,224	107,304	5,218	1,798
2006	136,546	103,008	5,442	1,574
2007	136,546	98,237	31,141	1,156
2008	136,546	93,146		
2009 - 2013	639,342	378,971		
2014 - 2018	590,889	253,936		
2019 - 2023	714,060	108,211		
	<u>\$ 2,605,377</u>	<u>\$ 1,254,063</u>	<u>\$ 46,844</u>	<u>\$ 6,501</u>

Tobin & Co.

Acme Township Notes to Financial Statements June 30, 2004

NOTE 8 - INVENTORIES

Acme Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

NOTE 9 - PENSION AND DEFERRED COMPENSATION PLAN

The Township participates in a defined contribution (money purchase) pension plan through A. G. Edwards & Sons, Inc. The plan covers elected officials and full-time employees who qualify. The amount of covered payroll for the year ended June 30, 2004 was \$159,518; total payroll for the year ended June 30, 2004 was \$271,604. Employer contributions are based upon a percentage of annual payroll. Employees may make additional deferred compensation contributions if they so desire. Employees are vested 100% in employer contributions after four years of service.

The Township fully funded its required contribution for the year ended June 30, 2004. Current employer contributions amounted to \$15,952 or 10% of covered payroll.

None of the plan's assets are invested in Township securities or those of related parties. There are no loans from the plan to the Township.

The deferred compensation portion of the plan was created in accordance with the Internal Revenue Code Section 457. The plan allows employees to defer a portion of their salary until a future date. It becomes available to the employee at death, termination, retirement or disability.

NOTE 10- COMPENSATED ABSENCES

Township employees earn vacation leave and personal leave days that must be used prior to the end of the year and may not be carried over to a subsequent year.

NOTE 11- CONTINGENT LIABILITIES

As of June 30, 2004, cases are pending before the Michigan Tax Tribunal in which various taxpayers are contesting property assessments for seven tax years. The outcome of the case is uncertain. The Township's portion of property taxes and property tax administration fees in dispute amount to approximately \$17,000.

NOTE 12- JOINT VENTURE

Acme Township entered into a master sewer agreement effective July 1, 1987 through June 30, 2010 and supplemented July 1, 1993 with the City of Traverse City, the Townships of Peninsula, East Bay, 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 the multi-user facilities. Ownership of the Treatment Plant will revert to the City of Traverse City when certain bonds issued by the Grand Traverse County are retired. Separate financial statements related to the Treatment Plant and bond issues may be obtained from the City of Traverse City and Grand Traverse County.

The City of Traverse City is the exclusive manager of the plant for the benefit of itself and the Townships. As the exclusive manager, the City of Traverse City has the obligation to fully inform and advise the Townships as to the Treatment Plant's operations and the Townships shall have the right to comment on all matters connected with the administration of the plant. Prior to June 30, the City of Traverse City shall submit a proposed budget for the operations of the Treatment Plant for the year commencing July 1. The Townships have thirty days in which to comment on the proposed budget.

Tobin & Co.

Acme Township Notes to Financial Statements June 30, 2004

NOTE 12- JOINT VENTURE Continued

Each of the parties of the agreement is entitled to make use of a portion of the Treatment Plant's capacity as follows:

<u>Party</u>	<u>Capacity Right</u>
City of Traverse City	62.45%
Garfield Township	14.37
East Bay Township	11.24
Elmwood Township	4.70
Acme Township	4.37
Peninsula Township	<u>2.87</u>
	<u>100%</u>

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

The Township is also liable for a portion of the Treatment Plant's debt. The liability is determined on a biannual basis based upon the amount of the Township's flows through the Treatment Plant. For the annual periods ended June 30, 2004 and thereafter, the Township's percentage was estimated at 9.38%. The Township's portion of Treatment Plant debt is estimated as follows:

<u>Year Ended June 30,</u>	
2005	\$ 40,676
2006	40,021
2007	39,333
2008	40,781
2009	39,903
2010 and thereafter	<u>232,066</u>
Total	432,780
Less interest portion	<u>107,664</u>
	<u>\$ 325,116</u>

As of July 1, 2003, the Township also became liable for 8.66% of bonds issued by Grand Traverse County for upgrade of the Traverse City Water Treatment Plant. The bonds have coupon interest percentages ranging from 2.75% to 5.0%, with principal payments due May 1, 2003 through May 1, 2022 and interest payments due each November 1 and May 1 from November 1, 2003 through May 1, 2022. The Township portion of this debt is as follows:

<u>Year Ended June 30,</u>	
2005	\$ 217,652
2006	216,897
2007	216,083
2008	214,877
2009	213,266
2010 and thereafter	<u>2,844,696</u>
Total	3,923,471
Less interest portion	<u>1,272,637</u>
	<u>\$ 2,650,834</u>

Tobin & Co.

Acme Township Notes to Financial Statements June 30, 2004

NOTE 13- 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. During the audit year the Township addressed these risks through the purchase of commercial insurance through Burnham and Flowers Insurance Agency. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 14- SEGMENT INFORMATION – ENTERPRISE FUND

The Township maintains a single enterprise fund which provides water and sewer services. Segment information for the year ended June 30, 2004 was as follows:

Operating Revenues	\$ 658,665
Depreciation and Amortization Expense	141,510
Operating (loss)	(187,368)
Operating Grants, Entitlements, and Shared Revenues	-
Operating Transfers: In/Out	-
Tax Revenues	-
Net (loss)	(161,589)
Current Capital Contributions	-
Property, Plant, and Equipment:	
Additions	1,105,930
Deletions	-
Net Working Capital	2,090,100
Total Assets	7,997,796
Bonds and Other Long-Term Liabilities:	
Payable from Operating Revenues	2,577,310
Total Equity	5,386,459

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule 1
Page 1

Revenues	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Property Taxes	\$ 192,300	\$ 192,300	\$ 195,499	\$ 3,199
Property Tax Administration Fees	71,000	71,000	73,686	2,686
Swamp Tax	1,166	1,166	670	(496)
Licenses and Permits:				
Permits	10,000	10,000	10,136	136
Cable TV Franchise Fees	54,000	54,000	54,965	965
State Grants:				
State Shared Revenues	307,079	307,079	294,545	(12,534)
DNR Waterways	-	-	10,009	10,009
Metro Act	-	-	9,049	9,049
Contributions from Local Units:				
Grand Traverse County Fire Department	-	-	10,000	10,000
Charges for Services:				
Tax Collection Fees	13,000	13,000	12,026	(974)
Other	18,500	18,500	2,406	(16,094)
Interest and Rents:				
Interest	25,000	25,000	16,188	(8,812)
Rent	4,500	4,500	1,130	(3,370)
Other:				
Refunds and Reimbursements	-	-	11,257	11,257
Sale of General Fixed Assets	3,000	3,000	6,299	3,299
Total Revenues	699,545	699,545	707,865	8,320
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	21,155	-
Fringe Benefits	-	-	5,891	-
Supplies and postage	-	-	17,408	-
Professional Services	-	-	38,344	-
Other Contracted Services	-	-	33,034	-
Travel and Mileage	-	-	1,057	-
Publication	-	-	3,807	-
Dues	-	-	4,090	-
Other	-	-	6,491	-
Education and Training	-	-	52	-
Cleanup Day	-	-	15,900	-
Total	131,564	131,564	147,229	(15,665)
Total Legislative	131,564	131,564	147,229	(15,665)

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

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule I
Page 2

Expenditures (Continued)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	37,008	-
Fringe Benefits	-	-	7,252	-
Mileage and Travel	-	-	82	-
Other	-	-	39	-
Education and Training	-	-	120	-
Total	47,510	47,510	44,501	3,009
Elections:				
Salaries and Wages	-	-	3,031	-
Fringe Benefits	-	-	232	-
Supplies and Postage	-	-	956	-
Publishing	-	-	40	-
Other	-	-	87	-
Total	7,000	7,000	4,346	2,654
Assessor:				
Supplies and Postage	-	-	1,684	-
Contractual Services	-	-	27,453	-
Other Services	-	-	950	-
Other	-	-	343	-
Total	32,900	32,900	30,430	2,470
Clerk:				
Salaries and Wages	-	-	37,008	-
Salaries and Wages - Deputy	-	-	13,097	-
Fringe Benefits	-	-	11,955	-
Supplies and Postage	-	-	1,088	-
Other Services	-	-	6,459	-
Mileage and Travel	-	-	724	-
Other	-	-	63	-
Education and Training	-	-	209	-
Total	75,263	75,263	70,603	4,660
Board of Review:				
Salaries and Wages	-	-	577	-
Fringe Benefits	-	-	44	-
Printing and Publishing	-	-	66	-
Other	-	-	352	-
Total	1,250	1,250	1,039	211

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

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule 1
Page 3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Treasurer:				
Salaries and Wages	-	-	34,512	-
Salaries and Wages – Deputy	-	-	4,774	-
Fringe Benefits	-	-	10,877	-
Supplies and Postage	-	-	4,358	-
Other Services	-	-	635	-
Other	-	-	69	-
Education and Training	-	-	35	-
Total	<u>59,387</u>	<u>59,387</u>	<u>55,260</u>	<u>4,127</u>
Township Hall and Grounds:				
Supplies	-	-	178	-
Telephone	-	-	6,288	-
Insurance	-	-	6,870	-
Public Utilities	-	-	18,318	-
Maintenance and Repairs	-	-	8,385	-
Other	-	-	139	-
Total	<u>54,800</u>	<u>54,800</u>	<u>40,178</u>	<u>14,622</u>
Cemetery:				
Maintenance and Repairs	-	-	6,340	-
Total	<u>5,500</u>	<u>5,500</u>	<u>6,340</u>	<u>(840)</u>
Total General Government	<u>283,610</u>	<u>283,610</u>	<u>252,697</u>	<u>30,913</u>
Public Safety:				
Planning and Zoning:				
Salaries and Wages	-	-	58,203	-
Fringe Benefits	-	-	8,703	-
Supplies and Postage	-	-	1,287	-
Legal Services	-	-	75,660	-
Other Services	-	-	118,823	-
Mileage and Travel	-	-	795	-
Printing and Publishing	-	-	5,483	-
Other	-	-	1,928	-
Education and Training	-	-	45	-
Total	<u>118,403</u>	<u>208,903</u>	<u>270,927</u>	<u>(62,024)</u>
Total Public Safety	<u>118,403</u>	<u>208,903</u>	<u>270,927</u>	<u>(62,024)</u>

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

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule 1
Page 4

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Expenditures (Continued)</u>				
Recreation and Cultural:				
Parks and Recreation:				
Salaries and Wages	-	-	50,687	-
Fringe Benefits	-	-	12,849	-
Supplies	-	-	573	-
Maintenance and Repairs	-	-	3,366	-
Other	-	-	1,795	-
Total	<u>80,349</u>	<u>80,349</u>	<u>69,270</u>	<u>11,079</u>
Total Recreation and Cultural	<u>80,349</u>	<u>80,349</u>	<u>69,270</u>	<u>11,079</u>
Other:				
Senior Center	3,800	3,800	4,000	(200)
Gypsy Moth Suppression	-	-	5,234	(5,234)
Cable Council	-	-	505	(505)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>1,062</u>	<u>(62)</u>
Total	<u>4,800</u>	<u>4,800</u>	<u>10,801</u>	<u>(6,001)</u>
Capital Outlay	<u>85,319</u>	<u>85,319</u>	<u>70,974</u>	<u>14,345</u>
Contingency	<u>25,000</u>	<u>5,000</u>	-	<u>5,000</u>
Total Expenditures	<u>729,045</u>	<u>799,545</u>	<u>821,898</u>	<u>(22,353)</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (29,500)</u>	<u>\$ (100,000)</u>	<u>(114,033)</u>	<u>\$ (14,033)</u>
Fund Balance – Beginning of Year			<u>1,030,334</u>	
Fund Balance – End of Year			<u>\$ 916,301</u>	
(1) Budgeted from Fund Balance				

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

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Fire Fund
For the Year Ended June 30, 2004

Schedule 2

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes:			
Property Taxes	\$ 328,000	\$ 328,707	\$ 707
Interest and Rents:			
Interest	1,000	790	(210)
Total	329,000	329,497	497
<u>Expenditures</u>			
Contractual Services	-	310,874	-
Other	-	270	-
Total	300,884	311,144	(10,260)
<u>Excess Revenues (Expenditures)</u>	<u>\$ 28,116</u>	18,353	<u>\$ (9,763)</u>
Fund Balance -- Beginning of Year		163,806	
Fund Balance -- End of Year		<u>\$ 182,159</u>	

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

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Police Protection Fund
For the Year Ended June 30, 2004

Schedule 3

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes:			
Property Taxes	\$ -	\$ 68,278	\$ 68,278
State Grants:			
Highway Safety	-	5,000	5,000
Interest and Rents:			
Interest	-	129	129
Total	-	73,407	73,407
<u>Expenditures</u>			
Contractual Services	-	74,063	-
Other	-	45	-
Total	58,548	74,108	(15,560)
<u>Excess Revenues (Expenditures)</u>	(1) \$ (58,548)	(701)	\$ 57,847
Fund Balance – Beginning of Year		22,296	
Fund Balance – End of Year		\$ 21,595	
(1) Budgeted from Fund Balance			

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Liquor Law Enforcement Fund
For the Year Ended June 30, 2004

Schedule 4

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
State Grants:			
License Refunds	\$ 8,445	\$ 8,379	\$ (66)
Interest and Rents:			
Interest	150	236	86
Total	8,595	8,615	20
<u>Expenditures</u>			
Other	-	91	-
Total	-	91	(91)
<u>Excess Revenues (Expenditures)</u>	<u>\$ 8,595</u>	8,524	<u>\$ (71)</u>
Fund Balance -- Beginning of Year		19,338	
Fund Balance -- End of Year		<u>\$ 27,862</u>	

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

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Farmland Preservation Fund
For the Year Ended June 30, 2004

Schedule 5

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Interest and Rents:			
Interest	\$ -	\$ 37	\$ 37
Total	-	37	37
<u>Expenditures</u>			
Contractual Services	-	28,750	-
Other	-	19	-
Total	-	28,769	(28,769)
<u>Excess Revenues (Expenditures)</u>	<u>\$ -</u>	(28,732)	<u>\$ (28,732)</u>
Fund Balance – Beginning of Year		29,300	
Fund Balance – End of Year		<u>\$ 568</u>	

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

Tobin & Co.

Acme Township
Combining Balance Sheet
All Debt Service Funds
June 30, 2004

Schedule 6

	Road Improvement Fund 93-R	Kay Ray Road	Woodridge Shores	Arnold Road	Total
<u>Assets</u>					
Investments	\$ 29,168	\$ 30,625	\$ 30,055	\$ 4,047	\$ 93,895
Special Assessments Receivable	-	14,353	-	28,731	43,084
Due from Other Funds	-	600	40	21,908	22,548
Total Assets	<u>\$ 29,168</u>	<u>\$ 45,578</u>	<u>\$ 30,095</u>	<u>\$ 54,686</u>	<u>\$ 159,527</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Deferred Revenue	-	13,734	-	28,731	42,465
Total Liabilities	-	13,734	-	28,731	42,465
Fund Equity:					
Fund Balance	29,168	31,844	30,095	25,955	117,062
Total Fund Equity	29,168	31,844	30,095	25,955	117,062
Total Liabilities and Fund Equity	<u>\$ 29,168</u>	<u>\$ 45,578</u>	<u>\$ 30,095</u>	<u>\$ 54,686</u>	<u>\$ 159,527</u>

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

Tobin & Co.

Acme Township
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
All Debt Service Funds
For the Year Ended June 30, 2004

Schedule 7

	Road Improvement Fund 93-R	Kay Ray Road	Woodridge Shores	Arnold Road	Total
<u>Revenues</u>					
Charges for Services:					
Special Assessments – Current	\$ -	\$ 9,772	\$ -	\$ 26,150	\$ 35,922
Interest and Penalties on Assessments	-	1,714	-	1,204	2,918
Interest and Rents:					
Interest	<u>235</u>	<u>245</u>	<u>233</u>	<u>48</u>	<u>761</u>
Total	<u>235</u>	<u>11,731</u>	<u>233</u>	<u>27,402</u>	<u>39,601</u>
<u>Expenditures</u>					
Capital Outlay	-	-	-	50,191	50,191
Principal	6,415	-	-	4,757	11,172
Interest	240	-	-	2,258	2,498
Other	<u>90</u>	<u>91</u>	<u>90</u>	<u>25</u>	<u>296</u>
Total	<u>6,745</u>	<u>91</u>	<u>90</u>	<u>57,231</u>	<u>64,157</u>
<u>Excess Revenues (Expenditures)</u>	(6,510)	11,640	143	(29,829)	(24,556)
Fund Balance -- Beginning of Year	<u>35,678</u>	<u>20,204</u>	<u>29,952</u>	<u>55,784</u>	<u>141,618</u>
Fund Balance -- End of Year	<u>\$ 29,168</u>	<u>\$ 31,844</u>	<u>\$ 30,095</u>	<u>\$ 25,955</u>	<u>\$ 117,062</u>

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

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Road Improvement Fund 93-R
For the Year Ended June 30, 2004

Schedule 8

Revenues

Interest and Rents:
Interest

\$ 235

Total

235

Expenditures

Principal
Interest and Fees
Other

6,415

240

90

Total

6,745

Excess Revenues (Expenditures)

(6,510)

Fund Balance -- Beginning of Year

35,678

Fund Balance -- End of Year

\$ 29,168

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

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Kay Ray Road
For the Year Ended June 30, 2004

Schedule 9

Revenues

Charges for Services:	
Special Assessments – Current	\$ 9,772
Interest and Penalties on Assessments	1,714
Interest and Rents:	
Interest	<u>245</u>
Total	<u>11,731</u>

Expenditures

Other	<u>91</u>
Total	<u>91</u>

<u>Excess Revenues (Expenditures)</u>	11,640
Fund Balance – Beginning of Year	<u>20,204</u>
Fund Balance – End of Year	<u>\$ 31,844</u>

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

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Woodridge Shores
For the Year Ended June 30, 2004

Schedule 10

Revenues

Interest and Rents:

Interest \$ 233

Total 233

Expenditures

Other 90

Total 90

Excess Revenues (Expenditures) 143

Fund Balance – Beginning of Year 29,952

Fund Balance – End of Year \$ 30,095

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

Tobin & Co.

Acme Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Arnold Road
For the Year Ended June 30, 2004

Schedule 11

Revenues

Charges for Services:	
Special Assessments – Current	\$ 26,150
Interest and Penalties on Assessments	1,204
Interest and Rents:	
Interest	<u>48</u>
Total	<u>27,402</u>

Expenditures

Capital Outlay	50,191
Principal	4,757
Interest	2,258
Other	<u>25</u>
Total	<u>57,231</u>

Excess Revenues (Expenditures) (29,829)

Fund Balance – Beginning of Year 55,784

Fund Balance – End of Year \$ 25,955

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

Tobin & Co.

Acme Township
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2004

Schedule 12

	Trust and Agency Fund			
	Balance 6/30/03	Additions	Deductions	Balance 6/30/04
<u>Assets</u>				
Cash	\$ 1,701	\$ -	\$ 58	\$ 1,643
Due from Other Funds	58	58	-	116
Total Assets	<u>\$ 1,759</u>	<u>\$ 58</u>	<u>\$ 58</u>	<u>\$ 1,759</u>
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ -	\$ -	\$ -	\$ -
Due to Other Funds and Escrow Deposits	1,759	-	-	1,759
Total Liabilities	<u>\$ 1,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,759</u>
	Current Tax Collection Fund			
	Balance 6/30/03	Additions	Deductions	Balance 6/30/04
<u>Assets</u>				
Cash	\$ 24,067	\$ 7,313,380	\$ 7,308,233	\$ 29,214
Due from Other Funds	-	6,414	-	6,414
Total Assets	<u>\$ 24,067</u>	<u>\$ 7,319,794</u>	<u>\$ 7,308,233</u>	<u>\$ 35,628</u>
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 8,967	\$ 6,572,762	\$ 6,581,398	\$ 331
Due to Other Funds and Escrow Deposits	15,100	747,032	726,835	35,297
Total Liabilities	<u>\$ 24,067</u>	<u>\$ 7,319,794</u>	<u>\$ 7,308,233</u>	<u>\$ 35,628</u>
	Total			
	Balance 6/30/03	Additions	Deductions	Balance 6/30/04
<u>Assets</u>				
Cash	\$ 25,768	\$ 7,313,380	\$ 7,308,291	\$ 30,857
Due from Other Funds	58	6,472	-	6,530
Total Assets	<u>\$ 25,826</u>	<u>\$ 7,319,852</u>	<u>\$ 7,308,291</u>	<u>\$ 37,387</u>
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 8,967	\$ 6,572,762	\$ 6,581,398	\$ 331
Due to Other Funds and Escrow Deposits	16,859	747,032	726,835	37,056
Total Liabilities	<u>\$ 25,826</u>	<u>\$ 7,319,794</u>	<u>\$ 7,308,233</u>	<u>\$ 37,387</u>

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

Tobin & Co.

Acme Township 2003 Property Tax Levy and Collections For the Year Ended June 30, 2004

Schedule 13

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	5.2112	\$ 1,196,877	\$ 1,122,903	\$ 73,974
Commission on Aging	0.2763	63,443	59,522	3,921
Medical Care Facility	0.6897	158,392	148,603	9,789
B.A.T.A.	0.3500	80,379	75,412	4,967
State Education	5.0000	1,148,385	1,112,254	36,131
School District:				
Traverse City	21.1000	2,242,198	2,166,788	75,410
Elk Rapids	22.6700	279,028	260,471	18,557
Intermediate School District	2.9929	687,385	665,758	21,627
Community College	3.0693	704,916	672,043	32,873
District Library	1.2290	282,243	264,780	17,463
Township:				
General	0.8506	195,348	183,274	12,074
Fire	1.4828	328,667	308,499	20,168
Police	0.2973	68,267	64,048	4,219
Special Assessments:				
Township – Sewer		12,024	2,893	9,131
Township – Roads		967	967	-
Township Sewer Bills		<u>2.751</u>	<u>1,629</u>	<u>1,122</u>
Total		<u>\$ 7,451,270</u>	<u>\$ 7,109,844</u>	<u>\$ 341,426</u>
Percent of Levy Collected		95.42%		

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

Tobin & Co.

Acme Township
Statement of Revenues and Expenditures
Property Tax Administration Fees
For the Year Ended June 30, 2004

Schedule 14

Revenues

Property Tax Administration Fees	\$ 73,686
Total	<u>73,686</u>

Expenditures

Assessor	30,430
Board of Review	1,039
Treasurer (85%)	<u>37,726</u>
Total	<u>69,195</u>

<u>Excess Revenues (Expenditures)</u>	<u>\$ 4,491</u>
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The Notes to the Basic Financial Statements are an integral part of this statement.