

**ACME TOWNSHIP, GRAND TRAVERSE COUNTY**

**WILLIAMSBURG, MICHIGAN**

**JUNE 30, 2020**



**Baird, Cotter & Bishop, P.C.**  
SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS  
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ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

JUNE 30, 2020

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October 7, 2020

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Acme Township, Grand Traverse County, Williamsburg, Michigan as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 5 to the financial statements, Acme Township implemented Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

***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, Grand Traverse County, Williamsburg, Michigan as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii through x and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Acme, Michigan's basic financial statements. The Combining Nonmajor Fund Financial Statements section is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Nonmajor Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BAIRD, COTTER AND BISHOP, P.C.

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ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2020

The management of Acme Township, Grand Traverse County, Williamsburg, Michigan (“the Township”) offers this narrative overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

**Financial Highlights**

- ❖ The assets of the Township exceeded its liabilities at the close of this fiscal year by \$28,799,199 (shown as *net position*). Of this amount, \$5,042,482 (*unrestricted net position*) may be used to meet the Township’s ongoing obligations to citizens and creditors.
- ❖ The Township’s net position increased by \$966,105 during the fiscal year. Government activities had a \$780,946 increase, while business-type activities had an increase of \$185,159.
- ❖ As of June 30, 2020, the governmental funds of the Township reported combined ending fund balances of \$3,174,588, of which \$981,849 was unassigned.
- ❖ The net position of the Township’s Water and Sewer funds increased by \$185,159, bringing the total net position of this fund to \$9,133,000.
- ❖ The Township’s total long-term obligations decreased by \$169,094 during the fiscal year as the Township made its required payment on a special assessment bond.

**Overview of the Financial Statements**

This discussion and analysis provided here is intended to serve as an introduction to the Township’s basic financial statements. The Township’s financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The 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 Position* presents information on all of the Township’s assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents the information showing how the Township’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

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

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WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2020

development, recreation and culture, and interest on long-term debt. Business-type activities of the Township include sewer and water services.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure 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 as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

The Township maintains eleven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, Farmland Preservation Fund, Police Protection Fund, Nakwema Trailway Fund, and Holiday Hills Improvement Fund, which are considered to be major funds. The remaining funds are considered nonmajor funds. These funds are aggregated on the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Information is presented separately for these nonmajor funds in the combining balance sheet of nonmajor governmental fund types and the combining statement of revenues, expenditures and changes in fund balances of nonmajor governmental fund types.

The Township adopts an annual appropriated budget for all funds of the Township. A budgetary comparison has been provided for the major special revenue funds to demonstrate compliance with this budget.

**Proprietary Funds** The Township maintains one type of 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 enterprise funds to account for its water and sewer operations.

**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 statements because the resources of those funds are not available to support the Township's own programs. The Township maintains one type of fiduciary fund. The Custodial Fund reports resources held by the Township in a custodial capacity for other governments and other entities.



ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2020

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

**Other Information** In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

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

**Government-Wide Financial Analysis**

As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$28,799,199, at the close of the most recent fiscal year.

	<b>Acme Township</b>					
	<b>Net Position as of June 30,</b>					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current Assets	\$ 3,319,146	\$ 3,107,083	\$ 2,798,977	\$ 2,476,052	\$ 6,118,123	\$ 5,583,135
Non Current Assets						
Special Assessments & Accounts Receivables	535,220	579,371	0	0	535,220	579,371
Capital Assets	17,250,334	16,564,414	13,418,316	13,418,316	30,668,650	29,982,730
Less: Accumulated Depreciation	(576,055)	(458,561)	(6,823,832)	(6,555,466)	(7,399,887)	(7,014,027)
Total Non Current Assets	17,209,499	16,685,224	6,594,484	6,862,850	23,803,983	23,548,074
<b>Total Assets</b>	<b>20,528,645</b>	<b>19,792,307</b>	<b>9,393,461</b>	<b>9,338,902</b>	<b>29,922,106</b>	<b>29,131,209</b>
<b>Liabilities</b>						
Current Liabilities	162,446	150,554	138,441	156,257	300,887	306,811
Long-Term Liabilities	700,000	756,500	122,020	234,804	822,020	991,304
<b>Total Liabilities</b>	<b>862,446</b>	<b>907,054</b>	<b>260,461</b>	<b>391,061</b>	<b>1,122,907</b>	<b>1,298,115</b>
<b>Net Position</b>						
Net Investment in Capital Assets	15,919,279	15,295,853	6,366,225	6,524,645	22,285,504	21,820,498
Restricted	1,471,213	1,437,786	0	0	1,471,213	1,437,786
Unrestricted	2,275,707	2,151,614	2,766,775	2,423,196	5,042,482	4,574,810
<b>Total Net Position</b>	<b>\$ 19,666,199</b>	<b>\$ 18,885,253</b>	<b>\$ 9,133,000</b>	<b>\$ 8,947,841</b>	<b>\$ 28,799,199</b>	<b>\$ 27,833,094</b>

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WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2020

A significant balance of net position, \$5,042,482, is unrestricted and may be used to meet the Township's ongoing obligations to citizens and creditors. An additional portion of the Township's net position represents resources, \$1,471,213 that are subject to external restrictions on how they may be used.

The remainder of the Township's net position, \$22,285,504, reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the Township used to acquire or construct those assets. The Township uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

The Township's overall net position increased \$966,105 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Acme Township**  
**Change in Net Position**  
**for the Fiscal Year Ended June 30,**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b><u>Revenues</u></b>						
<b>Program Revenues</b>						
Charges for Services	\$ 149,958	\$ 179,179	\$ 897,056	\$ 949,685	\$1,047,014	\$1,128,864
Operating Grants and Contributions	25,833	53,853	0	0	25,833	53,853
Capital Grants and Contributions	343,509	304,880	0	0	343,509	304,880
<b>General Revenues</b>						
Taxes	1,594,095	1,499,360	0	0	1,594,095	1,499,360
State Grants	377,947	377,704	0	0	377,947	377,704
Interest Earnings	25,269	27,229	11,845	4,072	37,114	31,301
Other	33,279	0	0	0	33,279	0
<b>Total Revenues</b>	<b>2,549,890</b>	<b>2,442,205</b>	<b>908,901</b>	<b>953,757</b>	<b>3,458,791</b>	<b>3,395,962</b>

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2020

**Acme Township**  
**Change in Net Position**  
**for the Fiscal Year Ended June 30,**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Expenses</b>						
General Government	518,136	496,284	0	0	518,136	496,284
Public Safety	1,014,113	940,625	0	0	1,014,113	940,625
Public Works	26,037	12,512	723,742	750,293	749,779	762,805
Community and Economic Development	22,659	172,198	0	0	22,659	172,198
Recreation and Culture	162,587	140,642	0	0	162,587	140,642
Interest on Long-Term Debt	25,412	22,171	0	0	25,412	22,171
<b>Total Expenses</b>	<b>1,768,944</b>	<b>1,784,432</b>	<b>723,742</b>	<b>750,293</b>	<b>2,492,686</b>	<b>2,534,725</b>
Change in Net Position	780,946	657,773	185,159	203,464	966,105	861,237
<b>NET POSITION -</b>						
Beginning of Year	18,885,253	18,227,480	8,947,841	8,744,377	27,833,094	26,971,857
<b>NET POSITION -</b>						
End of Year	\$19,666,199	\$18,885,253	\$9,133,000	\$8,947,841	\$28,799,199	\$27,833,094

**Governmental Activities**

During the current fiscal year, net position for the governmental activities increased \$780,946 from the prior fiscal year for an ending balance of \$19,666,199. The most significant portion of the revenue for all governmental activities of the Township comes from property taxes and state-shared revenues.

The Township's governmental activities expenses are dominated by the General Government and Public Safety expenditures. The Township spent \$518,136 on General Government during the fiscal year. Public Safety represented the next largest expense at \$1,014,113, with the majority of the expenses being fire protection and ambulance services related to the services the Township provides to its residents.

**Business-Type Activities**

For the Township's business-type activities, net position increased during the fiscal year by \$185,159 to reach an ending balance of \$9,133,000. The business-type activities of the Township include the Water and Sewer Fund, which provide water and sewer services to various Township residents and commercial customers. The most significant portion of the revenue for the Water and Sewer Fund in fiscal year 2019-2020 was from charges for services while the most significant portion of the expenses was operation and maintenance.

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2020

**Financial Analysis of the Government's Funds**

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

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

At June 30, 2020, the Township's governmental funds reported combined fund balances of \$3,174,588, an increase of \$207,028 in comparison with the prior year. \$981,849 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$123,234) 2) restricted for particular purposes (\$1,478,252), 3) committed for particular purposes (\$591,253), or 4) assigned for particular purposes.

**General Fund** – The fund balance of the General Fund increased its fund balance in this fiscal year by \$195,109, bringing the balance to \$1,679,637. The increase can be attributed to the Township's conservative spending and a decrease in capital outlay expenditures.

**Fire Fund** – The fund balance of the Fire Fund increased its fund balance in this fiscal year by \$2,529, bringing the balance to \$64,172. The increase in fund balance can be attributed to property tax revenues exceeding the amount of fire and ambulance expenditures.

**Farmland Preservation Fund** - The fund balance of the Farmland Preservation Fund increased by \$50,615, bringing the balance to \$1,062,424. The increase in fund balance can be attributed to property tax revenue and federal grants exceeding farmland purchases and related expenditures.

**Police Protection Fund** - The fund balance of the Police Protection Fund decreased by \$33,632, bringing the balance to \$82. The decrease in fund balance is caused by expenditures for police protection exceeding property taxes and transfers in.

**Nakwema Trailway Fund** – The Nakwema Trailway Fund was created in the 2019-20 fiscal year to account for revenue and expenditure activity for a new trailway within the Township. The fund balance increased by \$33,994. The increase can be attributed to grants received in excess of trailway expenditures.

**Holiday Hills Improvement Fund** – The fund balance of the Holiday Hills Improvement Fund decreased its fund balance in this fiscal year by \$8,875, bringing the balance to \$302,517. The decrease was caused by the special assessments and interest collected being exceeded by the debt and interest obligations of this fund.

**Proprietary Funds** The proprietary funds provide virtually the same information as the government-wide statements; however, more detail may be found in the fund financial statements.

**Water and Sewer Fund** – The Water and Sewer Fund ended this fiscal year with \$9,133,000 in net position, an increase of \$185,159 in comparison with the prior year. The increase in fund balance is due to the water and

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2020

sewer funds receiving more revenues for operating services than they incurred for operating and depreciation expenses.

**General Fund Budgetary Highlights**

During the year, there were no significant amendments in appropriations between the General Fund's original and final budget.

The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
TOTAL REVENUES	\$ 925,429	\$ 925,429	\$ 945,043
TOTAL EXPENDITURES	\$ 921,144	\$ 921,144	\$ 748,388

The Township budgets conservatively, preparing for a worse-case scenario in terms of spending which accounts for most of the variance between final budgeted appropriations and actual expenditures. The variance between final budget and actual revenues was caused by the Township receiving more in property taxes than were originally anticipated.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township's investment in capital assets for governmental and business-type activities as of June 30, 2020, amounted to \$23,268,763 net of accumulated depreciation. Capital assets summarized below include any items purchased with a cost greater than \$5,000 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

	<b>Acme Township</b>					
	<b>Capital Assets as of June 30,</b>					
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land and Development Rights	\$ 15,575,227	\$ 14,952,835	\$ 0	\$ 0	\$ 15,575,227	\$ 14,952,835
Construction in Progress	48,990	154,032	0	0	48,990	154,032
Buildings and Improvements	1,457,209	1,286,628	0	0	1,457,209	1,286,628
Vehicles	97,342	97,342	0	0	97,342	97,342
Equipment	71,566	73,577	0	0	71,566	73,577
Water and Sewer System	0	0	13,418,316	13,418,316	13,418,316	13,418,316
	17,250,334	16,564,414	13,418,316	13,418,316	30,668,650	29,982,730
Less: Accumulated Depreciation	(576,055)	(458,561)	(6,823,832)	(6,555,466)	(7,399,887)	(7,014,027)
<b>Net Capital Assets</b>	<b>\$ 16,674,279</b>	<b>\$ 16,105,853</b>	<b>\$ 6,594,484</b>	<b>\$ 6,862,850</b>	<b>\$ 23,268,763</b>	<b>\$ 22,968,703</b>

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2020

Major capital asset additions during the current fiscal year included the following:

- ❖ Farmland development rights totaling \$622,392.
- ❖ Township Hall improvements at a cost of \$16,548 were completed during the fiscal year and added to prior year construction in progress for a total cost of hall improvements of \$170,580.
- ❖ Park equipment and installation for \$5,766.
- ❖ Construction in progress for work on the Nakwema Trailway that totaled \$48,990.

During 2019-20 the Township has committed to spend resources on improvements in the sewer system infrastructure costing approximately \$130,000.

Additional information regarding the Township's capital assets can be found in the Notes to Financial Statements section of this document.

**Long-Term Obligations**

The Township has bonded debt outstanding of \$967,660 as of June 30, 2020. More information on the Township's long-term obligation is available in the Notes to Financial Statements section of this document.

**Economic Condition and Outlook**

- The Township continues to look for ways to improve the services it provides to its residents in a manner that is financially responsible and plans to maintain its financial stability over the course of the next fiscal year.
- Due to the uncertainty surrounding future state funding for local governments as a result of COVID-19, the Township did not factor any adverse impact for the 2020-2021 year when preparing the budget in June. As more guidance becomes available and the situation becomes clearer, the Township will act accordingly.

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Acme Township at 6042 Acme Road, Williamsburg, MI 49690.

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

STATEMENT OF NET POSITION  
JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 3,062,861	\$ 2,673,591	\$ 5,736,452
Accounts Receivable	31,438	0	31,438
Special Assessments Receivable	44,151	0	44,151
Internal Balances	2,167	(2,167)	0
Due from Other Governmental Units	159,259	127,553	286,812
Prepaid Expenses	19,270	0	19,270
Total Current Assets	3,319,146	2,798,977	6,118,123
<u>NON-CURRENT ASSETS</u>			
Accounts Receivable	43,331	0	43,331
Special Assessments Receivable	491,889	0	491,889
Total Non-Current Assets	535,220	0	535,220
<u>CAPITAL ASSETS</u>			
Land	15,575,227	0	15,575,227
Construction in Progress	48,990	0	48,990
Buildings and Improvements	1,457,209	0	1,457,209
Vehicles	97,342	0	97,342
Equipment	71,566	0	71,566
System Infrastructure	0	13,418,316	13,418,316
	17,250,334	13,418,316	30,668,650
Less Accumulated Depreciation	576,055	6,823,832	7,399,887
Net Capital Assets	16,674,279	6,594,484	23,268,763
TOTAL ASSETS	20,528,645	9,393,461	29,922,106

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

STATEMENT OF NET POSITION  
JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	47,904	32,202	80,106
Accrued Wages and Payroll Liabilities	17,503	0	17,503
Due to Other Governments	35,000	0	35,000
Accrued Interest	7,039	837	7,876
Current Portion of Long-Term Debt	55,000	105,402	160,402
	<hr/>		
Total Current Liabilities	162,446	138,441	300,887
	<hr/>		
<u>LONG-TERM LIABILITIES</u>			
Bonds Payable, Net of Premium	755,000	227,422	982,422
Less: Current Portion	(55,000)	(105,402)	(160,402)
	<hr/>		
Total Long-Term Liabilities	700,000	122,020	822,020
	<hr/>		
TOTAL LIABILITIES	862,446	260,461	1,122,907
	<hr/>		
<u>NET POSITION</u>			
Net Investment in Capital Assets	15,919,279	6,366,225	22,285,504
Restricted for Fire Protection	64,172	0	64,172
Restricted for Debt Service	295,478	0	295,478
Restricted for Public Broadcast	6,864	0	6,864
Restricted for Telecommunication Right-of-Ways	7,395	0	7,395
Restricted for Liquor Law Enforcement	804	0	804
Restricted for Police Protection	82	0	82
Restricted for Preservation of Farmland	1,062,424	0	1,062,424
Restricted for Nakwema Trailway	33,994	0	33,994
Unrestricted	2,275,707	2,766,775	5,042,482
	<hr/>		
TOTAL NET POSITION	\$ 19,666,199	\$ 9,133,000	\$ 28,799,199
	<hr/> <hr/>		

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



ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTALS
<u>PRIMARY GOVERNMENT</u>							
<u>GOVERNMENTAL ACTIVITIES</u>							
General Government	\$ 518,136	\$ 92,613	\$ 0	\$ 0	\$ (425,523)	\$ 0	\$ (425,523)
Public Safety	1,014,113	0	11,446	0	(1,002,667)	0	(1,002,667)
Public Works	26,037	6,275	9,265	0	(10,497)	0	(10,497)
Community and Economic Development	22,659	50,770	0	311,196	339,307	0	339,307
Recreation and Culture	162,587	300	5,122	32,313	(124,852)	0	(124,852)
Interest on Long-Term Debt	25,412	0	0	0	(25,412)	0	(25,412)
Total Governmental Activities	1,768,944	149,958	25,833	343,509	(1,249,644)	0	(1,249,644)
<u>BUSINESS-TYPE ACTIVITIES</u>							
Sewer System	709,609	882,292	0	0	0	172,683	172,683
Water System	14,133	14,764	0	0	0	631	631
Total Business-Type Activities	723,742	897,056	0	0	0	173,314	173,314
TOTAL	\$ 2,492,686	\$ 1,047,014	\$ 25,833	\$ 343,509	(1,249,644)	173,314	(1,076,330)
<u>GENERAL REVENUES</u>							
Taxes					1,594,095	0	1,594,095
State Grants					377,947	0	377,947
Interest Earnings					25,269	11,845	37,114
Other					33,279	0	33,279
Total General Revenues					2,030,590	11,845	2,042,435
Change in Net Position					780,946	185,159	966,105
<u>NET POSITION</u> - Beginning of Year					18,885,253	8,947,841	27,833,094
<u>NET POSITION</u> - End of Year					\$ 19,666,199	\$ 9,133,000	\$ 28,799,199

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET  
JUNE 30, 2020

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	DEBT SERVICE FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
	GENERAL FUND	FIRE FUND	FARM LAND PRESERVATION FUND	POLICE PROTECTION FUND	NAKWEMA TRAILWAY FUND	HOLIDAY HILLS IMPROVEMENT FUND		
<u>ASSETS</u>								
Cash	\$ 1,497,766	\$ 72,605	\$ 1,102,191	\$ 21,301	\$ 33,994	\$ 302,517	\$ 32,487	\$ 3,062,861
Accounts Receivable	74,269	0	0	0	0	0	500	74,769
Special Assessments Receivable	0	0	0	0	0	536,040	0	536,040
Due from Other Funds	2,167	0	0	0	0	0	0	2,167
Due from Other Governmental Units	159,259	0	0	0	0	0	0	159,259
Prepaid Expenditures	19,270	0	0	0	0	0	0	19,270
<b>TOTAL ASSETS</b>	<b>\$ 1,752,731</b>	<b>\$ 72,605</b>	<b>\$ 1,102,191</b>	<b>\$ 21,301</b>	<b>\$ 33,994</b>	<b>\$ 838,557</b>	<b>\$ 32,987</b>	<b>\$ 3,854,366</b>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>								
<u>LIABILITIES</u>								
Accounts Payable	\$ 12,260	\$ 8,433	\$ 4,767	\$ 21,219	\$ 0	\$ 0	\$ 1,225	\$ 47,904
Accrued Payroll and Payroll Liabilities	17,503	0	0	0	0	0	0	17,503
Due to Other Governments	0	0	35,000	0	0	0	0	35,000
<b>Total Liabilities</b>	<b>29,763</b>	<b>8,433</b>	<b>39,767</b>	<b>21,219</b>	<b>0</b>	<b>0</b>	<b>1,225</b>	<b>100,407</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable Revenue	43,331	0	0	0	0	536,040	0	579,371
<u>FUND BALANCE</u>								
Nonspendable for Prepaid Expenditures	19,270	0	0	0	0	0	0	19,270
Nonspendable for Long-Term Receivables	103,964	0	0	0	0	0	0	103,964
Restricted for Fire Protection	0	64,172	0	0	0	0	0	64,172
Restricted for Debt Service	0	0	0	0	0	302,517	0	302,517
Restricted for Public Broadcast	6,864	0	0	0	0	0	0	6,864
Restricted for Telecommunication Right-of-Ways	7,395	0	0	0	0	0	0	7,395
Restricted for Liquor Law Enforcement	0	0	0	0	0	0	804	804
Restricted for Police Protection	0	0	0	82	0	0	0	82
Restricted for Preservation of Farmland	0	0	1,062,424	0	0	0	0	1,062,424
Restricted for Nakwema Trailway	0	0	0	0	33,994	0	0	33,994
Committed for Parks and Recreation	0	0	0	0	0	0	14,647	14,647
Committed for Shoreline Preservation	0	0	0	0	0	0	1,387	1,387

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET  
JUNE 30, 2020

	<u>SPECIAL REVENUE FUNDS</u>				<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
	<u>GENERAL FUND</u>	<u>FIRE FUND</u>	<u>FARM LAND PRESERVATION FUND</u>	<u>POLICE PROTECTION FUND</u>	<u>NAKWEMA TRAILWAY FUND</u>	<u>HOLIDAY HILLS IMPROVEMENT FUND</u>		
Committed for Cemetery Expenditures	0	0	0	0	0	0	14,924	14,924
Committed for Self Funded Accounts	388,125	0	0	0	0	0	0	388,125
Committed for Septage Plant Bond Buyout	110,170	0	0	0	0	0	0	110,170
Committed for GTTC Engineer Project Manager	32,000	0	0	0	0	0	0	32,000
Committed for Townhall/Community Center Improvements	30,000	0	0	0	0	0	0	30,000
Unassigned	981,849	0	0	0	0	0	0	981,849
Total Fund Balance	1,679,637	64,172	1,062,424	82	33,994	302,517	31,762	3,174,588
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,752,731</u>	<u>\$ 72,605</u>	<u>\$ 1,102,191</u>	<u>\$ 21,301</u>	<u>\$ 33,994</u>	<u>\$ 838,557</u>	<u>\$ 32,987</u>	<u>\$ 3,854,366</u>

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIMASBURG, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020

Total Fund Balance for Governmental Funds	\$ 3,174,588
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital Assets	\$ 17,250,334
Accumulated Depreciation	<u>(576,055)</u> 16,674,279
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Bonds Payable	(755,000)
Accrued interest is not reported as a liability in the funds; it is recorded when paid.	
	(7,039)
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable in the funds.	
Special Assessments and Other Receivables	<u>579,371</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 19,666,199</u></u>

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND	DEBT SERVICE FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
		FIRE FUND	FARM LAND PRESERVATION FUND	POLICE PROTECTION FUND	NAKWEMA TRAILWAY FUND	HOLIDAY HILLS IMPROVEMENT FUND		
<b>REVENUES</b>								
Property Taxes	\$ 377,975	\$ 932,897	\$ 258,024	\$ 25,199	\$ 0	\$ 0	\$ 0	\$ 1,594,095
Special Assessments	0	0	0	0	0	47,626	0	47,626
Licenses and Permits	88,750	0	0	0	0	0	0	88,750
Federal Grants	0	0	311,196	0	0	0	0	311,196
State Grants	387,212	0	0	0	0	0	11,446	398,658
Charges for Services	54,633	0	0	0	0	0	6,275	60,908
Interest and Rents	3,194	0	1,841	0	0	20,529	5	25,569
Other Revenues	33,279	0	0	0	27,313	0	10,122	70,714
Total Revenues	945,043	932,897	571,061	25,199	27,313	68,155	27,848	2,597,516
<b>EXPENDITURES</b>								
General Government	513,847	0	0	0	0	0	0	513,847
Public Safety	0	930,368	0	83,745	0	0	0	1,014,113
Public Works	16,121	0	0	0	0	0	7,074	23,195
Community and Economic Development	124,605	0	520,446	0	0	0	0	645,051
Recreation and Culture	86,871	0	0	0	0	0	10,118	96,989
Capital Outlay	6,944	0	0	0	13,319	0	0	20,263
Debt Service	0	0	0	0	0	77,030	0	77,030
Total Expenditures	748,388	930,368	520,446	83,745	13,319	77,030	17,192	2,390,488
Excess (Deficiency) of Revenues Over Expenditures	196,655	2,529	50,615	(58,546)	13,994	(8,875)	10,656	207,028
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In (Out)	(1,546)	0	0	24,914	20,000	0	(43,368)	0
Net Change in Fund Balance	195,109	2,529	50,615	(33,632)	33,994	(8,875)	(32,712)	207,028
FUND BALANCE - Beginning of Year	1,484,528	61,643	1,011,809	33,714	0	311,392	64,474	2,967,560
FUND BALANCE - End of Year	\$ 1,679,637	\$ 64,172	\$ 1,062,424	\$ 82	\$ 33,994	\$ 302,517	\$ 31,762	\$ 3,174,588

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2020

Net Change in Fund Balance - Total Governmental Funds \$ 207,028

Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures in the Statement of Activities. These costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(125,270)
Capital Outlay	538,098

Governmental funds do not report donated capital assets under the modified accrual basis of accounting but are capitalized in the Statement of Activities.

Acquisition Value of Donated Land	155,598
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Repayments of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal Payments on Long-Term Debt	55,000
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Accrued interest in bonds is recorded on the Statement of Activities when incurred; it is not recorded in the governmental funds until it is paid.

Accrued Interest - Beginning of the Year	3,657
Accrued Interest - End of the Year	(7,039)

Changes to compensated absences are not shown in the fund financial statements. The net effect of the current year change to compensated absences is recorded in the Statement of Activities.

1,500

Under the modified accrual basis of accounting, revenue is recognized when measurable and available. The entity-wide statements recognize revenue when earned.

Unavailable Revenue - Beginning of the Year	(626,997)
Unavailable Revenue - End of the Year	579,371

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 780,946

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2020

	<u>BUSINESS-TYPE ACTIVITIES -</u> <u>ENTERPRISE FUNDS</u>		
	<u>SEWER</u> <u>FUND</u>	<u>WATER</u> <u>FUND</u>	<u>TOTAL ENTERPRISE</u> <u>FUNDS</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 2,667,945	\$ 5,646	\$ 2,673,591
Due from Other Governments	125,095	2,458	127,553
Total Current Assets	2,793,040	8,104	2,801,144
<u>CAPITAL ASSETS</u>			
System Infrastructure - Water	0	177,000	177,000
System Infrastructure - Sewer	13,241,316	0	13,241,316
Less: Accumulated Depreciation	(6,742,117)	(81,715)	(6,823,832)
Net Investment in Capital Assets	6,499,199	95,285	6,594,484
TOTAL ASSETS	9,292,239	103,389	9,395,628
<u>LIABILITIES</u>			
Accounts Payable	31,260	942	32,202
Due to Other Funds	2,167	0	2,167
Accrued Interest	837	0	837
Current Portion of Long-Term Debt	105,402	0	105,402
Total Liabilities	139,666	942	140,608
<u>LONG-TERM LIABILITIES</u>			
Bonds Payable, Net of Current Portion and Premium	122,020	0	122,020
TOTAL LIABILITIES	261,686	942	262,628
<u>NET POSITION</u>			
Net Investment in Capital Assets	6,270,940	95,285	6,366,225
Unrestricted	2,759,613	7,162	2,766,775
TOTAL NET POSITION	\$ 9,030,553	\$ 102,447	\$ 9,133,000

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL ENTERPRISE FUNDS
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 882,292	\$ 14,764	\$ 897,056
<u>OPERATING EXPENSES</u>			
Operations and Maintenance	440,335	10,593	450,928
Depreciation	264,826	3,540	268,366
Total Operating Expenses	705,161	14,133	719,294
Operating Income (Loss)	177,131	631	177,762
<u>NONOPERATING REVENUE (EXPENSE)</u>			
Interest Income	11,845	0	11,845
Interest Expense	(4,448)	0	(4,448)
Total Nonoperating Revenue (Expense)	7,397	0	7,397
Change in Net Position	184,528	631	185,159
<u>NET POSITION - Beginning of Year</u>	8,846,025	101,816	8,947,841
<u>NET POSITION - End of Year</u>	\$ 9,030,553	\$ 102,447	\$ 9,133,000

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



ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL ENTERPRISE FUNDS
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>			
Cash Flows from Operating Activities			
Cash Received from Other Governments	\$ 831,148	\$ 14,887	\$ 846,035
Cash Payments to Suppliers for Goods and Services	(454,195)	(10,654)	(464,849)
Net Cash Provided (Used) by Operating Activities	376,953	4,233	381,186
Cash Flows from Capital and Related Financing Activities			
Principal Payments on Long-term Debt	(105,212)	0	(105,212)
Interest Paid on Long-Term Debt	(6,366)	0	(6,366)
Net Cash Provided (Used) by Capital and Financing Activities	(111,578)	0	(111,578)
Cash Flows from Investing Activities			
Interest Income	4,463	0	4,463
Net Increase (Decrease) in Cash and Cash Equivalents	269,838	4,233	274,071
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	2,398,107	1,413	2,399,520
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 2,667,945	\$ 5,646	\$ 2,673,591
<u>RECONCILIATION OF OPERATING INCOME</u>			
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>			
Operating Income (Loss)	\$ 177,131	\$ 631	\$ 177,762
Adjustments to Reconcile Operating Income			
To Net Cash Provided by Operating Activities			
Depreciation	264,826	3,540	268,366
(Increase) Decrease in Current Assets			
Due from Other Governments	(53,811)	123	(53,688)
Accounts Receivable	2,667	0	2,667
Increase (Decrease) in Current Liabilities			
Accounts Payable	(16,027)	(61)	(16,088)
Due to Other Funds	2,167	0	2,167
Total Adjustments	199,822	3,602	203,424
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 376,953	\$ 4,233	\$ 381,186

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020

	CUSTODIAL FUNDS		
	TAX COLLECTION FUND	TRUST AND AGENCY FUND	TOTALS
<u>ASSETS</u>			
Cash	\$ 2,353	\$ 4,000	\$ 6,353
<u>LIABILITIES</u>			
Due to Other Governments	2,353	0	2,353
<u>NET POSITION</u>			
Restricted for Others	\$ 0	\$ 4,000	\$ 4,000

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

FIDUCIARY FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2020

	<u>CUSTODIAL FUNDS</u>		<u>TOTALS</u>
	<u>TAX COLLECTION FUND</u>	<u>TRUST AND AGENCY FUND</u>	
<u>ADDITIONS</u>			
Property Taxes Collected	\$ 11,849,863	\$ 0	\$ 11,849,863
Collected for Others	0	51,700	51,700
Total Additions	11,849,863	51,700	11,901,563
<u>DEDUCTIONS</u>			
Property Taxes Distributed	11,849,863	0	11,849,863
Disbursed to Others	0	53,300	53,300
Total Deductions	11,849,863	53,300	11,903,163
Net Increase (Decrease) in Fiduciary Net Position	0	(1,600)	(1,600)
<u>NET POSITION</u> - Beginning of Year - As Restated	0	5,600	5,600
<u>NET POSITION</u> - End of Year	\$ 0	\$ 4,000	\$ 4,000

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Acme Township (the “Township” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township’s accounting policies are described below.

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., *The Statement of Net Position* and *The Statement of Activities*) report the information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the *primary government* is financially accountable. Acme Township does not have any component units.

**B. Reporting Entity**

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

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

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

**Joint Ventures**

***Master Sewer Agreement***

The Township entered into a master sewer agreement effective July 1, 1987 through June 30, 2041 with the City of Traverse City, the Townships of Peninsula and Garfield in Grand Traverse County, the Township of Elmwood in Leelanau County, and Grand Traverse County. This master sewer agreement defines the allocation of costs and establishes certain rights and responsibilities with respect to the wastewater treatment plant and sewer system. Grand Traverse County is the owner of the treatment plant and the City of Traverse City is the owner of all multi-user facilities. The townships have the option to purchase the facility when certain bonds issued by Grand Traverse County are retired.

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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 makes debt service payments to the Grand Traverse County Department of Public Works for the Township's portion of the Sewage Treatment Facility bonds as listed in Note 3.E. During the year ended June 30, 2020, the Township paid \$103,401 to reduce its balance of the sewage treatment plant bonds.

***Metro Emergency Services Authority***

The Township participates jointly in the operation of the Metro Emergency Services Authority with the charter townships of East Bay and Garfield in Grand Traverse County. The Township paid \$930,368 to Metro Emergency Services Authority during the year ended June 30, 2020 for fire department and emergency services.

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between government's water and sewer functions and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column.

The Township reports the following major governmental funds:

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

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

The *Farm Land Preservation Fund* accounts for the Township's development of farm land. Financing is provided by a property tax levy.

The *Police Protection Fund* accounts for the Township's portion of operation of the Grand Traverse County Police Department. Financing is provided by a property tax levy.

The *Nakwema Trailway Fund* accounts for costs associated with the Nakwema Trailway project. Financing is provided by transfers in from other funds, various local grants and contributions, and state grants.

The *Holiday Hills Improvement Fund* accounts for costs for improving roads in holiday hills. Financing is provided by a special assessment and transportation bond (which will also be repaid with special assessments).

The Township reports the following major proprietary funds:

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

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

Additionally, the Township reports the following nonmajor fund types:

The *Special Revenue Funds* account for revenue sources that are legally restricted, committed, or assigned to expenditures for specific purposes.

The *Capital Projects Fund* accounts for the acquisition of capital assets or the construction of major capital projects.

Additionally, Acme Township reports the following fiduciary fund:

The *Custodial Funds* account for property taxes collected by the Township on behalf of other governmental units as well as the Township itself and other monies held for units of governments and organizations.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included

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in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic measurement focus* and the *accrual basis of accounting*. The custodial fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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**F. Budgetary Information**

*1. Budgetary Basis of Accounting*

- Prior to July 1, the Township Supervisor submits to the Township Board a proposed operating budget for all governmental funds for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- The Township Board holds a public hearing and adopts a resolution approving the budgets.
- All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year-end. Budgeted amounts are as originally adopted, or as amended by the Township Board from time to time throughout the year.
- Encumbrance accounting is not employed in the Township’s governmental funds.

*2. Excess of Expenditures Over Appropriations:*

	BUDGET	ACTUAL
General Fund		
Public Works		
Roads, Streets and Bridges	\$ 5,000	\$ 5,964
Fire Fund		
Public Works		
Ambulance	106,425	108,027
Farm Land Preservation Fund		
Community and Economic Development		
Farmland Preservation	264,950	520,446

These overages were funded by greater than anticipated revenues and available fund balance.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

*1. Cash and Cash Equivalents*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The government considers all highly liquid investments (including certificates of deposit) to be cash equivalents.



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**2. *Investments***

The Township's investment policy is in compliance with state law and authorizes the Township treasurer to invest in the investments directly listed in Public Act 20 of 1943, as amended. Some investments authorized by state law are shown as cash on the financial statements.

**3. *Inventories and Prepaid Items***

Inventory is valued at cost using the first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**4. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. During the fiscal year, the Township purchased farmland development rights, of which was discounted 25% by the seller. At the time the land was acquired, it was appraised at \$622,392 which amounted to a discount of \$155,598.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Land and not in progress are depreciated. Property, plant and equipment of the primary government, as well as the component unit are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Road Improvements	15-20
Water and Sewer Infrastructure	50
Buildings and Improvements	40-50
Vehicles	3-5
Equipment	3-7

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**5. *Conservation Easements***

A conservation easement is a legal agreement between a landowner and a qualified conservation organization that permanently limits a property's use in order to protect its conservation values. Conservation easements, either purchased or donated, are initially valued at their appraised value. The difference between the purchase price and appraised value is reflected as capital grants and contributions in the statement of activities. This value is capitalized as a non-depreciable capital asset as it is recognized as an intangible asset providing value to the residents of the Township.

**6. *Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related obligations.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**7. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township does not have any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two items that fit this criteria, unavailable revenue from special assessments and accounts receivable expected to be collected more than 60 days after year end. Since the accrual basis of accounting recognizes this revenue when it is earned, the unavailable is only reported at the fund level, which uses the modified accrual basis of accounting.

**8. *Unearned Revenue***

Unearned revenue arises when resources are received by the Township before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The Township does not have unearned revenue.

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**9. *Net Position Flow Assumption***

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

**10. *Fund Balance Flow Assumption***

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

**11. *Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

***12. Use of Estimates***

The presentation 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.

**H. Revenues and Expenditures/Expenses**

***1. Program Revenues***

Amounts reported as program revenue 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

***2. Property Taxes/Special Assessments***

Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes, county taxes, school district and college taxes, and transportation system taxes are levied and due July 1 and become delinquent after September 14. The remaining millages are levied and due December 1 and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations.

The 2019 taxable valuation of the Township totaled \$357,150,374, on which ad valorem taxes levied consisted of 0.7259 mills for operating purposes, 2.4500 mills for fire operations, 0.0750 mills for police protection and .3250 mills for ambulance services.

***3. Proprietary Funds Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Eventually, the principal operating revenues of the sewer fund are charges to customers for services. Operating expenses for enterprise funds include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Violations of Legal or Contractual Provisions**

Note 1.F.2, on the Excess of Expenditures Over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2020. It also explains the provision provided by law that was used to remedy the violation.

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2020, \$5,236,151 of the government's bank balance of \$5,736,151 was exposed to custodial credit risk because it was uninsured and uncollateralized. The risk is spread amongst the Township's Funds. Although the Township's investment policy does not directly address custodial credit risk, it typically limits its exposure by controlling who holds the Township's deposits.

*Interest rate risk.* The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

*Credit risk.* State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs).

*Concentration of credit risk.* The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

*Foreign currency risk.* The Township is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the Township's investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the investments.

**Fair Market Value Disclosure** - The Township is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and

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the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices from similar activities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S. government agency securities, corporate securities, and commercial paper.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are two types of valuation techniques most commonly used and vary depending on the level of investment. These two techniques are the market approach and income approach. The market approach uses prices and other relevant information generated by the market transactions involving identical or similar assets and liabilities. The income approach discounts future amounts to a single current amount and the discount rate used in the process should reflect current market expectations about risks associated with those future cash flows.

The Township does not have any investments subject to the fair value measurement.

The carrying amount of deposits and investments is as follows:

	<u>Total</u>
Deposits – including Fiduciary Funds of \$6,353	<u>\$ 5,742,805</u>

The above amounts are reported in the financial statements as follows:

	<u>Total</u>
Cash - Fiduciary Funds	\$ 6,353
Cash - Governmental Funds	3,062,861
Cash - Proprietary Funds	<u>2,673,591</u>
	<u>\$ 5,742,805</u>

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**B. Receivables**

Receivables as of year-end for the government's individual major funds in aggregate and combined nonmajor funds, including the applicable allowances for uncollectible accounts are as follows:

	General	Fire	Holiday Hills Improvement	Water & Sewer	Non Major	Total
Receivables						
Accounts	\$ 74,269	\$ 0	\$ 0	\$ 0	\$ 500	\$ 74,769
Special Assessments	0	0	536,040	0	0	536,040
Due from Other Governments	159,259	0	0	127,553	0	286,812
<b>Total</b>	<b>\$ 233,528</b>	<b>\$ 0</b>	<b>\$ 536,040</b>	<b>\$ 127,553</b>	<b>\$ 500</b>	<b>\$ 897,621</b>

Amounts due from other governments include amounts consisting of state-shared revenues and an amount owed from Grand Traverse County for the General Fund. Due from other governments consists of May and June usage payments due from Grand Traverse County.

**C. Capital Assets**

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated				
Land and Development Rights	\$ 14,952,835	\$ 622,392	\$ 0	\$ 15,575,227
Construction in Progress	154,032	48,990	(154,032)	48,990
Total Capital Assets, Not Being Depreciated	15,106,867	671,382	(154,032)	15,624,217
Capital Assets, Being Depreciated				
Buildings and Improvements	1,286,629	170,580	0	1,457,209
Vehicles	97,342	0	0	97,342
Equipment	73,576	5,766	(7,776)	71,566
Total Capital Assets, Being Depreciated	1,457,547	176,346	(7,776)	1,626,117
Less Accumulated Depreciation for:				
Buildings and Improvements	316,344	115,947	0	432,291
Vehicles	80,421	6,513	0	86,934
Equipment	61,796	2,810	(7,776)	56,830
Total Accumulated Depreciation	458,561	125,270	(7,776)	576,055
Total Capital Assets, Being Depreciated, Net	998,986	51,076	0	1,050,062
Governmental Activities Capital Assets, Net	\$ 16,105,853	\$ 722,458	\$ (154,032)	\$ 16,674,279

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<u>Business-Type Activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated				
Sewer System	\$ 13,241,316	\$ 0	\$ 0	\$ 13,241,316
Water System	177,000	0	0	177,000
Capital Assets, Being Depreciated	13,418,316	0	0	13,418,316
Less Accumulated Depreciation				
Sewer System	6,477,291	264,826	0	6,742,117
Water System	78,175	3,540	0	81,715
Total Capital Assets, Being Depreciated	6,555,466	268,366	0	6,823,832
Business-Type Activities Capital Assets, Net	\$ 6,862,850	\$(268,366)	\$ 0	\$ 6,594,484

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

Governmental Activities	
General Government	\$ 15,393
Public Works	2,842
Recreation and Culture	107,035
Total Depreciation Expense - Governmental Activities	<u>\$ 125,270</u>
Business-Type Activities	
Water and Sewer	<u>\$ 268,366</u>

**D. Interfund Receivables, Payables and Transfers**

Interfund Receivable and Payable balances as of June 30, 2020, were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	<u>\$ 2,167</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2020, are expected to be repaid within one year.



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Interfund Transfers for the year ended June 30, 2020, were:

<u>Fund Transferred To</u>	<u>Funds Transferred From</u>	<u>Amount</u>
Nakwema Trailway Fund	General Fund	\$ 15,000
Police Protection Fund	General Fund	2,000
General Fund	Nonmajor Bayside Park Fund	15,454
Nakwema Trailway Fund	Nonmajor Bayside Park Fund	5,000
Police Protection Fund	Nonmajor Liquor Fund	22,914
		<u>\$ 60,368</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**E. Long-Term Obligation**

The following is a summary of long-term obligation transactions of the Township for the year ended June 30, 2020:

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>			<u>TOTAL LONG-TERM OBLIGATIONS</u>
	<u>GENERAL OBLIGATION BONDS</u>	<u>COMPENSATED ABSENCES</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>CONTRACT PAYABLE</u>	<u>BOND PREMIUM</u>	
Balance at July 1, 2019	\$ 810,000	\$ 1,500	\$ 316,061	\$ 1,811	\$ 22,144	\$ 1,151,516
Additions	0	0	0	0	0	0
Deletions	(55,000)	(1,500)	(103,401)	(1,811)	(7,382)	(169,094)
Balance at June 30, 2020	<u>\$ 755,000</u>	<u>\$ 0</u>	<u>\$ 212,660</u>	<u>\$ 0</u>	<u>\$ 14,762</u>	<u>\$ 982,422</u>
Due within one year	<u>\$ 55,000</u>	<u>\$ 0</u>	<u>\$ 105,402</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 160,402</u>

Obligations payable at June 30, 2020, is comprised of the following:

**General Obligation Bonds**

Michigan Transportation Fund Limited Tax Bonds Bonds, Series 2015 (Governmental Activities)

\$945,000 issued July 1, 2015, used to finance road improvement projects within Holiday Hills Subdivision, due in annual installments ranging from \$55,000 to \$75,000 with interest of 0.65% to 3.50%; Date of maturity is scheduled for September 1, 2030.

\$ 755,000

2019 Traverse City Wastewater Treatment Plant - Upgrade Refunding (Business-Type Activities)

\$316,061 issued in 2019, due in annual installments ranging from \$105,402 to \$107,258 with interest of 2.36%. Date of maturity is scheduled for April 2022.

212,660

\$ 967,660

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

The annual requirements to amortize these obligations outstanding as of June 30, 2020, including interest payments of \$141,599 are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 55,000	\$ 20,637	\$ 75,637	\$ 105,402	\$ 5,019	\$ 110,421
2022	65,000	19,489	84,489	107,258	2,531	109,789
2023	65,000	18,075	83,075	0	0	0
2024	65,000	16,532	81,532	0	0	0
2025	70,000	14,808	84,808	0	0	0
2026-2030	360,000	43,195	403,195	0	0	0
2031	75,000	1,313	76,313	0	0	0
Total	<u>\$ 755,000</u>	<u>\$ 134,049</u>	<u>\$ 889,049</u>	<u>\$ 212,660</u>	<u>\$ 7,550</u>	<u>\$ 220,210</u>

**NOTE 4 - OTHER INFORMATION**

**A. Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

The Township continues to carry commercial insurance for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The Township has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**B. Retirement Plan/Deferred Compensation Plan**

The Township's Section 457(B) Plan is a defined contribution pension plan that provides retirement benefits to all full-time employees and elected officials administered through Nationwide Insurance. Employees are eligible after having 12 months of employment with a minimum age of 21. The Township contributes 10% of each eligible employee's salary to the plan annually, while plan members can make voluntary contributions.

For the year ended June 30, 2020, the Township contributed \$21,735 to the plan, while employees made voluntary contributions of \$4,944. The Township board has the authority to amend or terminate the plan. There are no outstanding payables to the plan as of June 30, 2020.

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**C. Contingencies**

***Grant Programs***

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the Township.

***Septage Treatment Facility***

The Township is a participant in the Septage Treatment Facility. Being a participant requires the Township to contribute funding to the planning of a new facility. As of June 30, 2020, the total cost of the project has not been estimated and no expenditures have been made.

**D. Commitments**

Prior to June 30, 2020, the Township approved to spend resources on sewage and sanitary system improvements costing approximately \$130,000.

**E. Subsequent Events**

After fiscal year-end, the Township approved the following:

- Signs for the cemetery in the amount of \$11,500
- Township share of remodel and repairs for the Metro Emergency Services Authority in the amount of \$75,000
- Agreement with the Michigan Department of Natural Resources to develop and construct the Nakwema Trailway. Per the agreement, the estimated cost of the trailway is \$983,400 of which the Township will be responsible for \$75,000 with the difference coming from various state and local grants.

No adjustments were made to the financial statements as a result of these subsequent events.

**F. 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.

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**G. Related Parties**

The Township Treasurer has part ownership in an assessing company that the Township contracts with for assessing services. The Treasurer abstains from voting when the Board approves the assessing contract. During the fiscal year the Township paid \$44,150 to the company for their assessing services.

**NOTE 5 – NEW ACCOUNTING STANDARD**

For the year ended June 30, 2020, the Township implemented GASB Statement No. 84, Fiduciary Activities. Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Townships with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

The restatement of the beginning of the year fund balances and net position is as follows:

	<u>Net Position</u> <u>Custodial</u> <u>Funds</u>
Net Position as of July 1, 2019, as previously stated	\$ 0
Adjustment Related to Adoption of GASB Statement 84	
Activities previously reported as fiduciary liabilities become fiduciary net position	<u>5,600</u>
Net Position as of July 1, 2019, as restated	<u>\$ 5,600</u>

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2020

	GENERAL FUND			FIRE FUND			FARM LAND PRESERVATION FUND			POLICE PROTECTION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<b>REVENUES</b>												
Property Taxes	\$ 364,610	\$ 364,610	\$ 377,975	\$ 895,839	\$ 895,839	\$ 932,897	\$ 260,779	\$ 260,779	\$ 258,024	\$ 54,126	\$ 54,126	\$ 25,199
Licenses and Permits	87,900	87,900	88,750	0	0	0	0	0	0	0	0	0
Federal Grants	0	0	0	0	0	0	0	0	311,196	0	0	0
State Grants	388,364	388,364	387,212	0	0	0	0	0	0	0	0	0
Charges for Services	51,275	51,275	54,633	0	0	0	0	0	0	0	0	0
Interest and Rents	3,080	3,080	3,194	0	0	0	600	600	1,841	0	0	0
Other Revenues	30,200	30,200	33,279	0	0	0	2,000	2,000	0	18,300	18,300	0
Total Revenues	925,429	925,429	945,043	895,839	895,839	932,897	263,379	263,379	571,061	72,426	72,426	25,199
<b>EXPENDITURES</b>												
General Government												
Township Board	152,872	152,872	142,474	0	0	0	0	0	0	0	0	0
Supervisor	54,200	63,200	57,030	0	0	0	0	0	0	0	0	0
Election	14,250	14,250	11,242	0	0	0	0	0	0	0	0	0
Assessor	58,250	58,250	54,852	0	0	0	0	0	0	0	0	0
Clerk	92,019	92,019	88,420	0	0	0	0	0	0	0	0	0
Board of Review	1,016	1,016	550	0	0	0	0	0	0	0	0	0
Treasurer	76,302	76,302	73,059	0	0	0	0	0	0	0	0	0
Building and Grounds	98,210	98,210	86,220	0	0	0	0	0	0	0	0	0
Public Safety												
Police	0	0	0	0	0	0	0	0	0	81,800	83,800	83,745
Fire Protection	0	0	0	778,000	822,341	822,341	0	0	0	0	0	0
Ambulance	0	0	0	106,425	106,425	108,027	0	0	0	0	0	0
Public Works												
Roads, Streets, and Bridges	5,000	5,000	5,964	0	0	0	0	0	0	0	0	0
Street Lighting	12,000	12,000	10,157	0	0	0	0	0	0	0	0	0
Community and Economic Development												
Planning and Zoning	184,110	184,110	124,605	0	0	0	0	0	0	0	0	0
Farmland Preservation	0	0	0	0	0	0	264,950	264,950	520,446	0	0	0
Recreation and Culture												
Parks and Recreation	94,015	94,015	86,871	0	0	0	0	0	0	0	0	0
Capital Outlay	13,900	13,900	6,944	0	0	0	0	0	0	0	0	0
Contingency	65,000	56,000	0	0	0	0	0	0	0	0	0	0
Total Expenditures	921,144	921,144	748,388	884,425	928,766	930,368	264,950	264,950	520,446	81,800	83,800	83,745
Excess (Deficiency) of Revenues												
Over Expenditures	4,285	4,285	196,655	11,414	(32,927)	2,529	(1,571)	(1,571)	50,615	(9,374)	(11,374)	(58,546)
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers In (Out)	0	454	(1,546)	0	0	0	0	0	0	9,500	22,914	24,914
Net Change in Fund Balance	4,285	4,739	195,109	11,414	(32,927)	2,529	(1,571)	(1,571)	50,615	126	11,540	(33,632)
<b>FUND BALANCE - Beginning of Year</b>	<b>1,484,528</b>	<b>1,484,528</b>	<b>1,484,528</b>	<b>61,643</b>	<b>61,643</b>	<b>61,643</b>	<b>1,011,809</b>	<b>1,011,809</b>	<b>1,011,809</b>	<b>33,714</b>	<b>33,714</b>	<b>33,714</b>
<b>FUND BALANCE - End of Year</b>	<b>\$ 1,488,813</b>	<b>\$ 1,489,267</b>	<b>\$ 1,679,637</b>	<b>\$ 73,057</b>	<b>\$ 28,716</b>	<b>\$ 64,172</b>	<b>\$ 1,010,238</b>	<b>\$ 1,010,238</b>	<b>\$ 1,062,424</b>	<b>\$ 33,840</b>	<b>\$ 45,254</b>	<b>\$ 82</b>

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ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2020

	<u>SPECIAL REVENUE FUNDS</u>				<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
	<u>CEMETERY FUND</u>	<u>LIQUOR FUND</u>	<u>SHORELINE PRESERVATION FUND</u>	<u>PARK FUND</u>	<u>BAYSIDE PARK CAPITAL PROJECT FUND</u>	
<u>ASSETS</u>						
Cash	\$ 15,649	\$ 804	\$ 1,387	\$ 14,647	\$ 0	\$ 32,487
Accounts Receivable	500	0	0	0	0	500
 TOTAL ASSETS	 \$ 16,149	 \$ 804	 \$ 1,387	 \$ 14,647	 \$ 0	 \$ 32,987
 <u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 1,225	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,225
 <u>FUND BALANCE</u>						
Restricted for Specific Purposes	0	804	0	0	0	804
Committed for Specific Purposes	14,924	0	1,387	14,647	0	30,958
 Total Fund Balance	 14,924	 804	 1,387	 14,647	 0	 31,762
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 16,149	 \$ 804	 \$ 1,387	 \$ 14,647	 \$ 0	 \$ 32,987

ACME TOWNSHIP, GRAND TRAVERSE COUNTY  
WILLIAMSBURG, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NONMAJOR FUND TYPES

YEAR ENDED JUNE 30, 2020

	<u>SPECIAL REVENUE FUNDS</u>				<u>CAPITAL</u>	<u>TOTALS</u>
	<u>CEMETERY</u>	<u>LIQUOR</u>	<u>SHORELINE</u>	<u>PARK</u>	<u>PROJECTS FUND</u>	
	<u>FUND</u>	<u>FUND</u>	<u>PRESERVATION</u>	<u>FUND</u>	<u>BAYSIDE</u>	
			<u>FUND</u>		<u>PARK CAPITAL</u>	
					<u>PROJECT FUND</u>	
<u>REVENUES</u>						
State Grants	\$ 0	\$ 11,446	\$ 0	\$ 0	\$ 0	\$ 11,446
Charges for Services	6,275	0	0	0	0	6,275
Interest and Rents	0	2	3	0	0	5
Other Revenues	0	0	0	10,122	0	10,122
Total Revenues	6,275	11,448	3	10,122	0	27,848
<u>EXPENDITURES</u>						
Public Works	7,074	0	0	0	0	7,074
Recreation and Culture	0	0	0	9,733	385	10,118
Total Expenditures	7,074	0	0	9,733	385	17,192
Excess of Revenues Over (Under) Expenditures	(799)	11,448	3	389	(385)	10,656
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In (Out)	0	(22,914)	0	0	(20,454)	(43,368)
Net Change in Fund Balance	(799)	(11,466)	3	389	(20,839)	(32,712)
<u>FUND BALANCE</u> - Beginning of Year	15,723	12,270	1,384	14,258	20,839	64,474
<u>FUND BALANCE</u> - End of Year	\$ 14,924	\$ 804	\$ 1,387	\$ 14,647	\$ 0	\$ 31,762





