

**Township of Macomb  
Macomb County, Michigan**

---

**Financial Report  
with Supplemental Information  
June 30, 2008**

# Township of Macomb

---

## Contents

<b>Report Letter</b>	1-2
<b>Management's Discussion and Analysis</b>	3-7
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9-10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11-12
Reconciliation of Fund Balances to the Statement of Net Assets	13
Statement of Revenue, Expenditures, and Changes in Fund Balances	14-15
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Proprietary Fund:	
Statement of Net Assets	17
Statement of Revenue, Expenses, and Changes in Net Assets	18
Statement of Cash Flows	19
Fiduciary Funds:	
Statement of Net Assets	20
Statement of Changes in Net Assets	21
Notes to Financial Statements	22-42
<b>Required Supplemental Information</b>	43
Budgetary Comparison Schedule - General Fund	44
Budgetary Comparison Schedule - Major Special Revenue Funds	45-46
Pension System Schedule of Funding Progress	47
Note to Required Supplemental Information	48

# Township of Macomb

---

## Contents (Continued)

<b>Other Supplemental Information</b>	49
Nonmajor Governmental Funds:	
Combining Balance Sheet	50-51
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	52-53
Fiduciary Funds:	
Combining Statement of Net Assets	54
Combining Statement of Changes in Net Assets	55



Plante & Moran, PLLC  
Suite 300  
19176 Hall Road  
Clinton Township, MI 48038  
Tel: 586.416.4900  
Fax: 586.416.4901  
plantemoran.com

## 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, 2008, 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 activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Macomb as of June 30, 2008 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*

December 4, 2008

# 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, 2008 to the prior year:

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Current assets	\$ 48.1	\$ 43.0	\$ 46.0	\$ 46.0	\$ 94.1	\$ 89.0
Noncurrent assets:						
Restricted assets	1.8	4.4	2.6	5.9	4.4	10.3
Capital assets	<u>48.0</u>	<u>48.0</u>	<u>184.6</u>	<u>181.8</u>	<u>232.6</u>	<u>229.8</u>
Total assets	97.9	95.4	233.2	233.7	331.1	329.1
<b>Liabilities</b>						
Current liabilities	4.2	4.1	3.0	3.0	7.2	7.1
Long-term liabilities	<u>36.9</u>	<u>38.3</u>	<u>14.8</u>	<u>16.4</u>	<u>51.7</u>	<u>54.7</u>
Total liabilities	<u>41.1</u>	<u>42.4</u>	<u>17.8</u>	<u>19.4</u>	<u>58.9</u>	<u>61.8</u>
<b>Net Assets</b>						
Invested in capital assets -						
Net of related debt	11.8	13.1	171.0	170.0	182.8	183.1
Restricted	13.5	11.0	0.4	0.4	13.9	11.4
Unrestricted	<u>31.5</u>	<u>28.9</u>	<u>44.0</u>	<u>43.9</u>	<u>75.5</u>	<u>72.8</u>
Total net assets	<u>\$ 56.8</u>	<u>\$ 53.0</u>	<u>\$ 215.4</u>	<u>\$ 214.3</u>	<u>\$ 272.2</u>	<u>\$ 267.3</u>

The Township's combined net assets increased 1.8 percent from a year ago, increasing from \$267.3 million to \$272.2 million. A review of the governmental activities, separate from the business-type activities, shows an increase of approximately \$3.8 million in net assets, or 7.2 percent, during fiscal year 2008. The increase in total net assets is primarily attributable to an excess of revenues over controlled expenditures. The business-type activities experienced a 0.5 percent increase in net assets. This was primarily due to contributions of water and sewer lines by developers and a reduction in total liabilities.

# Township of Macomb

## Management's Discussion and Analysis (Continued)

Unrestricted net assets for the governmental activities were \$31.5 million at June 30, 2008. 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, 2008 and the prior year:

TABLE 2

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 3.8	\$ 3.9	\$ 14.6	\$ 13.1	\$ 18.4	\$ 17.0
Operating grants and contributions	0.2	0.3	-	-	0.2	0.3
Capital grants and contributions	-	-	4.4	13.2	4.4	13.2
General revenue:						
Property taxes	11.8	11.1	-	-	11.8	11.1
State-shared revenue	3.5	3.4	-	-	3.5	3.4
Interest	2.0	2.0	2.0	2.1	4.0	4.1
Cable fees and other	1.2	1.0	-	-	1.2	1.0
Total revenue	22.5	21.7	20.9	28.4	43.4	50.1
<b>Program Expenses</b>						
General government	4.1	7.2	-	-	4.1	7.2
Public safety	8.3	8.4	-	-	8.3	8.4
Public works	1.1	1.2	-	-	1.1	1.2
Recreation and culture	3.1	3.2	-	-	3.1	3.2
Interest on long-term debt	2.1	1.8	-	-	2.1	1.8
Water and sewer	-	-	19.8	18.8	19.8	18.8
Total program expenses	18.7	21.8	19.8	18.8	38.4	40.6
<b>Change in Net Assets</b>	3.8	(0.1)	1.1	9.6	4.9	9.6
<b>Net Assets - Beginning of year</b>	53.0	53.1	214.3	204.7	267.4	257.8
<b>Net Assets - End of year</b>	<u>\$ 56.8</u>	<u>\$ 53.0</u>	<u>\$ 215.4</u>	<u>\$ 214.3</u>	<u>\$ 272.3</u>	<u>\$ 267.3</u>

# **Township of Macomb**

---

## **Management's Discussion and Analysis (Continued)**

### **Governmental Activities**

The Township's total governmental revenues increased by approximately \$0.8 million from the last fiscal year. This was primarily attributed to the increase in property tax revenues. An increase in total governmental revenues was achieved despite declining license and permit fees throughout the year.

Expenses decreased by about \$3.1 million, or 14.2 percent, over the last fiscal year. This decrease resulted primarily from a \$3.4 million expense to fully fund the Retiree Health Care Fund that was contributed last fiscal year.

### **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 26.4 percent to \$20.9 million. Revenues of the Township's business-type activities decreased by \$7.5 million primarily as a result of the reduction of water and sewer lines contributed by developers during the year ended June 30, 2008.

Expenses increased 5.3 percent to \$19.8 million for the year ended June 30, 2008. 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.

### **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 2008 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 2.5 percent. Actual expenditures were 20.0 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 \$0.2 million and a decrease of total expenses over the budgeted amount of \$1.9 million.

### **Capital Assets and Debt Administration**

At the end of fiscal year 2008, the Township had \$232.6 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 \$3.8 million and \$4.0 million for fiscal years 2008 and 2007, 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 \$38.6 million and \$30.5 million for fiscal years 2008 and 2007, 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's 2008 tax rate stayed consistent with the 2007 tax rate. Strong expenditure controls and past growth in the Township's tax base have helped to accomplish keeping the tax rates low. Property taxes make up nearly 19.6 percent of the General Fund budget. Annual new growth and development in the Township has fallen 46.7 percent in the past year and is expected to remain stable for the next few years. In addition, state revenue sharing, which represents nearly 36.7 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 81.3 percent 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 7 percent to 9 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, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activity	Total	
<b>Assets</b>				
Cash and investments (Note 2)	\$ 46,613,462	\$ 42,000,031	\$ 88,613,493	\$ 311
Receivables:				
Customers	50,723	3,851,222	3,901,945	-
Special assessments	-	164,644	164,644	-
Due from other governmental units	1,451,330	-	1,451,330	-
Inventories	-	94,024	94,024	-
Restricted assets (Note 6)	1,800,081	2,579,714	4,379,795	-
Capital assets not being depreciated (Note 3)	3,319,336	12,145,269	15,464,605	-
Capital assets being depreciated (Note 3)	44,708,775	172,405,492	217,114,267	-
Total assets	97,943,707	233,240,396	331,184,103	311
<b>Liabilities</b>				
Accounts payable	371,600	1,807,736	2,179,336	-
Accrued and other liabilities	2,078,197	216,566	2,294,763	-
Due to other governmental units	4,279	-	4,279	-
Current liabilities payable from restricted assets (Note 6)	-	177,500	177,500	-
Noncurrent liabilities (Note 5):				
Due within one year	1,739,074	840,905	2,579,979	-
Due in more than one year	36,943,748	14,763,326	51,707,074	-
Total liabilities	41,136,898	17,806,033	58,942,931	-
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	11,793,192	171,030,423	182,823,615	-
Restricted:				
Parks and Recreation Operating Fund	4,426,033	-	4,426,033	-
Fire Operating Fund	7,983,612	-	7,983,612	-
Law enforcement sheriff	142,279	-	142,279	-
Debt service	927,322	408,506	1,335,828	-
Unrestricted	31,534,371	43,995,434	75,529,805	311
Total net assets	<u>\$ 56,806,809</u>	<u>\$ 215,434,363</u>	<u>\$ 272,241,172</u>	<u>\$ 311</u>

# Township of Macomb

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 4,067,069	\$ 106,984	\$ 190,274	\$ -
Public safety	8,281,719	943,449	16,693	-
Public works	1,065,217	774,339	-	-
Recreation and culture	3,101,951	1,988,564	-	-
Interest on long-term debt	2,064,749	-	-	-
Total governmental activities	18,580,705	3,813,336	206,967	-
Business-type activity - Water and sewer	19,820,074	14,570,934	-	4,354,406
Total primary government	<u>\$ 38,400,779</u>	<u>\$ 18,384,270</u>	<u>\$ 206,967</u>	<u>\$ 4,354,406</u>
Component unit - Economic Development Corporation	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State-shared revenues				
Interest				
Cable fees and other				
Total general revenues				
<b>Change in Net Assets</b>				
<b>Net Assets - Beginning of year</b>				
<b>Net Assets - End of year</b>				

**Statement of Activities**  
**Year Ended June 30, 2008**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (3,769,811)	\$ -	\$ (3,769,811)	\$ -
(7,321,577)	-	(7,321,577)	-
(290,878)	-	(290,878)	-
(1,113,387)	-	(1,113,387)	-
(2,064,749)	-	(2,064,749)	-
(14,560,402)	-	(14,560,402)	-
-	(894,734)	(894,734)	-
(14,560,402)	(894,734)	(15,455,136)	-
-	-	-	-
11,759,332	-	11,759,332	-
3,507,213	-	3,507,213	-
1,908,807	1,990,255	3,899,062	-
1,152,005	10,835	1,162,840	-
18,327,357	2,001,090	20,328,447	-
3,766,955	1,106,356	4,873,311	(86)
53,039,854	214,328,007	267,367,861	397
<b>\$ 56,806,809</b>	<b>\$ 215,434,363</b>	<b>\$ 272,241,172</b>	<b>\$ 311</b>

# Township of Macomb

	General Fund	Parks and Recreation Operating Fund	Fire Operating Fund	Law Enforcement Sheriff Fund
<b>Assets</b>				
Cash and investments (Note 2)	\$ 24,243,528	\$ 4,514,368	\$ 8,092,081	\$ 139,243
Receivables - Net	893,926	-	2,985	-
Due from other funds (Note 4)	208,649	3,671	-	3,491
Restricted assets (Note 6)	-	-	-	-
Total assets	<b><u>\$ 25,346,103</u></b>	<b><u>\$ 4,518,039</u></b>	<b><u>\$ 8,095,066</u></b>	<b><u>\$ 142,734</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 233,403	\$ 68,258	\$ 28,703	\$ 455
Accrued and other liabilities	101,831	23,748	82,298	-
Due to other funds	31,831	-	453	-
Total liabilities	367,065	92,006	111,454	455
<b>Fund Balances</b>				
Reserved for Building Authority				
Capital Projects	-	-	-	-
Unreserved:				
General Fund	24,979,038	-	-	-
Special Revenue Funds	-	4,426,033	7,983,612	142,279
Capital Projects Funds	-	-	-	-
Designated - Debt Service Funds	-	-	-	-
Total fund balances	<u>24,979,038</u>	<u>4,426,033</u>	<u>7,983,612</u>	<u>142,279</u>
Total liabilities and fund balances	<b><u>\$ 25,346,103</u></b>	<b><u>\$ 4,518,039</u></b>	<b><u>\$ 8,095,066</u></b>	<b><u>\$ 142,734</u></b>

**Governmental Funds  
Balance Sheet  
June 30, 2008**

Building Authority Debt Service Fund	Building Authority Capital Projects Fund	Municipal Street Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 940,857	\$ 94,648	\$ 3,012,416	\$ 5,576,321	\$ 46,613,462
-	-	-	-	896,911
-	-	24,669	-	240,480
-	1,800,081	-	-	1,800,081
<b><u>\$ 940,857</u></b>	<b><u>\$ 1,894,729</u></b>	<b><u>\$ 3,037,085</u></b>	<b><u>\$ 5,576,321</u></b>	<b><u>\$ 49,550,934</u></b>
\$ 12,647	\$ -	\$ -	\$ 28,134	\$ 371,600
-	-	1,467,458	-	1,675,335
888	154,685	-	52,623	240,480
13,535	154,685	1,467,458	80,757	2,287,415
-	1,740,044	-	-	1,740,044
-	-	-	-	24,979,038
-	-	-	2,458,540	15,010,464
-	-	1,569,627	3,037,024	4,606,651
927,322	-	-	-	927,322
927,322	1,740,044	1,569,627	5,495,564	47,263,519
<b><u>\$ 940,857</u></b>	<b><u>\$ 1,894,729</u></b>	<b><u>\$ 3,037,085</u></b>	<b><u>\$ 5,576,321</u></b>	<b><u>\$ 49,550,934</u></b>

# Township of Macomb

---

## Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets Year Ended June 30, 2008

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 47,263,519</b>
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	48,028,111
Certain receivables are expected to be collected after 60 days and are not available to pay for current year expenditures	600,867
Long-term liabilities and their related interest are not due and payable in the current period and are not reported in the funds	<u>(39,085,688)</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 56,806,809</u></b>



# Township of Macomb

	General Fund	Parks and Recreation Operating Fund	Fire Operating Fund	Law Enforcement Sheriff Fund
<b>Revenue</b>				
Property taxes and fees	\$ 2,091,342	\$ 2,736,971	\$ 4,037,773	\$ 2,893,246
Licenses and permits	1,690,894	-	-	-
Federal grants	190,274	-	-	-
State-shared revenues and grants	3,471,734	-	-	16,693
Charges for services	244,362	1,988,565	-	-
Fines and forfeitures	44,922	-	-	-
Special assessment	774,339	-	-	-
Interest	1,080,699	124,093	308,322	15,850
Other	298,249	-	6,326	-
Total revenue	9,886,815	4,849,629	4,352,421	2,925,789
<b>Expenditures</b>				
Current:				
General government	3,053,957	-	-	-
Public safety	1,629,686	-	2,426,868	2,923,647
Public works	832,741	-	-	-
Recreation and culture	140,016	2,162,251	-	-
Employee benefits and insurance	1,381,836	-	-	-
Capital outlay	7,469	-	-	-
Debt service	-	-	-	-
Total expenditures	7,045,705	2,162,251	2,426,868	2,923,647
<b>Excess of Revenue Over (Under) Expenditures</b>	2,841,110	2,687,378	1,925,553	2,142
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 4)	198,972	-	-	80,000
Transfers out (Note 4)	(610,300)	(2,056,980)	(900,000)	-
Total other financing sources (uses)	(411,328)	(2,056,980)	(900,000)	80,000
<b>Net Change in Fund Balances</b>	2,429,782	630,398	1,025,553	82,142
<b>Fund Balances - Beginning of year</b>	22,549,256	3,795,635	6,958,059	60,137
<b>Fund Balances - End of year</b>	<u>\$ 24,979,038</u>	<u>\$ 4,426,033</u>	<u>\$ 7,983,612</u>	<u>\$ 142,279</u>

**Governmental Funds  
Statement of Revenue, Expenditures, and  
Changes in Fund Balances  
Year Ended June 30, 2008**

Building Authority Debt Service Fund	Building Authority Capital Projects Fund	Municipal Street Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 11,759,332
-	-	-	-	1,690,894
-	-	-	-	190,274
-	-	-	-	3,488,427
-	-	-	-	2,232,927
-	-	-	-	44,922
-	-	-	-	774,339
14,678	94,648	52,231	218,287	1,908,808
-	-	24,670	-	329,245
14,678	94,648	76,901	218,287	22,419,168
-	-	-	965,810	4,019,767
-	-	-	-	6,980,201
-	-	-	-	832,741
-	-	-	-	2,302,267
-	-	-	-	1,381,836
-	1,080,926	40,333	-	1,128,728
2,941,884	-	-	-	2,941,884
2,941,884	1,080,926	40,333	965,810	19,587,424
(2,927,206)	(986,278)	36,568	(747,523)	2,831,744
3,781,321	-	-	1,226,430	5,286,723
-	(907,741)	-	(811,702)	(5,286,723)
3,781,321	(907,741)	-	414,728	-
854,115	(1,894,019)	36,568	(332,795)	2,831,744
73,207	3,634,063	1,533,059	5,828,359	44,431,775
<b>\$ 927,322</b>	<b>\$ 1,740,044</b>	<b>\$ 1,569,627</b>	<b>\$ 5,495,564</b>	<b>\$ 47,263,519</b>

# 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, 2008**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 2,831,744**

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 68,800

Revenue is reported in the statement of activities at the time it is earned, without regard to timeliness of collection 35,479

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 1,280,000

Interest related to outstanding debt is accrued when incurred on the statement of activities, but not on the governmental fund report (402,891)

Accumulated employee sick and vacation pay is recorded when earned in the statement of activities (46,177)

**Change in Net Assets of Governmental Activities** **\$ 3,766,955**

# Township of Macomb

## Proprietary Fund Statement of Net Assets June 30, 2008

	Enterprise Fund - Water and Sewer
<b>Assets</b>	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 42,000,031
Receivables:	
Customers	3,851,222
Special assessments	164,644
Inventories	94,024
Total current assets	<u>46,109,921</u>
Noncurrent assets:	
Restricted assets (Note 6)	2,579,714
Capital assets not being depreciated (Note 3)	12,145,269
Capital assets being depreciated (Note 3)	172,405,492
Total noncurrent assets	<u>187,130,475</u>
Total assets	<u>233,240,396</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	1,807,736
Accrued and other liabilities	216,566
Current liabilities payable from restricted assets (Note 6)	177,500
Current portion of long-term debt (Note 5)	840,905
Total current liabilities	<u>3,042,707</u>
Noncurrent liabilities:	
Provision for compensated absences (Note 5)	137,272
Long-term debt - Net of current portion (Note 5)	14,626,054
Total noncurrent liabilities	<u>14,763,326</u>
Total liabilities	<u>17,806,033</u>
<b>Net Assets</b>	
Investment in capital assets - Net of related debt	171,030,423
Restricted - Debt service	408,506
Unrestricted	43,995,434
Total net assets	<u><u>\$ 215,434,363</u></u>

# Township of Macomb

## Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2008

	Enterprise Fund - Water and Sewer
<b>Operating Revenue</b>	
Sale of water	\$ 7,338,459
Sewage disposal charges	6,473,301
Charges for services	759,174
Total operating revenue	14,570,934
<b>Operating Expenses</b>	
Cost of water	5,600,612
Cost of sewage disposal	5,910,750
Operation and maintenance	1,718,891
General and administrative	1,975,384
Depreciation	3,802,330
Total operating expenses	19,007,967
<b>Operating Loss</b>	(4,437,033)
<b>Nonoperating Revenue (Expense)</b>	
Investment income	1,990,255
Interest expense	(812,107)
Other income	10,835
<b>Loss - Before contributions</b>	(3,248,050)
<b>Capital Contributions</b>	
Developers	3,119,938
Tap fees and frontage charges	1,234,468
Total capital contributions	4,354,406
<b>Change in Net Assets</b>	1,106,356
<b>Net Assets - Beginning of year</b>	214,328,007
<b>Net Assets - End of year</b>	<b>\$ 215,434,363</b>

# Township of Macomb

## Proprietary Fund Statement of Cash Flows Year Ended June 30, 2008

	Enterprise Fund - Water and Sewer
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 14,646,833
Payments to suppliers	(13,381,392)
Payments to employees	(1,100,008)
Internal activity - Payments from other funds	36
Net cash provided by operating activities	165,469
<b>Cash Flows from Capital and Related Financing Activities</b>	
Receipt of capital contributions	1,234,468
Collection of special assessments - Principal and interest	38,414
Purchase of capital assets	(4,214,990)
Principal and interest paid on long-term debt	(1,648,583)
Net cash used in capital and related financing activities	(4,590,691)
<b>Cash Flows from Investing Activities</b> - Interest received on investments	2,001,090
<b>Net Decrease in Cash and Cash Equivalents</b>	(2,424,132)
<b>Cash and Cash Equivalents</b> - Beginning of year	47,003,877
<b>Cash and Cash Equivalents</b> - End of year	<b>\$ 44,579,745</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>	
Cash and investments	\$ 42,000,031
Restricted investments (Note 6)	2,579,714
Total cash and cash equivalents	<b>\$ 44,579,745</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>	
Operating loss	\$ (4,437,033)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	3,802,330
Changes in assets and liabilities:	
Receivables	75,899
Inventory	715,686
Due to other funds	36
Accounts payable	(7,004)
Accrued and other liabilities	15,555
Net cash provided by operating activities	<b>\$ 165,469</b>

**Noncash Investing, Capital, and Financing Activities** - During the year ended June 30, 2008, developers constructed water and sewer lines with an estimated value of \$3,119,938 and donated them to the Township's Water and Sewer Enterprise Fund.

# Township of Macomb

## Fiduciary Funds Statement of Net Assets June 30, 2008

	Trust Funds - Pensions and Other Retirement Benefits	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 5,168,773	\$ 959,823
Investments:		
Federal agency securities	460,340	-
Corporate bonds	102,174	-
Equities	1,384,206	-
Money market funds	245,671	-
U.S. Treasury bonds	158,142	-
Mutual funds	464,288	-
Total assets	7,983,594	<u><u>\$ 959,823</u></u>
<b>Liabilities</b>		
Accounts payable	529	\$ 12
Due to other governmental units	-	56,302
Cash bonds and deposits	-	903,509
Total liabilities	529	<u><u>\$ 959,823</u></u>
<b>Net Assets</b> - Held in trust for pension and other employee benefits		<u><u>\$ 7,983,065</u></u>

# Township of Macomb

## Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2008

	Trust Funds - Pensions and Other Retirement Benefits
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 131,100
Net decrease in fair value of investments	<u>(139,519)</u>
Net investment loss	(8,419)
Contributions:	
Employer	150,405
Employee	<u>30,261</u>
Total contributions	<u>180,666</u>
Total additions	172,247
<b>Deductions</b>	
Benefit payments	30,063
Administrative expenses	<u>1,764</u>
Total deductions	<u>31,827</u>
<b>Net Increase</b>	140,420
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	
Beginning of year	<u>7,842,645</u>
End of year	<u><u>\$ 7,983,065</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 I - 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 2007 taxable valuation of the Township totaled \$3,314,946,735, on which ad valorem taxes levied consisted of 0.6757 mills for the Township's operating purposes, 1.25 mills for fire operating purposes, 0.0418 mills for fire pension, 0.8702 mills for police protection, and 0.8232 mills for parks and recreation. The ad valorem taxes raised \$2,079,753 for general operations, \$4,037,773 for fire operations, \$138,783 for fire pension, \$2,893,246 for police protection, and \$2,736,971 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, 2008

### 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:

Roads and bridges	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, 2008

### 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, 2007		\$ (2,945,545)
2007-2008 building department activity:		
Permit revenue	\$ 860,961	
Expenditures	<u>(1,847,815)</u>	
Net shortfall for the year ended June 30, 2008		<u>(986,854)</u>
Cumulative expenditures over revenue - June 30, 2008		<u><u>\$ (3,932,399)</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 \$101,682,631 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, 2008

### 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	\$ 2,033,177	\$ -	Counterparty
U.S. Treasury bonds	-	155,142	Counterparty
Agency bonds	-	341,412	Counterparty
Equities (pension)	-	1,384,206	Counterparty
Corporate bonds (pension)	-	224,101	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	\$ -	\$ 155,142	3.80
Agency bonds	-	341,412	18.72

# Township of Macomb

## Notes to Financial Statements June 30, 2008

### 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	\$ 9,134,860	AAA	Moody's/Standard & Poor's
Agency bonds	341,412	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, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,182,227	\$ -	\$ -	\$ 3,182,227
Construction in progress	7,423,197	137,109	7,423,197	137,109
Subtotal	10,605,424	137,109	7,423,197	3,319,336
Capital assets being depreciated:				
Roads and bridges	5,224,887	40,333	-	5,265,220
Buildings and improvements	35,102,221	9,104,085	-	44,206,306
Vehicles	3,439,237	240,264	724,791	2,954,710
Office furnishings	3,390,915	80,167	18,294	3,452,788
Other tools and equipment	1,095,166	26,708	-	1,121,874
Subtotal	48,252,426	9,491,557	743,085	57,000,898
Accumulated depreciation:				
Infrastructure	1,251,374	210,037	-	1,461,411
Buildings and improvements	4,623,151	991,549	-	5,614,700
Vehicles	2,292,034	389,268	724,791	1,956,511
Office furnishings	2,180,026	391,406	18,294	2,553,138
Other tools and equipment	551,954	154,409	-	706,363
Subtotal	10,898,539	2,136,669	743,085	12,292,123
Net capital assets being depreciated	37,353,887	7,354,888	-	44,708,775
Net capital assets	\$ 47,959,311	\$ 7,491,997	\$ 7,423,197	\$ 48,028,111

# Township of Macomb

## Notes to Financial Statements June 30, 2008

### Note 3 - Capital Assets (Continued)

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 91,700	\$ -	\$ -	\$ 91,700
Construction in progress	7,945,319	4,132,117	23,867	12,053,569
Subtotal	8,037,019	4,132,117	23,867	12,145,269
Capital assets being depreciated:				
Water and sewer mains	199,232,566	3,143,805	791,544	201,584,827
Water meters	4,436,320	103,733	-	4,540,053
Buildings and building improvements	2,558,702	-	-	2,558,702
Vehicles	723,836	23,403	55,682	691,557
Furniture and equipment	786,284	11,420	-	797,704
Subtotal	207,737,708	3,282,361	847,226	210,172,843
Accumulated depreciation:				
Water and sewer mains	31,253,147	3,595,403	-	34,848,550
Water meters	814,867	89,764	-	904,631
Buildings and building improvements	651,918	63,968	-	715,886
Vehicles	609,615	49,861	55,682	603,794
Furniture and equipment	635,473	59,017	-	694,490
Subtotal	33,965,020	3,858,013	55,682	37,767,351
Net capital assets being depreciated	173,772,688	(575,652)	791,544	172,405,492
Net capital assets	\$ 181,809,707	\$ 3,556,465	\$ 815,411	\$ 184,550,761

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

Governmental activities:	
General government	\$ 557,801
Public safety	682,394
Public works	232,476
Recreation and culture	663,998
Total governmental activities	\$ 2,136,669
Business-type activities - Water and sewer	\$ 3,858,013

# Township of Macomb

## Notes to Financial Statements June 30, 2008

### Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Nonmajor governmental funds	\$ 52,623
General Fund	Building Authority Construction	154,685
General Fund	Building Authority Debt	888
General Fund	Fire Operations	453
Law Enforcement Fund	General Fund	3,491
Parks and Recreation Operating Fund	General Fund	3,671
Municipal Street	General Fund	<u>24,669</u>
Total		<u>\$ 240,480</u>

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

#### Interfund Transfers Reported in the Fund Statements

Fund Transferred From	Fund Transferred To	Amount
General Fund	Building Authority Debt Service Fund	\$ 530,300
General Fund	Law Enforcement	80,000
Fire Operating Fund	Nonmajor governmental funds	900,000
Nonmajor governmental funds	Building Authority Debt Service Fund	612,730
Parks and Recreation Operating Fund	Building Authority Debt Service Fund	1,730,550
Parks and Recreation Operating Fund	Nonmajor governmental funds	326,430
Building Authority Construction	Building Authority Debt Service Fund	907,741
Nonmajor governmental funds	General Fund	<u>198,972</u>
Total		<u>\$ 5,286,723</u>

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

# Township of Macomb

## Notes to Financial Statements June 30, 2008

### 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
<b>Governmental Activities</b>							
General obligation bonds:							
2000 Building Authority Bonds:							
Amount of issue - \$7,800,000	5.20% -						
Maturing through 2010	8.00%	\$200,000	\$ 600,000	\$ -	\$ 200,000	\$ 400,000	\$ 200,000
2001 Building Authority Bonds:							
Amount of issue - \$10,000,000	4.125% -	\$30,000 -					
Maturing through 2027	5.25%	\$970,000	8,630,000	-	30,000	8,600,000	35,000
2002 Building Authority Bonds:							
Amount of issue - \$12,700,000	3.00% -	\$500,000 -					
Maturing through 2022	4.30%	\$900,000	2,600,000	-	500,000	2,100,000	500,000
2003 Building Authority Bonds:							
Amount of issue - \$2,700,000	2.20% -	\$100,000 -					
Maturing through 2022	4.00%	\$250,000	2,450,000	-	100,000	2,350,000	125,000
2003B Building Authority Bonds:							
Amount of issue - \$6,000,000	2.50% -	\$150,000 -					
Maturing through 2023	4.50%	\$550,000	5,600,000	-	150,000	5,450,000	200,000
2005 Building Authority Refund Bonds:							
Amount of issue - \$9,800,000	3.50% -	\$40,000 -					
Maturing through 2022	4.15%	\$1,070,000	9,635,000	-	50,000	9,585,000	50,000
2006 Building Authority Bonds:							
Amount of issue - \$10,000,000	4.00% -	\$200,000 -					
Maturing through 2025	4.375%	\$900,000	9,800,000	-	250,000	9,550,000	250,000
Total bond obligations			39,315,000	-	1,280,000	38,035,000	1,360,000
Other long-term obligations -							
Compensated absences			601,645	46,177	-	647,822	379,074
Total governmental activities			\$ 39,916,645	\$ 46,177	\$ 1,280,000	\$ 38,682,822	\$ 1,739,074

# Township of Macomb

## Notes to Financial Statements June 30, 2008

### Note 5 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions and Adjustments	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
General obligation bonds:							
2002 GO Capital Improvement Bond:							
Amount of issue - \$6,000,000	3.75%	\$175,000 -					
Maturing through 2022	5.00%	\$450,000	\$ 5,125,000	\$ -	\$ 225,000	\$ 4,900,000	\$ 250,000
2004 GO Refund Bond:							
Amount of issue - \$4,915,000	2.25%	\$215,000 -					
Maturing through 2018	3.80%	\$760,000	4,415,000	-	215,000	4,200,000	190,000
Revenue bonds:							
1998 Refunding Bonds:							
Amount of issue - \$3,390,000	4.15%	\$265,000 -					
Maturing through 2012	4.35%	\$390,000	<u>1,800,000</u>	<u>-</u>	<u>310,000</u>	<u>1,490,000</u>	<u>355,000</u>
Total bond obligations			11,340,000	-	750,000	10,590,000	795,000
Other long-term obligations:							
1999 Garfield Interceptor Debt:							
Amount of issue - \$6,364,761	7.50%	\$52,908					
Maturing through 2031		\$434,862	5,802,065		878,020	4,924,045	90,462
Compensated absences			250,665	17,021	-	267,686	132,943
Total other long-term obligations			<u>6,052,730</u>	<u>17,021</u>	<u>878,020</u>	<u>5,191,731</u>	<u>223,405</u>
Total business-type activities			<u>17,392,730</u>	<u>17,021</u>	<u>1,628,020</u>	<u>15,781,731</u>	<u>1,018,405</u>
Total			<u>\$ 57,309,375</u>	<u>\$ 63,198</u>	<u>\$ 2,908,020</u>	<u>\$ 54,464,553</u>	<u>\$ 2,757,479</u>

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
2009	\$ 1,360,000	\$ 1,611,463	\$ 2,971,463	\$ 885,462	\$ 777,691	\$ 1,663,153
2010	1,410,000	1,559,631	2,969,631	882,485	740,857	1,623,342
2011	1,450,000	1,510,013	2,960,013	955,053	701,615	1,656,668
2012	1,560,000	1,449,010	3,009,010	978,208	659,291	1,637,499
2013	1,615,000	1,387,183	3,002,183	1,096,997	615,757	1,712,754
2014-2018	11,365,000	5,806,248	17,171,248	4,952,637	2,421,489	7,374,126
2019-2023	15,475,000	2,862,191	18,337,191	3,250,601	1,350,457	4,601,058
2024-2028	3,800,000	372,000	4,172,000	1,621,298	662,190	2,283,488
2029-2031	-	-	-	891,304	75,425	966,729
Total	<u>\$ 38,035,000</u>	<u>\$ 16,557,739</u>	<u>\$ 54,592,739</u>	<u>\$ 15,514,045</u>	<u>\$ 8,004,772</u>	<u>\$ 23,518,817</u>

# Township of Macomb

## Notes to Financial Statements June 30, 2008

### Note 5 - Long-term Debt (Continued)

**Future Revenues Pledged for Debt Payment** - The Township has pledged revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of various water mains. The bonds are payable solely from the net revenues of the water and sewer system. The remaining principal and interest to be paid on the bonds is \$1,621,607. During the current year, net revenues of the system were a loss of \$4,437,033 compared to the annual debt requirements of \$310,000.

### 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, 2008:

Water and Sewer Fund:

Restricted assets from bond covenants:

Cash and cash equivalents	\$ 586,006
Less current liabilities payable from restricted assets	<u>(177,500)</u>

Total restricted assets from bond covenants	408,506
---	---------

Cash and cash equivalents from unspent bond proceeds	<u>1,993,708</u>
--	------------------

Total Water and Sewer Fund	2,402,214
----------------------------	-----------

Building Authority Capital Projects Fund - Restricted assets, unspent bond proceeds	<u>1,800,081</u>
---	------------------

Total	<u>\$ 4,202,295</u>
-------	---------------------

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.

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**

**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, 2008, 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.

# Township of Macomb

## Notes to Financial Statements June 30, 2008

### Note 8 - Defined Benefit Pension Plan (Continued)

**Annual Pension Costs** - For the year ended June 30, 2008, the Township's annual pension cost is \$138,783, which was equal to the actual and required contributions. The annual required contribution was determined as part of an actuarial valuation at June 30, 2008, 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 13 years.

As of June 30, 2008, the most recent actuarial valuation date, the plan was 81.3 percent funded. The actuarial accrued liability for benefits was \$1.9 million, and the actuarial value of assets was \$1.5 million, resulting in an unfunded actuarial accrued liability of approximately \$350,000. The covered payroll (annual payroll of active employees covered by the plan) was \$637,673, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 55.0 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about the actuarial accrued liability for benefits.

### Three-year Trend Information of Annual Pension Cost

	2008	2007	2006
Annual pension costs (APC)	\$ 138,783	\$ 153,302	\$ 82,777
Percentage of annual required contribution actually contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

### Reserves

As of June 30, 2008, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contribution	\$ 211,280
Reserve for retired benefit payments	187,661

### Note 9 - Other Postemployment Benefits

**Plan Description** - The Township provides retiree healthcare benefits to all full-time employees upon retirement in accordance with labor contracts. Currently, the plan has 18 retirees that 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.

This is a single employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

**Funding Policy** - In the current year, the Township paid postemployment health-care costs of \$302,300.

The funding progress of the plan as of the most recent valuation date is as follows:

Actuarial value of assets	\$ 6,455,955
Actuarial accrued liability (AAL)	8,850,729
Unfunded AAL (UAAL)	2,394,774
Funded ratio	73%
Annual covered payroll	4,193,152
Ratio of UAAL to covered payroll	57%

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

# Township of Macomb

## Notes to Financial Statements June 30, 2008

### Note 9 - Other Postemployment Benefits (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare inflation rate of 5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years.

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

	Pension and Other Retirement Benefit Funds		
	Retirement System	Retiree Health Care	Total
<b>Statement of Net Assets</b>			
Cash and investments	\$ 1,527,639	\$ 6,455,955	\$ 7,983,594
Liabilities	529	-	529
Net assets	<u>\$ 1,527,110</u>	<u>\$ 6,455,955</u>	<u>\$ 7,983,065</u>
<b>Statement of Changes in Net Assets</b>			
Investment (loss) income	\$ (139,519)	\$ 131,100	\$ (8,419)
Contributions	169,044	11,622	180,666
Benefit payments	(30,063)	-	(30,063)
Other decreases	(1,469)	(295)	(1,764)
Changes in net assets	<u>\$ (2,007)</u>	<u>\$ 142,427</u>	<u>\$ 140,420</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, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Fund Balance - Beginning of year</b>	\$ 22,549,256	\$ 22,549,256	\$ 22,549,256	\$ -
<b>Resources (Inflows)</b>				
Property taxes and fees	2,212,000	2,212,000	2,091,342	(120,658)
Licenses and permits	2,041,500	2,041,500	1,690,894	(350,606)
Federal grants	100,000	100,000	190,274	90,274
State-shared revenues and grants	3,400,000	3,400,000	3,471,734	71,734
Charges for services	239,881	239,881	244,362	4,481
Fines and forfeitures	85,000	85,000	44,922	(40,078)
Special assessment	650,000	650,000	774,339	124,339
Interest	801,200	801,200	1,080,699	279,499
Other	206,970	206,970	298,249	91,279
Transfer from other funds	100,000	100,000	198,972	98,972
Total resources (inflows)	9,836,551	9,836,551	10,085,787	249,236
<b>Charges to Appropriations (Outflows)</b>				
General government	4,024,540	4,154,859	3,053,957	1,100,902
Public safety	2,059,800	2,046,275	1,629,686	416,589
Public works	1,075,000	948,000	832,741	115,259
Parks and recreation	215,750	215,937	140,016	75,921
Employee benefits and insurance	1,525,773	1,535,792	1,381,836	153,956
Capital outlay	-	-	7,469	(7,469)
Operating transfers out	673,000	673,000	610,300	62,700
Total charges to appropriations (outflows)	9,573,863	9,573,863	7,656,005	1,917,858
<b>Fund Balance - End of year</b>	<b><u>\$ 22,811,944</u></b>	<b><u>\$ 22,811,944</u></b>	<b><u>\$ 24,979,038</u></b>	<b><u>\$ 2,167,094</u></b>

# Township of Macomb

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2008

### Parks and Recreation Operating Fund

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Fund Balance - Beginning of year</b>	\$ 3,795,635	\$ 3,795,635	\$ 3,795,635	\$ -
<b>Resources (Inflows)</b>				
Property taxes and fees	2,700,000	2,700,000	2,736,971	36,971
Charges for services	1,649,750	1,649,750	1,988,565	338,815
Interest	65,000	65,000	124,093	59,093
Total resources (inflows)	4,414,750	4,414,750	4,849,629	434,879
<b>Charges to Appropriations (Outflows)</b>				
Recreation and culture	2,715,920	2,715,920	2,162,251	553,669
Debt service	2,100	2,100	-	2,100
Transfers to other funds	2,120,000	2,120,000	2,056,980	63,020
Total charges to appropriations (outflows)	4,838,020	4,838,020	4,219,231	618,789
<b>Fund Balance - End of year</b>	<b>\$ 3,372,365</b>	<b>\$ 3,372,365</b>	<b>\$ 4,426,033</b>	<b>\$ 1,053,668</b>

### Fire Operating Fund

<b>Fund Balance - Beginning of year</b>	\$ 6,958,059	\$ 6,958,059	\$ 6,958,059	\$ -
<b>Resources (Inflows)</b>				
Property taxes and fees	4,000,000	4,000,000	4,037,773	37,773
Interest	100,000	100,000	308,322	208,322
Federal grants	10,000	10,000	-	(10,000)
Other	3,500	3,500	6,326	2,826
Total resources (inflows)	4,113,500	4,113,500	4,352,421	238,921
<b>Charges to Appropriations (Outflows)</b>				
Public safety	3,028,859	3,028,859	2,426,868	601,991
Transfers to other funds	900,000	900,000	900,000	-
Total charges to appropriations (outflows)	3,928,859	3,928,859	3,326,868	601,991
<b>Fund Balance - End of year</b>	<b>\$ 7,142,700</b>	<b>\$ 7,142,700</b>	<b>\$ 7,983,612</b>	<b>\$ 840,912</b>



# Township of Macomb

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds (Continued) Year Ended June 30, 2008

### Law Enforcement Sheriff Fund

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Fund Balance</b> - Beginning of year	\$ 60,137	\$ 60,137	\$ 60,137	\$ -
<b>Resources (Inflows)</b>				
Property taxes and fees	2,875,000	2,875,000	2,893,246	18,246
State-shared revenues and grants	14,000	14,000	16,693	2,693
Interest	9,000	9,000	15,850	6,850
Transfer from other funds	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Total resources (inflows)	2,978,000	2,978,000	3,005,789	27,789
<b>Charges to Appropriations (Outflows) -</b>				
Public safety	<u>2,929,300</u>	<u>2,929,300</u>	<u>2,923,647</u>	<u>5,653</u>
<b>Fund Balance</b> - End of year	<u><u>\$ 108,837</u></u>	<u><u>\$ 108,837</u></u>	<u><u>\$ 142,279</u></u>	<u><u>\$ 33,442</u></u>

# Township of Macomb

## Required Supplemental Information Pension System Schedule of Funding Progress June 30, 2008

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
06/30/08	1,527,110	1,878,379	351,269	81.3	637,673	55.0

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	130
06/30/05	115,824	146
06/30/06	82,777	95
06/30/07	153,302	110
06/30/08	145,958	95

Actuarial cost method	Entry age
Amortization method	Level percent, closed
Amortization period (perpetual)	13 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, 2008

### 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, 2008 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>		
	Budget Stabilization	Parks and Recreation Revolving	Fire Improvement
<b>Assets</b>			
Cash and investments	<u>\$ 122,623</u>	<u>\$ 622,622</u>	<u>\$ 1,794,052</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 28,134
Due to other funds	<u>52,623</u>	<u>-</u>	<u>-</u>
Total liabilities	52,623	-	28,134
<b>Fund Balances - Unreserved</b>	<u>70,000</u>	<u>622,622</u>	<u>1,765,918</u>
Total liabilities and fund balances	<u>\$ 122,623</u>	<u>\$ 622,622</u>	<u>\$ 1,794,052</u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008**

Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	
1995 Special Assessment	Public Improvement	Total Nonmajor Governmental Funds
<u>\$ -</u>	<u>\$ 3,037,024</u>	<u>\$ 5,576,321</u>
\$ -	\$ -	\$ 28,134
<u>-</u>	<u>-</u>	<u>52,623</u>
-	-	80,757
<u>-</u>	<u>3,037,024</u>	<u>5,495,564</u>
<u>\$ -</u>	<u>\$ 3,037,024</u>	<u>\$ 5,576,321</u>

# Township of Macomb

---

	Nonmajor Special Revenue Funds		
	Budget Stabilization	Parks and Recreation Revolving	Fire Improvement
<b>Revenue</b> - Interest income	\$ -	\$ 19,315	\$ 96,187
<b>Expenditures</b> - General government	-	-	965,770
<b>Excess of Revenue Over (Under) Expenditures</b>	-	19,315	(869,583)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	80,000	1,146,430
Transfers out	-	-	(612,730)
Total other financing sources (uses)	-	80,000	533,700
<b>Net Change in Fund Balances</b>	-	99,315	(335,883)
<b>Fund Balances</b> - Beginning of year	70,000	523,307	2,101,801
<b>Fund Balances</b> - End of year	<u>\$ 70,000</u>	<u>\$ 622,622</u>	<u>\$ 1,765,918</u>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2008**

Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
1995 Special Assessment	Public Improvement	
\$ 1,460	\$ 101,325	\$ 218,287
<u>-</u>	<u>40</u>	<u>965,810</u>
1,460	101,285	(747,523)
-	-	1,226,430
<u>(136,472)</u>	<u>(62,500)</u>	<u>(811,702)</u>
<u>(136,472)</u>	<u>(62,500)</u>	<u>414,728</u>
(135,012)	38,785	(332,795)
<u>135,012</u>	<u>2,998,239</u>	<u>5,828,359</u>
<u><b>\$ -</b></u>	<u><b>\$ 3,037,024</b></u>	<u><b>\$ 5,495,564</b></u>



# Township of Macomb

## Other Supplemental Information Combining Statement of Net Assets Fiduciary Funds June 30, 2008

	Retirement System	Retiree Health Care	Total	Tax Collections	Bond Escrow	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 116,316	\$ 5,052,457	\$ 5,168,773	\$ 56,314	\$ 903,509	\$ 959,823
Investments:						
Federal agency securities	460,340	-	460,340	-	-	-
Corporate bonds	-	102,174	102,174	-	-	-
Equities	811,796	572,410	1,384,206	-	-	-
Money market funds	54,774	190,897	245,671	-	-	-
U.S. Treasury bonds	79,994	78,148	158,142	-	-	-
Mutual funds	4,419	459,869	464,288	-	-	-
Other assets	-	-	-	-	-	-
<b>Total assets</b>	<b>1,527,639</b>	<b>6,455,955</b>	<b>7,983,594</b>	<b>\$ 56,314</b>	<b>\$ 903,509</b>	<b>\$ 959,823</b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities</b>						
Accounts payable	529	-	529	\$ 12	\$ -	\$ 12
Due to other governmental units	-	-	-	56,302	-	56,302
Cash bonds and deposits	-	-	-	-	903,509	903,509
<b>Total liabilities</b>	<b>529</b>	<b>-</b>	<b>529</b>	<b>\$ 56,314</b>	<b>\$ 903,509</b>	<b>\$ 959,823</b>
<b>Net Assets</b> - Held in trust for pension and other employee benefits	<u>1,527,110</u>	<u>6,455,955</u>	<u>7,983,065</u>			
<b>Total liabilities and net assets</b>	<b>\$ 1,527,639</b>	<b>\$ 6,455,955</b>	<b>\$ 7,983,594</b>			

# Township of Macomb

## Other Supplemental Information Combining Statement of Changes in Net Assets Fiduciary Funds Year Ended June 30, 2008

	Pension Trust Funds		Total
	Retirement System	Retiree Health Care	
<b>Additions</b>			
Investment income - Interest and dividends	\$ -	\$ 131,100	\$ 131,100
Contributions:			
Employer	138,783	11,622	150,405
Employee	30,261	-	30,261
Total additions	169,044	142,722	311,766
<b>Deductions</b>			
Investment losses	139,519	-	139,519
Benefit payments	30,063	-	30,063
Administrative expenses	1,469	295	1,764
Total deductions	171,051	295	171,346
<b>Net (Decrease) Increase</b>	(2,007)	142,427	140,420
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>			
Beginning of year	1,529,117	6,313,528	7,842,645
End of year	<u>\$ 1,527,110</u>	<u>\$ 6,455,955</u>	<u>\$ 7,983,065</u>