

**Township of Macomb
Macomb County, Michigan**

**Financial Report
with Supplemental Information
June 30, 2007**

Township of Macomb

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Independent Auditor's Report

To the Board of Trustees
Township of Macomb
Macomb County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Macomb (the "Township") as of and for the year ended June 30, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Macomb's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Macomb as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison schedules, and pension system schedule of funding progress (as identified in the table of contents) are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Trustees
Township of Macomb
Macomb County, Michigan

The accompanying other supplemental information, as identified in the table of contents, is not a required part of the basic financial statements. The other supplemental information is presented for the purpose of additional analysis. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Macomb's basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

November 29, 2007

Township of Macomb

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township of Macomb (the "Township") on a government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements follow the above-mentioned statements and illustrate how the services provided by the Township were financed in the short term, as well as what remains for future spending. Additionally, fund financial statements report the Township's operations in more detail than the government-wide financial statements.

In a condensed format, the table below shows the comparison of net assets (in millions of dollars) as of June 30, 2007 to the prior year:

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current assets	\$ 43.0	\$ 43.6	\$ 46.0	\$ 46.2	\$ 89.0	\$ 89.8
Noncurrent assets:						
Restricted assets	4.4	10.4	5.9	6.0	10.3	16.4
Capital assets	<u>48.0</u>	<u>41.7</u>	<u>181.8</u>	<u>172.3</u>	<u>229.8</u>	<u>214.0</u>
Total assets	95.4	95.7	233.7	224.5	329.1	320.2
Liabilities						
Current liabilities	4.1	3.0	3.0	2.5	7.1	5.5
Long-term liabilities	<u>38.3</u>	<u>39.6</u>	<u>16.4</u>	<u>17.3</u>	<u>54.7</u>	<u>56.9</u>
Total liabilities	<u>42.4</u>	<u>42.6</u>	<u>19.4</u>	<u>19.8</u>	<u>61.8</u>	<u>62.4</u>
Net Assets						
Invested in capital assets -						
Net of related debt	13.1	11.7	170.0	159.9	183.1	171.6
Restricted	11.0	9.9	0.4	0.5	11.4	10.4
Unrestricted	<u>28.9</u>	<u>31.5</u>	<u>43.9</u>	<u>44.3</u>	<u>72.8</u>	<u>75.8</u>
Total net assets	<u>\$ 53.0</u>	<u>\$ 53.1</u>	<u>\$ 214.3</u>	<u>\$ 204.7</u>	<u>\$ 267.3</u>	<u>\$ 257.8</u>

The Township's combined net assets increased 3.6 percent from a year ago, increasing from \$257.8 million to \$267.3 million. A review of the governmental activities, separate from the business-type activities, shows a decrease of approximately \$.1 million in net assets, or 0.1 percent, during fiscal year 2007. The decrease in total net assets is primarily attributable to an excess of expenditures over revenues. The business-type activities experienced a 4.7 percent increase in net assets. This was primarily due to contributions of water and sewer lines by developers and the continued growth in the customer base.

Township of Macomb

Management's Discussion and Analysis (Continued)

Unrestricted net assets for the governmental activities were \$28.9 million at June 30, 2007. This amount represents the part of net assets that is available to finance day-to-day operations and future growth of the Township.

The following table shows the changes in net assets (in millions of dollars) as of June 30, 2007 and the prior year:

TABLE 2

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue						
Program revenue:						
Charges for services	\$ 3.9	\$ 4.2	\$ 13.1	\$ 13.3	\$ 17.0	\$ 17.5
Operating grants and contributions	0.3	-	-	-	0.3	-
Capital grants and contributions	-	-	13.2	23.1	13.2	23.1
General revenue:						
Property taxes	11.1	10.3	-	-	11.1	10.3
State-shared revenue	3.4	3.5	-	-	3.4	3.5
Interest	2.0	1.5	2.1	1.6	4.1	3.1
Cable fees and other	1.0	0.9	-	-	1.0	0.9
Total revenue	21.7	20.4	28.4	38.0	50.1	58.4
Program Expenses						
General government	7.2	3.9	-	-	7.2	3.9
Public safety	8.4	8.2	-	-	8.4	8.2
Public works	1.2	0.7	-	-	1.2	0.7
Recreation and culture	3.2	3.2	-	-	3.2	3.2
Interest on long-term debt	1.8	1.2	-	-	1.8	1.2
Water and sewer	-	-	18.8	17.4	18.8	17.4
Total program expenses	21.8	17.2	18.8	17.4	40.6	34.6
Change in Net Assets	(0.1)	3.2	9.6	20.6	9.5	23.8
Net Assets - Beginning of year -						
As restated (2005)	53.1	49.9	204.7	184.1	257.8	234.0
Net Assets - End of year	\$ 53.0	\$ 53.1	\$ 214.3	\$ 204.7	\$ 267.3	\$ 257.8

Township of Macomb

Management's Discussion and Analysis (Continued)

Governmental Activities

The Township's total governmental revenues increased by approximately \$1.3 million from the last fiscal year. This was primarily attributed to the increase in property tax revenues and interest income. An increase in total governmental revenues was achieved despite decreases in state-shared revenue.

Expenses increased by about \$4.6 million, or 26.7 percent, over the last fiscal year. This increase resulted primarily from a \$3.4 million expense to fully fund the Retiree Health Care Fund.

Business-type Activities

The Township's business-type activities are recorded in the Water and Sewer Fund. Revenues of the Township's business-type activities decreased 25.3 percent to \$28.4 million. Revenues of the Township's business-type activities decreased by \$9.6 million primarily as a result of the reduction of water and sewer lines contributed by developers during the year ended June 30, 2007.

Expenses increased 0.8 percent to \$18.8 million for the year ended June 30, 2007. The increase in expenses is primarily attributable to continued growth of the water and sewer system and increases in the cost of water and sewer purchases. The Township provides water, which is purchased from the City of Detroit water system, to nearly all its residents. The Township also provides sewage treatment to nearly all of its residents through the Macomb County sewage treatment plant. Another significant factor to the increased expenses was a \$1.2 million expense to fully fund the Retiree Health Care Fund.

The Township's Funds

Our analysis of the Township's major funds begins on pages 11 and 12, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes as well as show accountability for certain activities. The Township's major funds for 2007 include the General Fund, Parks and Recreation Operating Fund, Fire Operating Fund, Law Enforcement Sheriff Fund, Municipal Street Fund, Building Authority Debt Service Fund, and Building Authority Capital Projects Fund.

Township of Macomb

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

Over the course of the year, the Township administration and Township board monitor and amend the budget to take into account unanticipated events that occur during the year. Actual revenues exceeded budgeted revenues by 5.2 percent. Actual expenditures were 4.7 percent below budget, resulting in a carryforward of funds for subsequent year expenditures. The Township completed the year with an increase in total revenue over the budgeted amount of \$0.5 million and a decrease of total expenses over the budgeted amount of \$0.5 million.

Capital Assets and Debt Administration

At the end of fiscal year 2007, the Township had \$229.8 million invested in a wide range of capital assets, including land, buildings, fire equipment, computer equipment, and water and sewer lines. In addition, the Township is reporting infrastructure assets, which include roads and bridges in which it has invested since 1980. The value of the infrastructure assets, net of depreciation contained in this report, is \$4.0 million and \$4.2 million for fiscal years 2007 and 2006, respectively (see Note 3 of the notes to financial statements for additional information). Additionally, the value of buildings and improvements, net of depreciation, for the governmental activities is \$30.5 million and \$31.2 million for fiscal years 2007 and 2006, respectively.

Debt reported in these financial statements is related to the construction of the above-mentioned buildings and improvements assets and is reported as a liability on the statement of net assets (see Note 5 of the notes to financial statements for additional information).

Economic Factors and Next Year's Budgets and Rates

Macomb Township continues to reduce its property tax millage rate in 2007. Strong expenditure controls and past growth in the Township's tax base have helped to accomplish this planned millage rate reduction. Property taxes make up nearly 20.3 percent of the General Fund budget. Annual new growth and development in the Township have fallen 39.1 percent in the past year and are expected to remain stable for the next few years. In addition, state revenue sharing, which represents nearly 35.9 percent of the General Fund budget, is unlikely to increase due to state cutbacks and less sales tax receipts at the state level.

On the expense side, the Township continues to operate with relatively low personnel costs and an efficient labor force. While our pension system is fully funded, we do anticipate further increases in pension fund contributions due to a declining stock and bond market. We also expect continued annual increases in medical costs of nearly 5 percent to 10 percent per year. Despite these increased costs, our expense increases are anticipated to average between 4 percent and 8 percent per year. We will adjust expenses to mirror the revenue base, ensuring the continuation of the trend of excess of revenues over expenses established over 10 years ago.

Township of Macomb

Management's Discussion and Analysis (Continued)

Contacting the Township's Management

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

Township of Macomb

Statement of Net Assets June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activity	Total	
Assets				
Cash and investments (Note 2)	\$ 41,350,026	\$ 41,095,133	\$ 82,445,159	\$ 397
Receivables:				
Customers	46,475	3,927,121	3,973,596	-
Special assessments	-	203,058	203,058	-
Due from other governmental units	1,621,096	-	1,621,096	-
Internal balances (Note 4)	(36)	36	-	-
Inventories	-	809,710	809,710	-
Restricted assets (Note 6)	4,426,505	5,908,744	10,335,249	-
Capital assets not being depreciated (Note 3)	10,605,424	8,037,019	18,642,443	-
Capital assets being depreciated (Note 3)	<u>37,353,887</u>	<u>173,772,688</u>	<u>211,126,575</u>	-
Total assets	95,403,377	233,753,509	329,156,886	397
Liabilities				
Accounts payable	1,467,310	1,906,346	3,373,656	-
Accrued and other liabilities	979,568	126,426	1,105,994	-
Current liabilities payable from restricted assets (Note 6)	-	155,000	155,000	-
Noncurrent liabilities (Note 5):				
Due within one year	1,640,207	809,083	2,449,290	-
Due in more than one year	<u>38,276,438</u>	<u>16,428,647</u>	<u>54,705,085</u>	-
Total liabilities	<u>42,363,523</u>	<u>19,425,502</u>	<u>61,789,025</u>	-
Net Assets				
Invested in capital assets - Net of related debt	13,070,815	169,975,448	183,046,263	-
Restricted:				
Parks and Recreation Operating Fund	3,795,635	-	3,795,635	-
Fire Operating Fund	6,958,059	-	6,958,059	-
Law enforcement sheriff	60,137	-	60,137	-
Debt service	208,219	445,938	654,157	-
Unrestricted	<u>28,946,989</u>	<u>43,906,621</u>	<u>72,853,610</u>	397
Total net assets	<u>\$ 53,039,854</u>	<u>\$ 214,328,007</u>	<u>\$ 267,367,861</u>	<u>\$ 397</u>

Township of Macomb

	Program Revenues		
	Charges for	Operating	Capital Grants
Expenses	Services	Grants and	and
		Contributions	Contributions
Functions/Programs			
Primary government:			
Governmental activities:			
General government	\$ 7,168,157	\$ 105,812	\$ 278,949
Public safety	8,358,555	1,448,884	14,546
Public works	1,233,398	657,511	-
Recreation and culture	3,241,311	1,715,658	-
Interest on long-term debt	1,763,859	-	-
Total governmental activities	21,765,280	3,927,865	293,495
Business-type activity - Water and sewer	18,822,953	13,086,007	-
Total primary government	<u>\$ 40,588,233</u>	<u>\$ 17,013,872</u>	<u>\$ 293,495</u>
Component unit - Economic Development Corporation	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues: Property taxes State-shared revenues Interest Cable fees and other Total general revenues			
Change in Net Assets			
Net Assets - Beginning of year			
Net Assets - End of year			

Statement of Activities
Year Ended June 30, 2007

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (6,783,396)	\$ -	\$ (6,783,396)	\$ -
(6,895,125)	-	(6,895,125)	-
(575,887)	-	(575,887)	-
(1,525,653)	-	(1,525,653)	-
(1,763,859)	-	(1,763,859)	-
(17,543,920)	-	(17,543,920)	-
-	7,507,734	7,507,734	-
(17,543,920)	7,507,734	(10,036,186)	-
-	-	-	(255)
11,096,981	-	11,096,981	-
3,411,354	-	3,411,354	-
1,945,723	2,103,076	4,048,799	-
1,032,500	-	1,032,500	-
17,486,558	2,103,076	19,589,634	-
(57,362)	9,610,810	9,553,448	(255)
53,097,216	204,717,197	257,814,413	652
\$ 53,039,854	\$ 214,328,007	\$ 267,367,861	\$ 397

Township of Macomb

	General Fund	Parks and Recreation Operating Fund	Fire Operating Fund	Law Enforcement Sheriff
Assets				
Cash and investments (Note 2)	\$ 21,786,759	\$ 3,872,411	\$ 7,073,959	\$ 60,903
Receivables - Net	1,099,173	-	2,985	-
Due from other funds (Note 4)	53,269	26,230	-	-
Restricted assets (Note 6)	-	-	-	-
Total assets	<u>\$ 22,939,201</u>	<u>\$ 3,898,641</u>	<u>\$ 7,076,944</u>	<u>\$ 60,903</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 240,106	\$ 78,418	\$ 28,461	\$ 766
Accrued and other liabilities	125,790	24,588	64,194	-
Due to other funds	24,049	-	26,230	-
Total liabilities	389,945	103,006	118,885	766
Fund Balances				
Reserved for Building Authority				
Capital Projects	-	-	-	-
Unreserved:				
General Fund	22,549,256	-	-	-
Special Revenue Funds	-	3,795,635	6,958,059	60,137
Capital Projects Funds	-	-	-	-
Designated - Debt Service Funds	-	-	-	-
Total fund balances	<u>22,549,256</u>	<u>3,795,635</u>	<u>6,958,059</u>	<u>60,137</u>
Total liabilities and fund balances	<u>\$ 22,939,201</u>	<u>\$ 3,898,641</u>	<u>\$ 7,076,944</u>	<u>\$ 60,903</u>

**Governmental Funds
Balance Sheet
June 30, 2007**

Building Authority Debt Service	Building Authority Capital Projects	Municipal Street	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 73,207	\$ 324,247	\$ 2,274,135	\$ 5,884,405	\$ 41,350,026
-	-	-	-	1,102,158
-	-	24,013	-	103,512
-	4,426,505	-	-	4,426,505
<u>\$ 73,207</u>	<u>\$ 4,750,752</u>	<u>\$ 2,298,148</u>	<u>\$ 5,884,405</u>	<u>\$ 46,982,201</u>
\$ -	\$ 1,112,017	\$ 93	\$ 7,449	\$ 1,467,310
-	-	764,996	-	979,568
-	4,672	-	48,597	103,548
-	1,116,689	765,089	56,046	2,550,426
-	3,634,063	-	-	3,634,063
-	-	-	-	22,549,256
-	-	-	2,695,108	13,508,939
-	-	1,533,059	2,998,239	4,531,298
73,207	-	-	135,012	208,219
<u>73,207</u>	<u>3,634,063</u>	<u>1,533,059</u>	<u>5,828,359</u>	<u>44,431,775</u>
<u>\$ 73,207</u>	<u>\$ 4,750,752</u>	<u>\$ 2,298,148</u>	<u>\$ 5,884,405</u>	<u>\$ 46,982,201</u>

Township of Macomb

Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets Year Ended June 30, 2007

Fund Balances - Total Governmental Funds	\$ 44,431,775
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlays as expenditures; in the statement of net assets, these costs are allocated over their estimated useful lives as depreciation	47,959,311
Certain receivables are expected to be collected after 60 days and are not available to pay for current year expenditures	565,413
Long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(39,916,645)</u>
Net Assets of Governmental Activities	<u>\$ 53,039,854</u>

Township of Macomb

	General Fund	Parks and Recreation Operating Fund	Fire Operating Fund	Law Enforcement Sheriff
Revenue				
Property taxes and fees	\$ 2,073,394	\$ 2,564,021	\$ 3,761,641	\$ 2,697,925
Licenses and permits	1,934,429	-	-	-
Federal grants	278,949	-	-	-
State-shared revenues and grants	3,485,698	-	-	14,546
Charges for services	279,921	1,715,658	-	-
Fines and forfeitures	138,500	-	-	-
Special assessment	657,511	-	-	-
Interest	921,514	106,325	262,249	14,756
Other	305,842	-	8,266	-
Total revenue	10,075,758	4,386,004	4,032,156	2,727,227
Expenditures				
Current:				
General government	6,272,303	-	-	-
Public safety	1,790,597	-	2,673,936	2,828,305
Public works	1,038,553	-	-	-
Recreation and culture	235,942	2,270,316	-	-
Employee benefits and insurance	1,273,600	-	-	-
Capital outlay	-	-	-	-
Debt service	-	42,179	-	-
Total expenditures	10,610,995	2,312,495	2,673,936	2,828,305
Excess of Revenue Over (Under) Expenditures	(535,237)	2,073,509	1,358,220	(101,078)
Other Financing Sources (Uses)				
Transfers in (Note 4)	182,100	-	-	-
Transfers out (Note 4)	(370,450)	(1,975,050)	(110,000)	-
Total other financing sources (uses)	(188,350)	(1,975,050)	(110,000)	-
Net Change in Fund Balances	(723,587)	98,459	1,248,220	(101,078)
Fund Balances - Beginning of year	23,272,843	3,697,176	5,709,839	161,215
Fund Balances - End of year	\$ 22,549,256	\$ 3,795,635	\$ 6,958,059	\$ 60,137

**Governmental Funds
Statement of Revenue, Expenditures, and
Changes in Fund Balances
Year Ended June 30, 2007**

Building Authority Debt Service	Building Authority Capital Projects	Municipal Street	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 11,096,981
-	-	-	-	1,934,429
-	-	-	-	278,949
-	-	-	-	3,500,244
-	-	-	-	1,995,579
-	-	-	-	138,500
-	-	-	-	657,511
7,927	324,247	53,575	255,130	1,945,723
-	-	45,698	-	359,806
7,927	324,247	99,273	255,130	21,907,722
-	-	-	957,890	7,230,193
-	-	-	-	7,292,838
-	-	-	-	1,038,553
-	-	-	-	2,506,258
-	-	-	-	1,273,600
-	6,904,159	-	-	6,904,159
2,795,986	-	-	-	2,838,165
2,795,986	6,904,159	-	957,890	29,083,766
(2,788,059)	(6,579,912)	99,273	(702,760)	(7,176,044)
2,635,775	-	-	80,000	2,897,875
-	-	-	(442,375)	(2,897,875)
2,635,775	-	-	(362,375)	-
(152,284)	(6,579,912)	99,273	(1,065,135)	(7,176,044)
225,491	10,213,975	1,433,786	6,893,494	51,607,819
\$ 73,207	\$ 3,634,063	\$ 1,533,059	\$ 5,828,359	\$ 44,431,775

Township of Macomb

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ (7,176,044)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	6,235,328
Revenue is reported in the statement of activities at the time it is earned, without regard to timeliness of collection	(74,324)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,074,306
Accumulated employee sick and vacation pay is recorded when earned in the statement of activities	<u>(116,628)</u>
Change in Net Assets of Governmental Activities	<u>\$ (57,362)</u>

Township of Macomb

Proprietary Fund Statement of Net Assets June 30, 2007

	Enterprise Fund - Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 41,095,133
Receivables:	
Customers	3,927,121
Special assessments	203,058
Due from other funds (Note 4)	36
Inventories	<u>809,710</u>
Total current assets	46,035,058
Noncurrent assets:	
Restricted assets (Note 6)	5,908,744
Capital assets not being depreciated (Note 3)	8,037,019
Capital assets being depreciated (Note 3)	<u>173,772,688</u>
Total noncurrent assets	<u>187,718,451</u>
Total assets	233,753,509
Liabilities	
Current liabilities:	
Accounts payable	1,906,346
Accrued and other liabilities	126,426
Current liabilities payable from restricted assets (Note 6)	155,000
Current portion of long-term debt (Note 5)	<u>809,083</u>
Total current liabilities	2,996,855
Noncurrent liabilities:	
Provision for compensated absences (Note 5)	133,838
Long-term debt - Net of current portion (Note 5)	<u>16,294,809</u>
Total noncurrent liabilities	<u>16,428,647</u>
Total liabilities	<u>19,425,502</u>
Net Assets	
Investment in capital assets - Net of related debt	169,975,448
Restricted - Debt service	445,938
Unrestricted	<u>43,906,621</u>
Total net assets	<u><u>\$ 214,328,007</u></u>

Township of Macomb

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2007

	Enterprise Fund - Water and Sewer
Operating Revenue	
Sale of water	\$ 6,626,572
Sewage disposal charges	5,980,555
Charges for services	478,880
Total operating revenue	13,086,007
Operating Expenses	
Cost of water	5,005,972
Cost of sewage disposal	4,929,497
Operation and maintenance	921,096
General and administrative	2,060,884
Depreciation	3,779,562
Total operating expenses	16,697,011
Operating Loss	(3,611,004)
Nonoperating Revenue (Expense)	
Investment income	2,103,076
Contributions to Retiree Health Fund	(1,223,721)
Interest expense	(902,221)
Loss - Before contributions	(3,633,870)
Capital Contributions	
Developers	11,834,736
Tap fees and frontage charges	1,409,944
Total capital contributions	13,244,680
Change in Net Assets	9,610,810
Net Assets - Beginning of year	204,717,197
Net Assets - End of year	\$ 214,328,007

Township of Macomb

Proprietary Fund Statement of Cash Flows Year Ended June 30, 2007

	Enterprise Fund - Water and Sewer
Cash Flows from Operating Activities	
Receipts from customers	\$ 12,716,601
Payments to suppliers	(11,345,584)
Payments to employees	(1,179,698)
Internal activity - Payments from other funds	(496,479)
	<u>(496,479)</u>
Net cash used in operating activities	(305,160)
Cash Flows from Capital and Related Financing Activities	
Receipt of capital contributions	1,409,944
Collection of special assessments - Principal and interest	26,711
Contribution to Retiree Health Fund	(1,223,721)
Purchase of capital assets	(1,473,213)
Principal and interest paid on long-term debt	(1,657,470)
	<u>(1,657,470)</u>
Net cash used in capital and related financing activities	(2,917,749)
Cash Flows from Investing Activities - Interest received on investments	<u>2,103,076</u>
Net Decrease in Cash and Cash Equivalents	(1,119,833)
Cash and Cash Equivalents - Beginning of year	<u>48,123,710</u>
Cash and Cash Equivalents - End of year	<u>\$ 47,003,877</u>
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 41,095,133
Restricted investments (Note 6)	5,908,744
	<u>5,908,744</u>
Total cash and cash equivalents	<u>\$ 47,003,877</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (3,611,004)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	3,779,562
Changes in assets and liabilities:	
Receivables	(369,406)
Inventory	27,563
Due to other funds	(496,479)
Accounts payable	324,290
Accrued and other liabilities	40,314
	<u>40,314</u>
Net cash used in operating activities	<u>\$ (305,160)</u>

Noncash Investing, Capital, and Financing Activities - During the year ended June 30, 2007, developers constructed water and sewer lines with an estimated value of \$11,834,736 and donated them to the Township's Water and Sewer Enterprise Fund.

Township of Macomb

Fiduciary Funds Statement of Net Assets June 30, 2007

	Trust Funds - Pensions and Other Retirement Benefits	Agency Funds
Assets		
Cash and cash equivalents	\$ 4,946,852	\$ 1,932,676
Investments:		
Federal agency securities	263,887	-
Corporate bonds	303,235	-
Equities	1,517,301	-
Money market funds	179,188	-
U.S. Treasury bonds	208,753	-
Mutual funds	423,381	-
Other assets	48	-
	<hr/>	<hr/>
Total assets	7,842,645	<u>\$ 1,932,676</u>
Liabilities		
Due to other governmental units	-	\$ 50,730
Cash bonds and deposits	-	1,881,946
	<hr/>	<hr/>
Total liabilities	-	<u>\$ 1,932,676</u>
Net Assets - Held in trust for pension and other employee benefits	<u>\$ 7,842,645</u>	

Township of Macomb

Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2007

	Trust Funds - Pensions and Other Retirement Benefits
Additions	
Investment income - Interest and dividends	\$ 509,371
Contributions:	
Employer	4,829,571
Employee	<u>25,845</u>
Total contributions	<u>4,855,416</u>
Total additions	5,364,787
Deductions	
Benefit payments	33,949
Administrative expenses	<u>5,179</u>
Total deductions	<u>39,128</u>
Net Increase	5,325,659
Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of year	<u>2,516,986</u>
End of year	<u><u>\$ 7,842,645</u></u>

Note I - Summary of Significant Accounting Policies

The accounting policies of the Township of Macomb (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township of Macomb:

Reporting Entity

The Township of Macomb is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Blended Component Units - The following component units are reported as if they were parts of the primary government in the financial statements.

- a. The fire retirement system has been blended into the Township's financial statements. The system is governed by a five-member pension board that includes the Macomb Township treasurer, two individuals chosen by the Township's board, and two elected fire department members. The system is reported as if it were part of the primary government because of the fiduciary responsibility that the Township retains relative to the operations of the retirement system.
- b. The Macomb Township Building Authority is governed by a three-member board that is appointed by the Township's board of trustees. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its primary purpose is to provide certain facilities necessary for the operation of the Township's government and to finance and construct the Township's public buildings.

Note 1 - Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Unit - The Economic Development Corporation is reported within the component unit column in the combined financial statements. The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township so as to provide needed services and facilities of such enterprises to the residents of the Township. The Corporation's governing body, which consists of eight individuals, is selected by the Township board. The component unit does not issue its own financial statements.

Jointly Governed Organization - The Township, in conjunction with Clinton Township, has created the Clinton Macomb District Library (the "Library"). The Library's board is composed of three members appointed by Clinton Township's board of trustees and three members appointed by Macomb Township's board of trustees. The Library is funded through property taxes, specifically through a separate property tax millage that is not recorded as revenue by Macomb Township. The Library currently does not receive a subsidy from the Township. The financial statements for the Library can be obtained from the Library's administrative office at 43245 Garfield Rd., Clinton Township, MI. The Township is unaware of any circumstance that would cause an additional benefit or burden to the participating governments of the above joint venture in the near future.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

Note I - Summary of Significant Accounting Policies (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual Enterprise Fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Note I - Summary of Significant Accounting Policies (Continued)

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the Township.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Parks and Recreation Operating Fund - The Parks and Recreation Operating Fund accounts for the activities of the parks and recreation department and all resources used for the purpose of providing this service.

Fire Operating Fund - The Fire Operating Fund accounts for all of the activities of the Township's fire department, except for the purchase of equipment.

Law Enforcement Sheriff Fund - The Law Enforcement Sheriff Fund accounts for the police activities of the Township.

Building Authority Debt Service Fund - The Building Authority Debt Service Fund accounts for all debt payments made related to construction activities for new Township facilities.

Building Authority Capital Projects Fund - The Building Authority Fund (a Capital Projects Fund type) accounts for construction activities for new Township facilities.

Municipal Street Fund - The Municipal Street Fund accounts for reimbursements made to the county for street projects performed by the county on behalf of the Township.

The Township reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system.

Note 1 - Summary of Significant Accounting Policies (Continued)

Additionally, the Township reports the following funds:

Pension Trust Fund and Retiree Medical Benefit Fund - The Pension Trust Fund and the Retiree Medical Benefit Fund account for the activities of the fire employees' retirement system, which accumulates resources for pension benefit payments to qualified fire employees and for medical benefits provided to employees during retirement, respectively.

Agency Funds - The Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of the proprietary fund relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Assets, Liabilities, and Net Assets or Equity

Cash and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Note I - Summary of Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The 2006 taxable valuation of the Township totaled \$3,091,880,740, on which ad valorem taxes levied consisted of 0.6789 mills for the Township's operating purposes, 1.25 mills for fire operating purposes, 0.0495 mills for fire pension, 0.8702 mills for police protection, and 0.8271 mills for parks and recreation. The ad valorem taxes raised \$2,105,526 for general operations, \$3,761,641 for fire operations, \$153,302 for fire pension, \$2,697,925 for police protection, and \$2,564,021 for parks and recreation. The Fire Pension Fund's tax revenue is recorded as an employer contribution to the pension system. The remaining amounts are recorded in their respective funds as tax revenue.

Inventories and Prepaid Costs - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets - The bonds of the Enterprise Fund and the governmental funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets. Also, the Township has restricted assets for unspent bond proceeds.

Township of Macomb

Notes to Financial Statements June 30, 2007

Note I - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., amounts paid to the Road Commission for the intangible right to use the roads) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 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 estimated fair market value at the date of donation.

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

Infrastructure	25 years
Water and sewer mains	50-70 years
Water meters	50 years
Buildings and building improvements	40 years
Vehicles	5 years
Office furnishings	7 years
Other tools and equipment	5-7 years

Compensated Absences - The Township allows employees to accumulate earned but unused sick and vacation pay benefits. The government-wide and proprietary statements accrue all vacation and personal pay as it is earned, and sick pay as it is used or vested (whichever is earlier). A liability for these amounts is reported in governmental funds as it comes due for payment (when the time is taken off, or employees terminate).

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as expenditures.

Township of Macomb

Notes to Financial Statements June 30, 2007

Note I - Summary of Significant Accounting Policies (Continued)

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the period. Actual results could differ from those estimates.

Construction Code Act - The Township tracks the results of building department operation in the General Fund in accordance with Michigan Public Act 245 of 1999. The Township is required to maintain an accounting system that separately accumulates revenues and expenditures related to the building department function. As required under the provision of the Act, the Township adopted this accounting treatment effective January 1, 2000. A summary of the activity since January 1, 2000 is as follows:

Cumulative expenditures over revenue - July 1, 2006		\$ (2,168,856)
2006-2007 building department activity:		
Permit revenue	\$ 1,238,587	
Expenditures	<u>(2,015,276)</u>	
Net shortfall for the year ended June 30, 2007		<u>(776,689)</u>
Cumulative expenditures over revenue - June 30, 2007		<u><u>\$ (2,945,545)</u></u>

Note 2 - Deposits and Investments

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

The Pension Trust Fund and Retiree Health Care Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated 17 banks for the deposit of its funds. The investment policy adopted by the board has authorized investments in accordance with Public Act 196 of 1997. The Township's deposits are in accordance with statutory requirements.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$101,961,165 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Township of Macomb

Notes to Financial Statements June 30, 2007

Note 2 - Deposits and Investments (Continued)

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name:

Type of Investment	Fair Value of Township-wide Deposits and Investments	Fair Value of Pension Trust and Retiree Healthcare Funds	How Held
Negotiable certificates of deposits	\$ 1,284,277	\$ -	Counterparty
U.S. Treasury bonds	-	208,753	Counterparty
Agency bonds	-	263,886	Counterparty
Equities (pension)	-	1,517,302	Counterparty
Corporate bonds (pension)	-	303,235	Counterparty

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value of Township-wide Deposits and Investments	Fair Value of Pension Trust and Retiree Healthcare Funds	Weighted Average Maturity (Years)
U.S. Treasury bonds	\$ -	\$ 208,753	4.37
Agency bonds	-	263,886	11.93

Township of Macomb

Notes to Financial Statements June 30, 2007

Note 2 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pool	\$ 9,559,086	AAA	Moody's/Standard & Poor's
Agency bonds	263,886	AAA	Standard & Poor's

Note 3 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance July 1, 2006	Additions	Disposals and Adjustments	Balance June 30, 2007
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 3,182,226	\$ 1	\$ -	\$ 3,182,227
Construction in progress	550,979	6,872,218	-	7,423,197
Subtotal	3,733,205	6,872,219	-	10,605,424
Capital assets being depreciated:				
Infrastructure	5,246,536	-	21,649	5,224,887
Buildings and improvements	34,961,519	140,702	-	35,102,221
Vehicles	2,593,234	874,527	28,524	3,439,237
Office furnishings	3,192,522	234,411	36,018	3,390,915
Other tools and equipment	1,025,343	69,823	-	1,095,166
Subtotal	47,019,154	1,319,463	86,191	48,252,426
Accumulated depreciation:				
Infrastructure	1,042,950	208,424	-	1,251,374
Buildings and improvements	3,747,163	875,988	-	4,623,151
Vehicles	2,010,417	310,141	28,524	2,292,034
Office furnishings	1,822,854	393,190	36,018	2,180,026
Other tools and equipment	404,992	146,962	-	551,954
Subtotal	9,028,376	1,934,705	64,542	10,898,539
Net capital assets being depreciated	37,990,778	(615,242)	21,649	37,353,887
Net capital assets	\$ 41,723,983	\$ 6,256,977	\$ 21,649	\$ 47,959,311

Township of Macomb

Notes to Financial Statements June 30, 2007

Note 3 - Capital Assets (Continued)

	Balance July 1, 2006	Additions	Disposals and Adjustments	Balance June 30, 2007
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 91,700	\$ -	\$ -	\$ 91,700
Construction in progress	6,638,242	1,307,077	-	7,945,319
Subtotal	6,729,942	1,307,077	-	8,037,019
Capital assets being depreciated:				
Water and sewer mains	187,397,830	11,834,736	-	199,232,566
Water meters	4,290,108	146,212	-	4,436,320
Buildings and building improvements	2,558,702	-	-	2,558,702
Vehicles	709,742	15,851	1,757	723,836
Furniture and equipment	780,455	5,829	-	786,284
Subtotal	195,736,837	12,002,628	1,757	207,737,708
Accumulated depreciation:				
Water and sewer mains	27,753,316	3,499,831	-	31,253,147
Water meters	727,603	87,264	-	814,867
Buildings and building improvements	587,950	63,968	-	651,918
Vehicles	552,713	58,659	1,757	609,615
Furniture and equipment	563,876	71,597	-	635,473
Subtotal	30,185,458	3,781,319	1,757	33,965,020
Net capital assets being depreciated	165,551,379	8,221,309	-	173,772,688
Net capital assets	\$ 172,281,321	\$ 9,528,386	\$ -	\$ 181,809,707

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

Governmental activities:	
General government	\$ 564,059
Public safety	582,583
Public works	230,863
Recreation and culture	557,200
Total governmental activities	\$ 1,934,705
Business-type activities - Water and sewer	\$ 3,781,319

Township of Macomb

Notes to Financial Statements June 30, 2007

Note 3 - Capital Assets (Continued)

Construction Commitments - The Township of Macomb has an active construction project at year end as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Parks and Recreation Addition - Phase II	\$ 6,315,262	\$ 1,197,612

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General Fund	Building Authority Capital Projects Fund	\$ 4,672
General Fund	Nonmajor governmental funds	48,597
Water and Sewer Enterprise Fund	General Fund	36
Parks and Recreation Operating Fund	Fire Operating Fund	26,230
Municipal Street Fund	General Fund	<u>24,013</u>
Total		<u>\$ 103,548</u>

Interfund balances represent routine and temporary cash flow assistance until funds are transferred from investment accounts.

Interfund Transfers Reported in the Fund Statements

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
General Fund	Building Authority Debt Service Fund	\$ 370,450
Parks and Recreation Operating Fund	Building Authority Debt Service Fund	1,895,050
Parks and Recreation Operating Fund	Nonmajor governmental funds	80,000
Fire Operating Fund	Building Authority Debt Service Fund	110,000
Nonmajor governmental funds	Building Authority Debt Service Fund	260,275
Nonmajor governmental funds	General Fund	<u>182,100</u>
Total		<u>\$ 2,897,875</u>

Interfund transfers provided funding for operating assistance, capital projects, capital acquisitions, and debt service.

Township of Macomb

Notes to Financial Statements June 30, 2007

Note 5 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the Township) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds:							
2000 Building Authority Bonds							
Amount of issue - \$7,800,000	5.10%	\$100,000 -					
Maturing through 2010	8.00%	\$200,000	\$ 700,000	\$ -	\$ 100,000	\$ 600,000	\$ 200,000
2001 Building Authority Bonds							
Amount of issue - \$10,000,000	4.00%	\$30,000 -					
Maturing through 2027	5.25%	\$970,000	8,660,000	-	30,000	8,630,000	30,000
2002 Building Authority Bonds							
Amount of issue - \$12,700,000	3.15%	\$400,000 -					
Maturing through 2022	4.30%	\$900,000	3,000,000	-	400,000	2,600,000	500,000
2003 Building Authority Bonds							
Amount of issue - \$2,700,000	2.00%	\$75,000 -					
Maturing through 2022	4.00%	\$250,000	2,550,000	-	100,000	2,450,000	100,000
2003B Building Authority Bonds							
Amount of issue - \$6,000,000	2.50%	\$125,000 -					
Maturing through 2023	4.50%	\$550,000	5,750,000	-	150,000	5,600,000	150,000
2005 Building Authority Refund Bonds							
Amount of issue - \$9,800,000	3.00%	\$40,000 -					
Maturing through 2022	4.15%	\$1,070,000	9,685,000	-	50,000	9,635,000	50,000
2006 Building Authority Bonds							
Amount of issue - \$10,000,000	4.00%	\$200,000 -					
Maturing through 2025	4.375%	\$900,000	10,000,000	-	200,000	9,800,000	250,000
Installment purchase agreements:							
1997 land contract agreement							
Amount of issue - \$360,000	5.38%	\$38,535 -					
Maturing through 2007		\$45,188	44,306	-	44,306	-	-
Total bond obligations			40,389,306	-	1,074,306	39,315,000	1,280,000
Other long-term obligations -							
Compensated absences							
			485,017	116,628	-	601,645	360,207
Total governmental activities			40,874,323	116,628	1,074,306	39,916,645	1,640,207

Township of Macomb

Notes to Financial Statements June 30, 2007

Note 5 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
General obligation bonds:							
2002 GO Capital Improvement Bond							
Amount of issue - \$6,000,000	3.00%	\$175,000 -					
Maturing through 2022	5.00%	\$450,000	\$ 5,325,000	\$ -	\$ 200,000	\$ 5,125,000	\$ 225,000
2004 GO Refund Bond							
Amount of issue - \$4,915,000	2.00%	\$95,000 -					
Maturing through 2018	3.80%	\$760,000	4,615,000	-	200,000	4,415,000	215,000
Revenue bonds:							
1998 Refunding Bonds							
Amount of issue - \$3,390,000	4.05%	\$265,000 -					
Maturing through 2012	4.35%	\$390,000	2,065,000	-	265,000	1,800,000	310,000
Total bond obligations			12,005,000	-	665,000	11,340,000	750,000
Other long-term obligations:							
1999 Garfield Interceptor Debt							
Amount of issue - \$6,364,761	7.50%	\$61,293					
Maturing through 2031		\$503,814	5,892,315	-	90,250	5,802,065	97,256
Compensated absences			220,902	29,763	-	250,665	116,827
Total other long-term obligations			6,113,217	29,763	90,250	6,052,730	214,083
Total business-type activities			18,118,217	29,763	755,250	17,392,730	964,083
Total			\$ 58,992,540	\$ 146,391	\$ 1,829,556	\$ 57,309,375	\$ 2,604,290

Annual debt service requirements to maturity for the above governmental bond and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 1,280,000	\$ 1,659,300	\$ 2,939,300	\$ 847,256	\$ 871,212	\$ 1,718,468
2009	1,360,000	1,611,463	2,971,463	899,806	835,762	1,735,568
2010	1,410,000	1,559,631	2,969,631	897,942	797,814	1,695,756
2011	1,450,000	1,510,013	2,960,013	971,710	757,372	1,729,082
2012	1,560,000	1,449,010	3,009,010	996,159	713,755	1,709,914
2013-2017	10,055,000	6,216,653	16,271,653	5,165,286	2,890,032	8,055,318
2018-2022	16,450,000	3,572,095	20,022,095	4,154,383	1,745,688	5,900,071
2023-2027	5,750,000	638,875	6,388,875	1,743,057	902,505	2,645,562
2028-2031	-	-	-	1,466,466	182,658	1,649,124
Total	\$ 39,315,000	\$ 18,217,040	\$ 57,532,040	\$ 17,142,065	\$ 9,696,798	\$ 26,838,863

Township of Macomb

Notes to Financial Statements June 30, 2007

Note 5 - Long-term Debt (Continued)

Defeased Debt - In the prior year, the Township defeased general obligation bonds by placing surplus cash in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bond are not included in the governmental activities statement of net assets. At June 30, 2007, \$6,700,000 of bonds outstanding is considered defeased.

Note 6 - Restricted Assets

Specific assets of the Water and Sewer Fund and the Building Authority Capital Projects Fund have been restricted for operations and maintenance, replacement, and debt service as well as unspent bond proceeds. Following is the detail of restricted assets at June 30, 2007:

Water and Sewer Fund:

Restricted assets from bond covenants:

Cash and cash equivalents	\$ 600,938
Less current liabilities payable from restricted assets	<u>(155,000)</u>

Total restricted assets from bond covenants	445,938
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Cash and cash equivalents from unspent bond proceeds

<u>5,307,806</u>

Total Water and Sewer Fund	5,753,744
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Building Authority Capital Projects Fund - Restricted assets	<u>4,426,505</u>
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Total	<u>\$ 10,180,249</u>
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Net assets have been reserved for restricted assets.

Note 7 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for specific property, such as vehicles, computers, and employee medical claims. The Township also participates in the Michigan Municipal League risk pool for claims relating to all other property losses, torts, errors and omissions, and employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 7 - Risk Management (Continued)

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 8 - Defined Benefit Pension Plan and Postretirement Benefits

Plan Description - The Township contributes to the fire retirement system, which is the administrator of a single-employer public employees' retirement system that covers all full-time fire fighters of the Township. The plan does not issue a separate financial report.

The system provides retirement, death, and disability benefits to plan members and their beneficiaries. At June 30, 2007, membership consisted of two retirees and beneficiaries currently receiving benefits and one terminated employee entitled to benefits but not yet receiving them, and nine current active employees.

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

The obligation to contribute to and maintain the system for these employees was established by a vote of the taxpayers in 1988 and requires a contribution from the employees of 5 percent of gross wages. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Administrative costs of the plan are financed through investment earnings.

Note 8 - Defined Benefit Pension Plan and Postretirement Benefits (Continued)

Annual Pension Costs - For the year ended June 30, 2007, the Township's annual pension cost is \$153,302, which was equal to the actual and required contributions. The annual required contribution was determined as part of an actuarial valuation at June 30, 2006, using the entry age actuarial funding method. Significant actuarial assumptions used include (i) a 7.0 percent investment rate of return, (ii) projected salary increases of 5.0 percent per year, (iii) additional projected salary increases ranging from 0.2 percent to 3.8 percent per year, attributable to seniority/merit and age, and (iv) no postretirement benefit increases. Assumption (ii) includes an inflation component of 5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 15 years.

Three-year Trend Information of Annual Pension Cost

	2007	2006	2005
Annual pension costs (APC)	\$ 153,302	\$ 82,777	\$ 122,991
Percentage of annual required contribution actually contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

Reserves

As of June 30, 2007, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contribution	\$ 168,112
Reserve for retired benefit payments	204,466

Township of Macomb

Notes to Financial Statements June 30, 2007

Note 9 - Other Postemployment Benefits

Health Care for Retirees

The Township provides healthcare benefits to all full-time employees upon retirement in accordance with labor contracts. Currently, 15 retirees are eligible for postemployment health benefits. The Township includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution recognized by the participant. Expenditures for postemployment healthcare benefits are recognized as the insurance premiums come due. During the year, this amounted to approximately \$212,000.

The following are condensed financial statements for the retirement system and Retiree Health Care Fund:

	Pension and Other Retirement Benefit Funds		
	Retirement System	Retiree Health Care	Total
	System	Care	Total
Statement of Net Assets			
Cash and investments	\$ 1,529,069	\$ 6,313,528	\$ 7,842,597
Other assets	48	-	48
Net assets	<u>\$ 1,529,117</u>	<u>\$ 6,313,528</u>	<u>\$ 7,842,645</u>
Statement of Changes in Net Assets			
Investment income	\$ 153,689	\$ 355,682	\$ 509,371
Contributions	179,147	4,676,269	4,855,416
Benefit payments	(33,949)	-	(33,949)
Other decreases	(5,179)	-	(5,179)
Changes in net assets	<u>\$ 293,708</u>	<u>\$ 5,031,951</u>	<u>\$ 5,325,659</u>

Note 9 - Other Postemployment Benefits (Continued)

Upcoming Reporting Change

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any other postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

Required Supplemental Information

Township of Macomb

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 23,272,843	\$ 23,272,843	\$ 23,272,843	\$ -
Resources (Inflows)				
Property taxes and fees	1,980,000	1,980,000	2,073,394	93,394
Licenses and permits	2,153,500	2,153,500	1,934,429	(219,071)
Federal grants	50,000	50,000	278,949	228,949
State-shared revenues and grants	3,500,000	3,500,000	3,485,698	(14,302)
Charges for services	412,099	412,099	279,921	(132,178)
Fines and forfeitures	152,000	152,000	138,500	(13,500)
Special assessment	700,000	700,000	657,511	(42,489)
Interest	532,500	532,500	921,514	389,014
Other	191,350	191,350	305,842	114,492
Transfer from other funds	75,000	75,000	182,100	107,100
Total resources (inflows)	9,746,449	9,746,449	10,257,858	511,409
Charges to Appropriations (Outflows)				
General government	6,535,323	6,453,910	6,272,303	181,607
Public safety	1,874,350	1,923,425	1,790,597	132,828
Public works	870,000	1,044,000	1,038,553	5,447
Parks and recreation	301,000	301,000	235,942	65,058
Employee benefits and insurance	1,439,265	1,425,153	1,273,600	151,553
Operating transfers out	498,000	370,450	370,450	-
Total charges to appropriations (outflows)	11,517,938	11,517,938	10,981,445	536,493
Fund Balance - End of year	<u>\$ 21,501,354</u>	<u>\$ 21,501,354</u>	<u>\$ 22,549,256</u>	<u>\$ 1,047,902</u>

Township of Macomb

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2007

Parks and Recreation Operating Fund

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 3,697,176	\$ 3,697,176	\$ 3,697,176	\$ -
Resources (Inflows)				
Property taxes and fees	2,500,000	2,500,000	2,564,021	64,021
Charges for services	1,593,500	1,593,500	1,715,658	122,158
Interest	55,000	55,000	106,325	51,325
Total resources (inflows)	4,148,500	4,148,500	4,386,004	237,504
Charges to Appropriations (Outflows)				
Recreation and culture	2,804,602	2,804,602	2,270,316	534,286
Debt service	46,500	46,500	42,179	4,321
Transfers to other funds	2,007,285	2,007,285	1,975,050	32,235
Total charges to appropriations (outflows)	4,858,387	4,858,387	4,287,545	570,842
Fund Balance - End of year	<u>\$ 2,987,289</u>	<u>\$ 2,987,289</u>	<u>\$ 3,795,635</u>	<u>\$ 808,346</u>

Fire Operating Fund

Fund Balance - Beginning of year	\$ 5,709,839	\$ 5,709,839	\$ 5,709,839	\$ -
Resources (Inflows)				
Property taxes and fees	3,600,000	3,600,000	3,761,641	161,641
Interest	70,000	70,000	262,249	192,249
Federal grants	30,000	30,000	-	(30,000)
Other	3,500	3,500	8,266	4,766
Total resources (inflows)	3,703,500	3,703,500	4,032,156	328,656
Charges to Appropriations (Outflows)				
Public safety	3,343,798	3,233,736	2,673,936	559,800
Transfers to other funds	-	110,062	110,000	62
Total charges to appropriations (outflows)	3,343,798	3,343,798	2,783,936	559,862
Fund Balance - End of year	<u>\$ 6,069,541</u>	<u>\$ 6,069,541</u>	<u>\$ 6,958,059</u>	<u>\$ 888,518</u>

Township of Macomb

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds (Continued) Year Ended June 30, 2007

Law Enforcement Sheriff

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 161,215	\$ 161,215	\$ 161,215	\$ -
Resources (Inflows)				
Property taxes and fees	2,675,000	2,675,000	2,697,925	22,925
State-shared revenues and grants	14,000	14,000	14,546	546
Interest	<u>8,000</u>	<u>8,000</u>	<u>14,756</u>	<u>6,756</u>
Total resources (inflows)	2,697,000	2,697,000	2,727,227	30,227
Charges to Appropriations (Outflows) -				
Public safety	<u>2,770,250</u>	<u>2,836,800</u>	<u>2,828,305</u>	<u>8,495</u>
Fund Deficit - End of year	<u>\$ 87,965</u>	<u>\$ 21,415</u>	<u>\$ 60,137</u>	<u>\$ 38,722</u>

Township of Macomb

Required Supplemental Information Pension System Schedule of Funding Progress June 30, 2007

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
06/30/02	\$ 630,031	\$ 1,158,301	\$ 528,270	54.4	\$ 288,843	182.9
06/30/04	968,361	1,323,015	354,654	73.2	225,485	157.3
06/30/06	1,235,360	1,456,615	221,255	84.8	527,659	41.9

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
06/30/02	\$ 73,346	103
06/30/03	77,013	97
06/30/04	110,309	137
06/30/05	115,824	105
06/30/06	82,777	100

Actuarial cost method	Entry age
Amortization method	Level percent, closed
Amortization period (perpetual)	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases*	5.00%-8.80%
*Includes inflation at	5.00%
Cost of living adjustments	None

The information presented above was determined as part of the actuarial valuations at the dates indicated.

Township of Macomb

Note to Required Supplemental Information June 30, 2007

Note - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

Encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2007 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The supervisor presents the preliminary budget to the board of trustees in May and the final budget is legally adopted at the last board meeting in June to commence on the first of July.

Other Supplemental Information

Township of Macomb

	<u>Nonmajor Special Revenue Funds</u>		
	<u>Budget Stabilization</u>	<u>Parks and Recreation Revolving</u>	<u>Fire Improvement</u>
Assets			
Cash and investments	<u>\$ 118,597</u>	<u>\$ 523,307</u>	<u>\$ 2,109,250</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 7,449
Due to other funds	<u>48,597</u>	<u>-</u>	<u>-</u>
Total liabilities	48,597	-	7,449
Fund Balances			
Unreserved	70,000	523,307	2,101,801
Designated	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>70,000</u>	<u>523,307</u>	<u>2,101,801</u>
Total liabilities and fund balances	<u>\$ 118,597</u>	<u>\$ 523,307</u>	<u>\$ 2,109,250</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007**

Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	
1995 Special Assessment	Public Improvement	Total Nonmajor Governmental Funds
<u>\$ 135,012</u>	<u>\$ 2,998,239</u>	<u>\$ 5,884,405</u>
\$ -	\$ -	\$ 7,449
<u>-</u>	<u>-</u>	<u>48,597</u>
-	-	56,046
-	2,998,239	5,693,347
<u>135,012</u>	<u>-</u>	<u>135,012</u>
<u>135,012</u>	<u>2,998,239</u>	<u>5,828,359</u>
<u>\$ 135,012</u>	<u>\$ 2,998,239</u>	<u>\$ 5,884,405</u>

Township of Macomb

	Nonmajor Special Revenue Funds		
	Budget Stabilization	Parks and Recreation Revolving	Fire Improvement
Revenue - Interest income	\$ -	\$ 18,553	\$ 105,092
Expenditures - General government	-	-	957,810
Excess of Revenue Over (Under) Expenditures	-	18,553	(852,718)
Other Financing Sources (Uses)			
Transfers in	-	80,000	-
Transfers out	-	-	(260,275)
Total other financing sources (uses)	-	80,000	(260,275)
Net Change in Fund Balances	-	98,553	(1,112,993)
Fund Balances - Beginning of year	70,000	424,754	3,214,794
Fund Balances - End of year	<u>\$ 70,000</u>	<u>\$ 523,307</u>	<u>\$ 2,101,801</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2007

Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	
1995 Special Assessment	Public Improvement	Total Nonmajor Governmental Funds
\$ 3,914	\$ 127,571	\$ 255,130
<u>-</u>	<u>80</u>	<u>957,890</u>
3,914	127,491	(702,760)
-	-	80,000
<u>-</u>	<u>(182,100)</u>	<u>(442,375)</u>
<u>-</u>	<u>(182,100)</u>	<u>(362,375)</u>
3,914	(54,609)	(1,065,135)
<u>131,098</u>	<u>3,052,848</u>	<u>6,893,494</u>
<u>\$ 135,012</u>	<u>\$ 2,998,239</u>	<u>\$ 5,828,359</u>

Township of Macomb

Other Supplemental Information Combining Statement of Net Assets Fiduciary Funds June 30, 2007

	Retirement System	Retiree Health Care	Total	Tax Collections	Bond Escrow	Total
Assets						
Cash and cash equivalents	\$ 98,012	\$ 4,848,840	\$ 4,946,852	\$ 50,730	\$ 1,881,946	\$ 1,932,676
Investments:						
Federal agency securities	263,887	-	263,887	-	-	-
Corporate bonds	101,145	202,090	303,235	-	-	-
Equities	871,520	645,781	1,517,301	-	-	-
Money market funds	55,950	123,238	179,188	-	-	-
U.S. Treasury bonds	133,751	75,002	208,753	-	-	-
Mutual funds	4,804	418,577	423,381	-	-	-
Other assets	48	-	48	-	-	-
Total assets	1,529,117	6,313,528	7,842,645	\$ 50,730	\$ 1,881,946	\$ 1,932,676
Liabilities and Net Assets						
Liabilities						
Due to other governmental units	-	-	-	\$ 50,730	\$ -	\$ 50,730
Cash bonds and deposits	-	-	-	-	1,881,946	1,881,946
Total liabilities	-	-	-	\$ 50,730	\$ 1,881,946	\$ 1,932,676
Net Assets - Held in trust for pension and other employee benefits	<u>1,529,117</u>	<u>6,313,528</u>	<u>7,842,645</u>			
Total liabilities and net assets	\$ 1,529,117	\$ 6,313,528	\$ 7,842,645			

Township of Macomb

Other Supplemental Information Combining Statement of Changes in Net Assets Fiduciary Funds Year Ended June 30, 2007

	Pension Trust Funds		
	Retirement System	Retiree Health Care	Total
Additions			
Investment income - Interest and dividends	\$ 153,689	\$ 355,682	\$ 509,371
Contributions:			
Employer	153,302	4,676,269	4,829,571
Employee	25,845	-	25,845
Total additions	332,836	5,031,951	5,364,787
Deductions			
Benefit payments	33,949	-	33,949
Administrative expenses	5,179	-	5,179
Total deductions	39,128	-	39,128
Net Increase	293,708	5,031,951	5,325,659
Net Assets Held in Trust for Pension and Other Employee Benefits			
Beginning of year	1,235,409	1,281,577	2,516,986
End of year	<u>\$ 1,529,117</u>	<u>\$ 6,313,528</u>	<u>\$ 7,842,645</u>