

ACME TOWNSHIP, GRAND TRAVERSE COUNTY

WILLIAMSBURG, MICHIGAN

JUNE 30, 2021



Baird, Cotter & Bishop, P.C.
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CERTIFIED PUBLIC ACCOUNTANTS
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ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG, MICHIGAN

JUNE 30, 2021

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October 6, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Acme Township, Grand Traverse County, Williamsburg, Michigan as of June 30, 2021, 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 30 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 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Combining 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.

Baird, Cotter & Bishop, P.C.

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2021

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, 2021. 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 \$29,075,562 (shown as *net position*). Of this amount, \$4,689,082 (*unrestricted net position*) may be used to meet the Township’s ongoing obligations to citizens and creditors.
- ❖ The Township’s net position increased by \$276,363 during the fiscal year. Government activities had a \$418,694 increase, while business-type activities had a decrease of \$142,331.
- ❖ As of June 30, 2021, the governmental funds of the Township reported combined ending fund balances of \$3,712,173, of which \$1,207,140 was unassigned.
- ❖ The net position of the Township’s Water and Sewer funds decreased by \$142,331, bringing the total net position of these funds to \$8,990,669.
- ❖ The Township’s total long-term obligations decreased by \$167,783 during the fiscal year.

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2021

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.

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.

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2021

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 \$29,075,562, at the close of the most recent fiscal year.

Acme Township
Net Position as of June 30,

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Assets						
Current Assets	\$ 3,819,388	\$ 3,319,146	\$ 2,623,098	\$ 2,798,977	\$ 6,442,486	\$ 6,118,123
Non Current Assets						
Special Assessments & Accounts Receivables	483,651	535,220	0	0	483,651	535,220
Capital Assets	17,252,314	17,250,334	13,968,402	13,418,316	31,220,716	30,668,650
Less: Accumulated Depreciation	(700,677)	(576,055)	(7,094,949)	(6,823,832)	(7,795,626)	(7,399,887)
Total Non Current Assets	17,035,288	17,209,499	6,873,453	6,594,484	23,908,741	23,803,983
Total Assets	20,854,676	20,528,645	9,496,551	9,393,461	30,351,227	29,922,106
Liabilities						
Current Liabilities	124,783	162,446	505,882	138,441	630,665	300,887
Long-Term Liabilities	645,000	700,000	0	122,020	645,000	822,020
Total Liabilities	769,783	862,446	505,882	260,461	1,275,665	1,122,907
Net Position						
Net Investment in Capital Assets	15,851,637	15,919,279	6,758,814	6,366,225	22,610,451	22,285,504
Restricted	1,776,029	1,471,213	0	0	1,776,029	1,471,213
Unrestricted	2,457,227	2,275,707	2,231,855	2,766,775	4,689,082	5,042,482
Total Net Position	\$ 20,084,893	\$ 19,666,199	\$ 8,990,669	\$ 9,133,000	\$ 29,075,562	\$ 28,799,199

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2021

A significant balance of net position, \$4,689,082, 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, \$1,776,029 that are subject to external restrictions on how they may be used.

The remainder of the Township's net position, \$22,610,451, 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 \$276,363 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	
	2021	2020	2021	2020	2021	2020
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$ 155,791	\$ 149,958	\$ 865,256	\$ 897,056	\$1,021,047	\$1,047,014
Operating Grants and Contributions	37,830	25,833	0	0	37,830	25,833
Capital Grants and Contributions	25,000	343,509	0	0	25,000	343,509
General Revenues						
Taxes	1,715,104	1,594,095	0	0	1,715,104	1,594,095
State Grants	428,205	377,947	0	0	428,205	377,947
Interest Earnings	21,539	25,269	9,074	11,845	30,613	37,114
Other	26,886	33,279	0	0	26,886	33,279
Total Revenues	2,410,355	2,549,890	874,330	908,901	3,284,685	3,458,791

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2021

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Expenses</u>						
General Government	517,189	518,136	0	0	517,189	518,136
Public Safety	1,039,379	1,014,113	0	0	1,039,379	1,014,113
Public Works	29,867	26,037	1,016,661	723,742	1,046,528	749,779
Community and Economic Development	198,791	22,659	0	0	198,791	22,659
Recreation and Culture	185,619	162,587	0	0	185,619	162,587
Interest on Long-Term Debt	20,816	25,412	0	0	20,816	25,412
Total Expenses	1,991,661	1,768,944	1,016,661	723,742	3,008,322	2,492,686
Change in Net Position	418,694	780,946	(142,331)	185,159	276,363	966,105
<u>NET POSITION -</u>						
Beginning of Year	19,666,199	18,885,253	9,133,000	8,947,841	28,799,199	27,833,094
<u>NET POSITION -</u>						
End of Year	<u>\$20,084,893</u>	<u>\$19,666,199</u>	<u>\$8,990,669</u>	<u>\$9,133,000</u>	<u>\$29,075,562</u>	<u>\$28,799,199</u>

Governmental Activities

During the current fiscal year, net position for the governmental activities increased \$418,694 from the prior fiscal year for an ending balance of \$20,084,893. 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 \$517,189 on General Government during the fiscal year. Public Safety represented the largest expense at \$1,039,379, 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 decreased during the fiscal year by \$142,331 to reach an ending balance of \$8,990,669. 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 2020-2021 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, 2021

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, 2021, the Township's governmental funds reported combined fund balances of \$3,712,173, an increase of \$537,585 in comparison with the prior year. \$1,207,140 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 (\$116,490) 2) restricted for particular purposes (\$1,782,748), 3) committed for particular purposes (\$605,795), or 4) assigned for particular purposes.

General Fund – The fund balance of the General Fund increased its fund balance in this fiscal year by \$241,748, bringing the balance to \$1,921,385. The increase can be attributed to the Township's conservative spending and a decrease in general government and recreation and culture expenditures.

Fire Fund – The fund balance of the Fire Fund increased its fund balance in this fiscal year by \$5,486, bringing the balance to \$69,658. 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 \$226,475, bringing the balance to \$1,288,899. The increase in fund balance can be attributed to property tax revenue exceeding farmland purchases and related expenditures.

Police Protection Fund - The fund balance of the Police Protection Fund increased by \$29,421, bringing the balance to \$29,503. The increase in fund balance is caused by property taxes and transfers in exceeding expenditures for police protection.

Nakwema Trailway Fund – The fund balance increased by \$23,020, bringing the balance to \$57,014. 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 \$5,864, bringing the balance to \$296,653. 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 \$8,990,669 in net position, a decrease of \$142,331 in comparison with the prior year. The decrease in fund balance is due to the water and sewer funds operating and depreciation expenses exceeding revenues received for operating services.

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2021

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	\$ 941,509	\$ 941,509	\$ 996,356
TOTAL EXPENDITURES	\$ 932,739	\$ 932,739	\$ 754,608

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 state grants 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, 2021, amounted to \$22,610,451 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:

	Acme Township					
	Capital Assets as of June 30,					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land and Development Rights	\$ 15,575,227	\$ 15,575,227	\$ 0	\$ 0	\$ 15,575,227	\$ 15,575,227
Construction in Progress	50,970	48,990	0	0	50,970	48,990
Buildings and Improvements	1,457,209	1,457,209	0	0	1,457,209	1,457,209
Vehicles	97,342	97,342	0	0	97,342	97,342
Equipment	71,566	71,566	0	0	71,566	71,566
Water and Sewer System	0	0	13,968,402	13,418,316	13,968,402	13,418,316
	17,252,314	17,250,334	13,968,402	13,418,316	31,220,716	30,668,650
Less: Accumulated Depreciation	(700,677)	(576,055)	(7,094,949)	(6,823,832)	(7,795,626)	(7,399,887)
Net Capital Assets	\$ 16,551,637	\$ 16,674,279	\$ 6,873,453	\$ 6,594,484	\$ 23,425,090	\$ 23,268,763

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

- Construction in progress for work on the Nakwema Trailway that totaled \$1,980.

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2021

Long-Term Obligations

The Township has bonded debt outstanding of \$807,258 as of June 30, 2021. 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 following Economic factors currently affect the Township and were considered in developing the 2021/2022 budget:

- The COVID-19 pandemic continues to impact the State of Michigan and the Township. While funding so far as remained at historical levels, a downturn in economic conditions could cause funding cuts to governments. Any cut to funding would cause the Township to re-evaluate its financial situation and act accordingly.
- The Township continues to look for ways to improve the services it provides to its residents in a manner that is financially responsible.
- The American Rescue Plan Act of 2021 allocated \$644 million to Michigan non-entitlement units (NEUs), which are townships, villages and nonmetropolitan cities. The funding is based off the 2019 population and will be a significant amount of funding for each NEU, which will be passed through the Michigan Department of Treasury. The Township is still evaluating how to use the funds, pending further guidance from the State of Michigan.

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, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 3,541,277	\$ 2,550,154	\$ 6,091,431
Accounts Receivable	36,611	0	36,611
Special Assessments Receivable	44,151	0	44,151
Due from Other Governmental Units	176,828	72,944	249,772
Prepaid Expenses	20,521	0	20,521
	<hr/>		
Total Current Assets	3,819,388	2,623,098	6,442,486
<hr/>			
<u>NON-CURRENT ASSETS</u>			
Accounts Receivable	43,331	0	43,331
Special Assessments Receivable	440,320	0	440,320
	<hr/>		
Total Non-Current Assets	483,651	0	483,651
<hr/>			
<u>CAPITAL ASSETS</u>			
Land	15,575,227	0	15,575,227
Construction in Progress	50,970	0	50,970
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	13,968,402	13,968,402
	<hr/>		
	17,252,314	13,968,402	31,220,716
Less Accumulated Depreciation	700,677	7,094,949	7,795,626
	<hr/>		
Net Capital Assets	16,551,637	6,873,453	23,425,090
	<hr/>		
TOTAL ASSETS	20,854,676	9,496,551	30,351,227
	<hr/>		

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG, MICHIGAN

STATEMENT OF NET POSITION
JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	23,120	390,821	413,941
Due to Other Governments	35,000	0	35,000
Unearned Revenue	4,944	0	4,944
Accrued Interest	6,719	422	7,141
Current Portion of Long-Term Debt	55,000	114,639	169,639
	<hr/>		
Total Current Liabilities	124,783	505,882	630,665
<hr/>			
<u>LONG-TERM LIABILITIES</u>			
Bonds Payable, Net of Premium	700,000	114,639	814,639
Less: Current Portion	(55,000)	(114,639)	(169,639)
	<hr/>		
Total Long-Term Liabilities	645,000	0	645,000
	<hr/>		
TOTAL LIABILITIES	769,783	505,882	1,275,665
<hr/>			
<u>NET POSITION</u>			
Net Investment in Capital Assets	15,851,637	6,758,814	22,610,451
Restricted for Fire Protection	69,658	0	69,658
Restricted for Debt Service	289,934	0	289,934
Restricted for Public Broadcast	6,864	0	6,864
Restricted for Telecommunication Right-of-Ways	23,581	0	23,581
Restricted for Liquor Law Enforcement	815	0	815
Restricted for Police Protection	29,503	0	29,503
Restricted for Preservation of Farmland	1,288,899	0	1,288,899
Restricted for Nakwema Trailway	57,014	0	57,014
Restricted for Parks and Recreation	9,761	0	9,761
Unrestricted	2,457,227	2,231,855	4,689,082
	<hr/>		
TOTAL NET POSITION	\$ 20,084,893	\$ 8,990,669	\$ 29,075,562
	<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, 2021

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	PRIMARY GOVERNMENT		TOTALS
GRANTS AND CONTRIBUTIONS			GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
<u>PRIMARY GOVERNMENT</u>							
<u>GOVERNMENTAL ACTIVITIES</u>							
General Government	\$ 517,189	\$ 89,845	\$ 0	\$ 0	\$ (427,344)	\$ 0	\$ (427,344)
Public Safety	1,039,379	0	13,011	0	(1,026,368)	0	(1,026,368)
Public Works	29,867	11,450	9,593	0	(8,824)	0	(8,824)
Community and Economic Development	198,791	53,996	0	0	(144,795)	0	(144,795)
Recreation and Culture	185,619	500	15,226	25,000	(144,893)	0	(144,893)
Interest on Long-Term Debt	20,816	0	0	0	(20,816)	0	(20,816)
Total Governmental Activities	1,991,661	155,791	37,830	25,000	(1,773,040)	0	(1,773,040)
<u>BUSINESS-TYPE ACTIVITIES</u>							
Sewer System	1,001,830	850,506	0	0	0	(151,324)	(151,324)
Water System	14,831	14,750	0	0	0	(81)	(81)
Total Business-Type Activities	1,016,661	865,256	0	0	0	(151,405)	(151,405)
TOTAL	\$ 3,008,322	\$ 1,021,047	\$ 37,830	\$ 25,000	(1,773,040)	(151,405)	(1,924,445)
<u>GENERAL REVENUES</u>							
Taxes					1,715,104	0	1,715,104
State Grants					428,205	0	428,205
Interest Earnings					21,539	9,074	30,613
Other					26,886	0	26,886
Total General Revenues					2,191,734	9,074	2,200,808
Change in Net Position					418,694	(142,331)	276,363
<u>NET POSITION</u> - Beginning of Year					19,666,199	9,133,000	28,799,199
<u>NET POSITION</u> - End of Year					\$ 20,084,893	\$ 8,990,669	\$ 29,075,562

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2021

	<u>SPECIAL REVENUE FUNDS</u>				<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</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>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
<u>ASSETS</u>								
Cash	\$ 1,705,123	\$ 78,298	\$ 1,324,241	\$ 28,753	\$ 57,014	\$ 296,653	\$ 51,195	\$ 3,541,277
Accounts Receivable	79,192	0	0	0	0	0	750	79,942
Special Assessments Receivable	0	0	0	0	0	484,471	0	484,471
Due from Other Governmental Units	176,828	0	0	0	0	0	0	176,828
Prepaid Expenditures	19,541	0	0	750	0	0	230	20,521
TOTAL ASSETS	\$ 1,980,684	\$ 78,298	\$ 1,324,241	\$ 29,503	\$ 57,014	\$ 781,124	\$ 52,175	\$ 4,303,039
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE LIABILITIES</u>								
Accounts Payable	\$ 11,024	\$ 8,640	\$ 342	\$ 0	\$ 0	\$ 0	\$ 3,114	\$ 23,120
Due to Other Governments	0	0	35,000	0	0	0	0	35,000
Unearned Revenues	4,944	0	0	0	0	0	0	4,944
Total Liabilities	15,968	8,640	35,342	0	0	0	3,114	63,064
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable Revenue	43,331	0	0	0	0	484,471	0	527,802
<u>FUND BALANCE</u>								
Nonspendable for Prepaid Expenditures	19,541	0	0	0	0	0	230	19,771
Nonspendable for Long-Term Receivables	96,719	0	0	0	0	0	0	96,719
Restricted for Fire and Ambulance Protection	0	69,658	0	0	0	0	0	69,658
Restricted for Debt Service	0	0	0	0	0	296,653	0	296,653
Restricted for Public Broadcast	6,864	0	0	0	0	0	0	6,864
Restricted for Telecommunication Right-of-Ways	23,581	0	0	0	0	0	0	23,581
Restricted for Liquor Law Enforcement	0	0	0	0	0	0	815	815
Restricted for Police Protection	0	0	0	29,503	0	0	0	29,503
Restricted for Preservation of Farmland	0	0	1,288,899	0	0	0	0	1,288,899
Restricted for Nakwema Trailway	0	0	0	0	57,014	0	0	57,014
Restricted for Parks and Recreation	0	0	0	0	0	0	9,761	9,761

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2021

	<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 Parks and Recreation	0	0	0	0	0	0	0	19,588	19,588
Committed for Shoreline Preservation	0	0	0	0	0	0	0	1,388	1,388
Committed for Cemetery Expenditures	0	0	0	0	0	0	0	17,279	17,279
Committed for Self Funded Accounts	388,125	0	0	0	0	0	0	0	388,125
Committed for Septage Plant Bond Buyout	117,415	0	0	0	0	0	0	0	117,415
Committed for GTTC Engineer Project Manager	32,000	0	0	0	0	0	0	0	32,000
Committed for Townhall/Community Center Improvements	30,000	0	0	0	0	0	0	0	30,000
Unassigned	1,207,140	0	0	0	0	0	0	0	1,207,140
 Total Fund Balance	 1,921,385	 69,658	 1,288,899	 29,503	 57,014	 296,653	 49,061	 3,712,173	
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	 \$ 1,980,684	 \$ 78,298	 \$ 1,324,241	 \$ 29,503	 \$ 57,014	 \$ 781,124	 \$ 52,175	 \$ 4,303,039	

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

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balance for Governmental Funds	\$ 3,712,173
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	\$ 17,252,314
Accumulated Depreciation	<u>(700,677)</u> 16,551,637
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Bonds Payable	(700,000)
Accrued interest is not reported as a liability in the funds; it is recorded when paid.	
	(6,719)
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>527,802</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 20,084,893</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, 2021

	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		
REVENUES								
Property Taxes	\$ 385,064	\$ 973,587	\$ 268,754	\$ 87,699	\$ 0	\$ 0	\$ 0	\$ 1,715,104
Special Assessments	0	0	0	0	0	51,569	0	51,569
Licenses and Permits	86,573	0	0	0	0	0	0	86,573
State Grants	437,798	0	0	0	0	0	13,011	450,809
Charges for Services	57,268	0	0	0	0	0	11,450	68,718
Interest and Rents	2,767	0	568	0	0	18,703	1	22,039
Other Revenues	26,886	0	0	0	25,000	0	15,226	67,112
Total Revenues	996,356	973,587	269,322	87,699	25,000	70,272	39,688	2,461,924
EXPENDITURES								
General Government	483,732	0	0	0	0	0	0	483,732
Public Safety	0	968,101	0	71,278	0	0	0	1,039,379
Public Works	18,160	0	0	0	0	0	8,865	27,025
Community and Economic Development	155,944	0	42,847	0	0	0	0	198,791
Recreation and Culture	77,819	0	0	0	0	0	524	78,343
Capital Outlay	18,953	0	0	0	1,980	0	0	20,933
Debt Service	0	0	0	0	0	76,136	0	76,136
Total Expenditures	754,608	968,101	42,847	71,278	1,980	76,136	9,389	1,924,339
Excess (Deficiency) of Revenues Over Expenditures	241,748	5,486	226,475	16,421	23,020	(5,864)	30,299	537,585
OTHER FINANCING SOURCES (USES)								
Transfers In (Out)	0	0	0	13,000	0	0	(13,000)	0
Net Change in Fund Balance	241,748	5,486	226,475	29,421	23,020	(5,864)	17,299	537,585
FUND BALANCE - Beginning of Year	1,679,637	64,172	1,062,424	82	33,994	302,517	31,762	3,174,588
FUND BALANCE - End of Year	\$ 1,921,385	\$ 69,658	\$ 1,288,899	\$ 29,503	\$ 57,014	\$ 296,653	\$ 49,061	\$ 3,712,173

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
YEAR ENDED JUNE 30, 2021

Net Change in Fund Balance - Total Governmental Funds \$ 537,585

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	(124,622)
Capital Outlay	1,980

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	7,039
Accrued Interest - End of the Year	(6,719)

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	(579,371)
Unavailable Revenue - End of the Year	527,802

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 418,694</u>
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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, 2021

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL ENTERPRISE FUNDS
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 2,540,203	\$ 9,951	\$ 2,550,154
Due from Other Governments	71,715	1,229	72,944
Total Current Assets	2,611,918	11,180	2,623,098
<u>CAPITAL ASSETS</u>			
System Infrastructure - Water	0	177,000	177,000
System Infrastructure - Sewer	13,791,402	0	13,791,402
Less: Accumulated Depreciation	(7,009,694)	(85,255)	(7,094,949)
Net Investment in Capital Assets	6,781,708	91,745	6,873,453
TOTAL ASSETS	9,393,626	102,925	9,496,551
<u>LIABILITIES</u>			
Due to Other Governments	390,262	559	390,821
Accrued Interest	422	0	422
Bonds Payable, Net of Current Portion and Premium	114,639	0	114,639
TOTAL LIABILITIES	505,323	559	505,882
<u>NET POSITION</u>			
Net Investment in Capital Assets	6,667,069	91,745	6,758,814
Unrestricted	2,221,234	10,621	2,231,855
TOTAL NET POSITION	\$ 8,888,303	\$ 102,366	\$ 8,990,669

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, 2021

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL ENTERPRISE FUNDS
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 850,506	\$ 14,750	\$ 865,256
<u>OPERATING EXPENSES</u>			
Operations and Maintenance	729,263	11,291	740,554
Depreciation	267,577	3,540	271,117
Total Operating Expenses	996,840	14,831	1,011,671
Operating Income (Loss)	(146,334)	(81)	(146,415)
<u>NONOPERATING REVENUE (EXPENSE)</u>			
Interest Income	9,074	0	9,074
Interest Expense	(4,990)	0	(4,990)
Total Nonoperating Revenue (Expense)	4,084	0	4,084
Change in Net Position	(142,250)	(81)	(142,331)
<u>NET POSITION - Beginning of Year</u>	9,030,553	102,447	9,133,000
<u>NET POSITION - End of Year</u>	\$ 8,888,303	\$ 102,366	\$ 8,990,669

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, 2021

	<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>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>			
Cash Flows from Operating Activities			
Cash Received from Other Governments	\$ 903,886	\$ 15,979	\$ 919,865
Cash Payments to Suppliers for Goods and Services	(372,428)	(11,674)	(384,102)
Net Cash Provided (Used) by Operating Activities	531,458	4,305	535,763
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(550,086)	0	(550,086)
Principal Payments on Long-term Debt	(105,402)	0	(105,402)
Interest Paid on Long-Term Debt	(5,405)	0	(5,405)
Net Cash Provided (Used) by Capital and Financing Activities	(660,893)	0	(660,893)
Cash Flows from Investing Activities			
Interest Income	1,693	0	1,693
Net Increase (Decrease) in Cash and Cash Equivalents	(127,742)	4,305	(123,437)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	2,667,945	5,646	2,673,591
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 2,540,203	\$ 9,951	\$ 2,550,154
<u>RECONCILIATION OF OPERATING INCOME</u>			
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>			
Operating Income (Loss)	\$ (146,334)	\$ (81)	\$ (146,415)
Adjustments to Reconcile Operating Income			
To Net Cash Provided by Operating Activities			
Depreciation	267,577	3,540	271,117
(Increase) Decrease in Current Assets			
Due from Other Governments	53,380	1,229	54,609
Increase (Decrease) in Current Liabilities			
Due to Other Governments	359,002	(383)	358,619
Due to Other Funds	(2,167)	0	(2,167)
Total Adjustments	677,792	4,386	682,178
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 531,458	\$ 4,305	\$ 535,763

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, 2021

	<u>CUSTODIAL FUNDS</u>		
	<u>TAX COLLECTION FUND</u>	<u>TRUST AND AGENCY FUND</u>	
<u>ASSETS</u>			
Cash	\$ 587	\$ 4,000	\$ 4,587
<u>LIABILITIES</u>			
Due to Other Governments	587	0	587
<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, 2021

	<u>CUSTODIAL FUNDS</u>		
	<u>TAX</u>	<u>TRUST AND</u>	
	<u>COLLECTION</u>	<u>AGENCY</u>	
	<u>FUND</u>	<u>FUND</u>	<u>TOTALS</u>
<u>ADDITIONS</u>			
Property Taxes Collected	\$ 12,161,615	\$ 0	\$ 12,161,615
Collected for Others	0	0	0
Total Additions	12,161,615	0	12,161,615
<u>DEDUCTIONS</u>			
Property Taxes Distributed	12,161,615	0	12,161,615
Disbursed to Others	0	0	0
Total Deductions	12,161,615	0	12,161,615
Net Increase (Decrease) in Fiduciary Net Position	0	0	0
<u>NET POSITION</u> - Beginning of Year	0	4,000	4,000
<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, 2021

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, 2021

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, 2021, the Township paid \$105,402 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 \$968,101 to Metro Emergency Services Authority during the year ended June 30, 2021 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.

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

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 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.

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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 funds have no measurement focus but utilize 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:

	<u>BUDGET</u>	<u>ACTUAL</u>
General Fund		
Public Works		
Roads, Streets and Bridges	\$ 5,000	\$ 7,587
Fire Fund		
Public Works		
Fire Protection	850,000	857,608
Cemetery Fund		
Public Works		
Cemetery	8,400	8,865

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.

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	20-50
Vehicles	10
Equipment	5-10

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.

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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 has unearned revenue related to charges for planning and zoning services.

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

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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.

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.

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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 2020 taxable valuation of the Township totaled \$372,134,915, on which ad valorem taxes levied consisted of 0.7235 mills for operating purposes, 2.4500 mills for fire operations, 0.2500 mills for police protection, 0.3250 mills for ambulance services and 0.7203 for farmland preservation.

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.

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, 2021. It also explains the provision provided by law that was used to remedy the violation.

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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, 2021, \$5,391,806 of the government's bank balance of \$6,141,806 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 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

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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 \$4,587	\$ 6,095,818
Petty Cash	<u>200</u>
	<u>\$ 6,096,018</u>

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

	<u>Total</u>
Cash - Fiduciary Funds	\$ 4,587
Cash - Governmental Funds	3,541,277
Cash - Proprietary Funds	<u>2,550,154</u>
	<u>\$ 6,096,018</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	\$ 79,192	\$ 0	\$ 0	\$ 0	\$ 750	\$ 79,942
Special Assessments	0	0	484,471	0	0	484,471
Due from Other Governments	176,828	0	0	72,944	0	249,772
Total	\$ 256,020	\$ 0	\$ 484,471	\$ 72,944	\$ 750	\$ 814,185

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 in the water and sewer funds consists of May and June usage payments due from Grand Traverse County.

C. Capital Assets

<u>Governmental Activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land and Development Rights	\$ 15,575,227	\$ 0	\$ 0	\$ 15,575,227
Construction in Progress	48,990	1,980	0	50,970
Total Capital Assets, Not Being Depreciated	15,624,217	1,980	0	15,626,197
Capital Assets, Being Depreciated				
Buildings and Improvements	1,457,209	0	0	1,457,209
Vehicles	97,342	0	0	97,342
Equipment	71,566	0	0	71,566
Total Capital Assets, Being Depreciated	1,626,117	0	0	1,626,117
Less Accumulated Depreciation for:				
Buildings and Improvements	432,291	116,368	0	548,659
Vehicles	86,934	5,203	0	92,137
Equipment	56,830	3,051	0	59,881
Total Accumulated Depreciation	576,055	124,622	0	700,677
Total Capital Assets, Being Depreciated, Net	1,050,062	(124,622)	0	925,440
Governmental Activities Capital Assets, Net	\$ 16,674,279	\$ (122,642)	\$ 0	\$ 16,551,637

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<u>Business-Type Activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated				
Sewer System	\$ 13,241,316	\$ 550,086	\$ 0	\$ 13,791,402
Water System	177,000	0	0	177,000
Capital Assets, Being Depreciated	<u>13,418,316</u>	<u>550,086</u>	<u>0</u>	<u>13,968,402</u>
Less Accumulated Depreciation				
Sewer System	6,742,117	267,577	0	7,009,694
Water System	81,715	3,540	0	85,255
Total Capital Assets, Being Depreciated	<u>6,823,832</u>	<u>271,117</u>	<u>0</u>	<u>7,094,949</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,594,484</u>	<u>\$ 278,969</u>	<u>\$ 0</u>	<u>\$ 6,873,453</u>

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

Governmental Activities	
General Government	\$ 14,504
Public Works	2,842
Recreation and Culture	107,276
Total Depreciation Expense - Governmental Activities	<u>\$ 124,622</u>
Business-Type Activities	
Water and Sewer	<u>\$ 271,117</u>

D. Interfund Receivables, Payables and Transfers

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. There were no interfund balances outstanding at June 30, 2021.

Interfund Transfers for the year ended June 30, 2021, were:

<u>Funds Transferred To</u>	<u>Funds Transferred From</u>	<u>Amount</u>
Police Protection Fund	Liquor Fund	<u>\$ 13,000</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

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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, 2021:

	<u>GOVERNMENTAL</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>GENERAL</u>	<u>BOND</u>	<u>TOTAL</u>	
	<u>OBLIGATION</u>	<u>OBLIGATION</u>	<u>PREMIUM</u>	<u>LONG-TERM</u>	
	<u>BONDS</u>	<u>BONDS</u>		<u>OBLIGATIONS</u>	
Balance at July 1, 2020	\$ 755,000	\$ 212,660	\$ 14,762	\$ 982,422	
Additions	0	0	0	0	
Deletions	(55,000)	(105,402)	(7,381)	(167,783)	
Balance at June 30, 2021	<u>\$ 700,000</u>	<u>\$ 107,258</u>	<u>\$ 7,381</u>	<u>\$ 814,639</u>	
Due within one year	<u>\$ 65,000</u>	<u>\$ 107,258</u>	<u>\$ 0</u>	<u>\$ 172,258</u>	

Obligations payable at June 30, 2021, 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 \$65,000 to \$75,000 with interest of 0.65% to 3.50%; Date of maturity is scheduled for September 1, 2030.	\$ 700,000
2019 Traverse City Wastewater Treatment Plant - Upgrade Refunding (Business-Type Activities) \$316,061 issued in 2019, due in one installment of \$107,258 with interest of 2.36%. Date of maturity is scheduled for April 2022.	<u>107,258</u>
	<u>\$ 807,258</u>

The above business-type activities contractual obligations to Grand Traverse County (the "County") are the result of the County issuance of bonds on the Township's behalf. The Township has pledged substantially all revenue of the water and sewer fund, net of operating expenses, to repay the obligations; in addition, it has pledged to raise property taxes, to the extent permitted by law, if necessary to fund the obligation to repay the County. Proceeds from the County bonds provided financing for the construction of the sewer facilities and assets. 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.

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The annual requirements to amortize these obligations outstanding as of June 30, 2021, including interest payments of \$115,943 are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
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	70,000	12,918	82,918	0	0	0
2027-2031	365,000	31,590	396,590	0	0	0
Total	\$ 700,000	\$ 113,412	\$ 813,412	\$ 107,258	\$ 2,531	\$ 109,789

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, 2021, the Township contributed \$27,818 to the plan, while employees made voluntary contributions of \$10,116. The Township board has the authority to amend or terminate the plan. There are no outstanding payables to the plan as of June 30, 2021.

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.

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JUNE 30, 2021

D. 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, 2021, the total cost of the project has not been estimated and no expenditures have been made.

E. Subsequent Events

After fiscal year-end, the Township plans to move forward with the following:

- Springbrook Area Subdivision road improvement special assessment project with an estimated total cost of \$589,148. Grand Traverse County Road Commission has agreed to pay \$158,235 and the Township will be responsible for the difference. The Townships portion will be financed by bonds not to exceed \$385,913.
- 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 \$1,556,000 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.

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 \$45,716 to the company for their assessing services.

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	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
REVENUES												
Property Taxes	\$ 383,250	\$ 383,250	\$ 385,064	\$ 971,371	\$ 971,371	\$ 973,587	\$ 268,820	\$ 268,820	\$ 268,754	\$ 87,215	\$ 87,215	\$ 87,699
Licenses and Permits	87,900	87,900	86,573	0	0	0	0	0	0	0	0	0
Federal Grants	0	0	0	0	0	0	0	0	0	0	0	0
State Grants	391,904	391,904	437,798	0	0	0	0	0	0	0	0	0
Charges for Services	51,275	51,275	57,268	0	0	0	0	0	0	0	0	0
Interest and Rents	3,080	3,080	2,767	0	0	0	600	600	568	0	0	0
Other Revenues	24,100	24,100	26,886	0	0	0	0	0	0	8,700	8,700	0
Total Revenues	941,509	941,509	996,356	971,371	971,371	973,587	269,420	269,420	269,322	95,915	95,915	87,699
EXPENDITURES												
General Government												
Township Board	160,840	160,840	145,345	0	0	0	0	0	0	0	0	0
Supervisor	62,700	62,700	58,667	0	0	0	0	0	0	0	0	0
Election	15,800	15,800	15,722	0	0	0	0	0	0	0	0	0
Assessor	57,900	57,900	54,060	0	0	0	0	0	0	0	0	0
Clerk	90,084	90,084	88,722	0	0	0	0	0	0	0	0	0
Board of Review	1,535	1,535	804	0	0	0	0	0	0	0	0	0
Treasurer	74,092	74,092	73,141	0	0	0	0	0	0	0	0	0
Building and Grounds	99,010	99,010	47,271	0	0	0	0	0	0	0	0	0
Public Safety												
Police	0	0	0	0	0	0	0	0	0	84,230	84,930	71,278
Fire Protection	0	0	0	850,000	850,000	857,608	0	0	0	0	0	0
Ambulance	0	0	0	110,000	133,000	110,493	0	0	0	0	0	0
Public Works												
Roads, Streets, and Bridges	5,000	5,000	7,587	0	0	0	0	0	0	0	0	0
Street Lighting	12,000	12,000	10,573	0	0	0	0	0	0	0	0	0
Community and Economic Development												
Planning and Zoning	174,930	174,930	155,944	0	0	0	0	0	0	0	0	0
Farmland Preservation	0	0	0	0	0	0	267,950	267,950	42,847	0	0	0
Recreation and Culture												
Parks and Recreation	102,848	102,848	77,819	0	0	0	0	0	0	0	0	0
Capital Outlay	20,000	20,000	18,953	0	0	0	0	0	0	0	0	0
Contingency	56,000	56,000	0	0	0	0	0	0	0	0	0	0
Total Expenditures	932,739	932,739	754,608	960,000	983,000	968,101	267,950	267,950	42,847	84,230	84,930	71,278
Excess (Deficiency) of Revenues												
Over Expenditures	8,770	8,770	241,748	11,371	(11,629)	5,486	1,470	1,470	226,475	11,685	10,985	16,421
OTHER FINANCING SOURCES (USES)												
Transfers In (Out)	0	0	0	0	0	0	0	0	0	0	13,000	13,000
Net Change in Fund Balance	8,770	8,770	241,748	11,371	(11,629)	5,486	1,470	1,470	226,475	11,685	23,985	29,421
FUND BALANCE - Beginning of Year	1,679,637	1,679,637	1,679,637	64,172	64,172	64,172	1,062,424	1,062,424	1,062,424	82	82	82
FUND BALANCE - End of Year	\$ 1,688,407	\$ 1,688,407	\$ 1,921,385	\$ 75,543	\$ 52,543	\$ 69,658	\$ 1,063,894	\$ 1,063,894	\$ 1,288,899	\$ 11,767	\$ 24,067	\$ 29,503

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2021

SPECIAL REVENUE FUNDS

	SHORELINE				TOTALS
	CEMETERY FUND	LIQUOR FUND	PRESERVATION FUND	PARK FUND	
<u>ASSETS</u>					
Cash	\$ 19,304	\$ 815	\$ 1,388	\$ 29,688	\$ 51,195
Accounts Receivable	750	0	0	0	750
Prepaid Expenditures	230	0	0	0	230
TOTAL ASSETS	<u>\$ 20,284</u>	<u>\$ 815</u>	<u>\$ 1,388</u>	<u>\$ 29,688</u>	<u>\$ 52,175</u>
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES</u>					
Accounts Payable	\$ 2,775	\$ 0	\$ 0	\$ 339	\$ 3,114
<u>FUND BALANCE</u>					
Nonspendable	230	0	0	0	230
Restricted for Specific Purposes	0	815	0	9,761	10,576
Committed for Specific Purposes	17,279	0	1,388	19,588	38,255
Total Fund Balance	<u>17,509</u>	<u>815</u>	<u>1,388</u>	<u>29,349</u>	<u>49,061</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,284</u>	<u>\$ 815</u>	<u>\$ 1,388</u>	<u>\$ 29,688</u>	<u>\$ 52,175</u>

ACME TOWNSHIP, GRAND TRAVERSE COUNTY
WILLIAMSBURG, MICHIGAN

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

YEAR ENDED JUNE 30, 2021

	<u>SPECIAL REVENUE FUNDS</u>				<u>TOTALS</u>
	<u>CEMETERY</u>	<u>LIQUOR</u>	<u>SHORELINE</u>	<u>PARK</u>	
	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	
<u>REVENUES</u>					
State Grants	\$ 0	\$ 13,011	\$ 0	\$ 0	\$ 13,011
Charges for Services	11,450	0	0	0	11,450
Interest and Rents	0	0	1	0	1
Other Revenues	0	0	0	15,226	15,226
Total Revenues	11,450	13,011	1	15,226	39,688
<u>EXPENDITURES</u>					
Public Works	8,865	0	0	0	8,865
Recreation and Culture	0	0	0	524	524
Total Expenditures	8,865	0	0	524	9,389
Excess of Revenues Over (Under) Expenditures	2,585	13,011	1	14,702	30,299
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In (Out)	0	(13,000)	0	0	(13,000)
Net Change in Fund Balance	2,585	11	1	14,702	17,299
<u>FUND BALANCE</u> - Beginning of Year	14,924	804	1,387	14,647	31,762
<u>FUND BALANCE</u> - End of Year	\$ 17,509	\$ 815	\$ 1,388	\$ 29,349	\$ 49,061

