

**Township of Macomb
Macomb County, Michigan**

**Financial Report
with Supplemental Information
June 30, 2009**

Township of Macomb

Contents

Report Letter	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8-9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	10-11
Reconciliation of Fund Balances to the Statement of Net Assets	12
Statement of Revenue, Expenditures, and Changes in Fund Balances	13-14
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Fund:	
Statement of Net Assets	16
Statement of Revenue, Expenses, and Changes in Net Assets	17
Statement of Cash Flows	18
Fiduciary Funds:	
Statement of Net Assets	19
Statement of Changes in Net Assets	20
Notes to Financial Statements	21-42
Required Supplemental Information	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)

Other Supplemental Information	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

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, 2009, 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, 2009 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.

As disclosed in Note 10, the Township implemented GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year. As a result, the government-wide statements and Enterprise Funds now report the cost of retiree health care as those benefits are earned by the employees.

Plante & Moran, PLLC

December 17, 2009

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, 2009 to the prior year:

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current assets	\$ 50.3	\$ 48.1	\$ 45.6	\$ 46.0	\$ 95.9	\$ 94.1
Noncurrent assets:						
Restricted assets	6.4	1.8	0.3	2.6	6.7	4.4
Capital assets	<u>47.0</u>	<u>48.0</u>	<u>187.6</u>	<u>184.6</u>	<u>234.6</u>	<u>232.6</u>
Total assets	103.7	97.9	233.5	233.2	337.2	331.1
Liabilities						
Current liabilities	4.4	4.2	3.7	3.0	8.1	7.2
Long-term liabilities	<u>40.3</u>	<u>36.9</u>	<u>13.9</u>	<u>14.8</u>	<u>54.2</u>	<u>51.7</u>
Total liabilities	<u>44.7</u>	<u>41.1</u>	<u>17.6</u>	<u>17.8</u>	<u>62.3</u>	<u>58.9</u>
Net Assets						
Invested in capital assets -						
Net of related debt	11.8	11.8	173.0	171.0	184.8	182.8
Restricted	15.9	13.5	0.1	0.4	16.0	13.9
Unrestricted	<u>31.3</u>	<u>31.5</u>	<u>42.8</u>	<u>44.0</u>	<u>74.1</u>	<u>75.5</u>
Total net assets	<u>\$ 59.0</u>	<u>\$ 56.8</u>	<u>\$ 215.9</u>	<u>\$ 215.4</u>	<u>\$ 274.9</u>	<u>\$ 272.2</u>

The Township's combined net assets increased 0.1 percent from a year ago, increasing from \$272.2 million to \$274.9 million. A review of the governmental activities, separate from the business-type activities, shows an increase of approximately \$0.3 million in net assets, or 0.5 percent, during fiscal year 2009. The increase in total net assets is primarily attributable to an excess of revenues over controlled expenditures. The business-type activities net assets stayed the same as the previous year. This was primarily due to contributions of water and sewer lines by developers and a reduction in total liabilities and current assets.

Township of Macomb

Management's Discussion and Analysis (Continued)

Unrestricted net assets for the governmental activities were \$31.3 million at June 30, 2009. 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, 2009 and the prior year:

TABLE 2

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue						
Program revenue:						
Charges for services	\$ 3.3	\$ 3.8	\$ 13.5	\$ 14.5	\$ 16.8	\$ 18.3
Operating grants and contributions	0.1	0.2	-	-	0.1	0.2
Capital grants and contributions	-	-	4.5	4.4	4.5	4.4
General revenue:						
Property taxes	12.1	11.8	-	-	12.1	11.8
State-shared revenue	3.3	3.5	-	-	3.3	3.5
Interest	1.1	2.0	1.0	2.0	2.1	4.0
Cable fees and other	1.3	1.2	-	-	1.3	1.2
Total revenue	21.2	22.5	19.0	20.9	40.2	43.4
Program Expenses						
General government	4.9	4.1	-	-	4.9	4.1
Public safety	7.6	8.3	-	-	7.6	8.3
Public works	1.1	1.1	-	-	1.1	1.1
Recreation and culture	3.8	3.1	-	-	3.8	3.1
Interest on long-term debt	1.6	2.1	-	-	1.6	2.1
Water and sewer	-	-	18.6	19.8	18.6	19.8
Total program expenses	19.0	18.7	18.6	19.8	37.6	38.5
Change in Net Assets	2.2	3.8	0.4	1.1	2.6	4.9
Net Assets - Beginning of year	56.8	53.0	215.4	214.3	272.2	267.3
Net Assets - End of year	\$ 59.0	\$ 56.8	\$ 215.8	\$ 215.4	\$ 274.8	\$ 272.2

Township of Macomb

Management's Discussion and Analysis (Continued)

Governmental Activities

The Township's total governmental revenues decreased by approximately \$1.3 million from the last fiscal year. This was primarily attributed to the decrease in state-shared revenue and charges for services.

Expenses increased by about \$2.2 million, or 11.8 percent, over the last fiscal year. This increase resulted primarily from a \$2.9 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 9.5 percent to \$19 million. Revenues of the Township's business-type activities decreased by \$2 million primarily as a result of a decrease in interest income and new customer fees for the year ended June 30, 2009.

Expenses decreased 4.0 percent to \$19.1 million for the year ended June 30, 2009. The decrease in expenses is primarily attributable to decreases in the cost of water and sewer purchases in the last year. 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 10 and 11, 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 2009 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.

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 0.9 percent. Actual expenditures were 13.8 percent below budget. The Township completed the year with an increase in total revenue over the budgeted amount of \$0.1 million and a decrease of total expenses over the budgeted amount of \$1.5 million.

Township of Macomb

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

At the end of fiscal year 2009, the Township had \$234.7 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 for fiscal years 2009 and 2008 (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 \$37.7 million and \$38.6 million for fiscal years 2009 and 2008, 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 2009 tax rate stayed fairly consistent with the 2008 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 23.2 percent of the General Fund budget. Annual new growth and development in the Township has fallen 6.2 percent in the past year and is 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 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 1 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 our usual trend of excess of revenues over expenses established over 10 years ago.

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, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activity	Total	
Assets				
Cash and investments (Note 2)	\$ 47,116,891	\$ 40,628,942	\$ 87,745,833	\$ -
Receivables:				
Customers	46,450	4,080,514	4,126,964	-
Special assessments	-	140,143	140,143	-
Due from other governmental units	1,077,797	-	1,077,797	-
Inventories	-	104,910	104,910	-
Net OPEB asset (Note 9)	1,988,559	587,186	2,575,745	-
Restricted assets (Note 6)	6,449,929	312,913	6,762,842	-
Capital assets not being depreciated (Note 3)	3,505,306	10,718,372	14,223,678	-
Capital assets being depreciated (Note 3)	43,537,994	176,896,815	220,434,809	-
Total assets	103,722,926	233,469,795	337,192,721	-
Liabilities				
Accounts payable	263,285	2,499,174	2,762,459	-
Accrued and other liabilities	2,160,852	131,434	2,292,286	-
Due to other governmental units	-	87,497	87,497	-
Noncurrent liabilities (Note 5):				
Due within one year	2,001,791	994,958	2,996,749	-
Due in more than one year	40,336,948	13,875,792	54,212,740	-
Total liabilities	44,762,876	17,588,855	62,351,731	-
Net Assets				
Invested in capital assets - Net of related debt	11,818,229	172,986,604	184,804,833	-
Restricted:				
Parks and Recreation Operating Fund	4,736,783	-	4,736,783	-
Fire Operating Fund	8,471,420	-	8,471,420	-
Law enforcement sheriff	178,387	-	178,387	-
Debt service	529,258	137,913	667,171	-
Fire Improvement Fund	1,911,178	-	1,911,178	-
Unrestricted	31,314,795	42,756,423	74,071,218	-
Total net assets	<u>\$ 58,960,050</u>	<u>\$ 215,880,940</u>	<u>\$ 274,840,990</u>	<u>\$ -</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	\$ 4,942,751	\$ 110,290	\$ 11,067
Public safety	7,579,586	492,153	55,229
Public works	1,097,687	783,649	-
Recreation and culture	3,761,418	1,952,304	-
Interest on long-term debt	1,657,943	-	-
Total governmental activities	19,039,385	3,338,396	66,296
Business-type activity - Water and sewer	18,557,057	13,459,907	-
Total primary government	<u>\$ 37,596,442</u>	<u>\$ 16,798,303</u>	<u>\$ 66,296</u>
Component unit - Economic Development Corporation	<u>\$ 311</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, 2009

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (4,821,394)	\$ -	\$ (4,821,394)	\$ -
(7,032,204)	-	(7,032,204)	-
(314,038)	-	(314,038)	-
(1,809,114)	-	(1,809,114)	-
(1,657,943)	-	(1,657,943)	-
(15,634,693)	-	(15,634,693)	-
-	(549,369)	(549,369)	-
(15,634,693)	(549,369)	(16,184,062)	-
-	-	-	(311)
12,079,918	-	12,079,918	-
3,307,722	-	3,307,722	-
1,139,377	995,945	2,135,322	-
1,260,917	-	1,260,917	-
17,787,934	995,945	18,783,879	-
2,153,241	446,576	2,599,817	(311)
56,806,809	215,434,363	272,241,172	311
\$ 58,960,050	\$ 215,880,939	\$ 274,840,989	\$ -

Township of Macomb

	General Fund	Parks and Recreation Operating Fund	Fire Operating Fund	Law Enforcement Sheriff Fund
Assets				
Cash and investments (Note 2)	\$ 24,387,206	\$ 4,837,379	\$ 8,586,683	\$ 174,277
Receivables - Net	655,186	-	2,985	-
Due from other funds (Note 4)	53,970	4,374	-	4,282
Restricted assets (Note 6)	-	-	-	-
Total assets	\$ 25,096,362	\$ 4,841,753	\$ 8,589,668	\$ 178,559
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 148,032	\$ 73,664	\$ 21,441	\$ 172
Accrued and other liabilities	110,963	31,307	96,807	-
Due to other funds	8,656	-	-	-
Total liabilities	267,651	104,971	118,248	172
Fund Balances				
Reserved for Building Authority				
Capital Projects	-	-	-	-
Unreserved:				
General Fund	24,828,711	-	-	-
Special Revenue Funds	-	4,736,782	8,471,420	178,387
Capital Projects Funds	-	-	-	-
Designated - Debt Service Funds	-	-	-	-
Total fund balances	24,828,711	4,736,782	8,471,420	178,387
Total liabilities and fund balances	\$ 25,096,362	\$ 4,841,753	\$ 8,589,668	\$ 178,559

**Governmental Funds
Balance Sheet
June 30, 2009**

Building Authority Debt Service Fund	Building Authority Capital Projects Fund	Municipal Street Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 529,258	\$ 31,340	\$ 2,894,788	\$ 5,675,959	\$ 47,116,890
-	-	-	-	658,171
-	-	-	-	62,626
-	6,449,929	-	-	6,449,929
\$ 529,258	\$ 6,481,269	\$ 2,894,788	\$ 5,675,959	\$ 54,287,616
\$ -	\$ 18,530	\$ -	\$ 1,445	\$ 263,284
-	-	1,475,325	-	1,714,402
-	-	-	53,970	62,626
-	18,530	1,475,325	55,415	2,040,312
-	6,462,739	-	-	6,462,739
-	-	-	-	24,828,711
-	-	-	2,610,642	15,997,231
-	-	1,419,463	3,009,902	4,429,365
529,258	-	-	-	529,258
529,258	6,462,739	1,419,463	5,620,544	52,247,304
\$ 529,258	\$ 6,481,269	\$ 2,894,788	\$ 5,675,959	\$ 54,287,616

Township of Macomb

Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets June 30, 2009

Fund Balances - Total Governmental Funds	\$ 52,247,304
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	47,043,300
A net other postemployment benefit obligation asset is recorded on the statement of net assets as a result of the first year implementation of GASB 45	1,988,559
Certain receivables are expected to be collected after 60 days and are not available to pay for current year expenditures	466,080
Long-term liabilities and their related interest are not due and payable in the current period and are not reported in the funds	<u>(42,785,193)</u>
Net Assets of Governmental Activities	<u>\$ 58,960,050</u>

Township of Macomb

	General Fund	Parks and Recreation Operating Fund	Fire Operating Fund	Law Enforcement Sheriff Fund
Revenue				
Property taxes and fees	\$ 2,334,527	\$ 2,762,109	\$ 4,063,367	\$ 2,919,915
Licenses and permits	1,280,799	-	-	-
Federal grants	11,067	-	40,000	-
State-shared revenues and grants	3,442,515	-	-	15,229
Charges for services	189,737	1,952,306	-	-
Fines and forfeitures	82,341	-	-	-
Special assessment	783,649	-	-	-
Interest	801,875	60,792	153,647	2,555
Other	325,855	-	3,842	-
Total revenue	9,252,365	4,775,207	4,260,856	2,937,699
Expenditures				
Current:				
General government	4,782,840	-	-	-
Public safety	1,329,595	-	2,953,048	3,001,591
Public works	865,929	-	-	-
Recreation and culture	191,538	2,490,904	-	-
Employee benefits and insurance	1,439,686	-	-	-
Capital outlay	167,862	-	-	-
Debt service	-	-	-	-
Total expenditures	8,777,450	2,490,904	2,953,048	3,001,591
Excess of Revenue Over (Under) Expenditures	474,915	2,284,303	1,307,808	(63,892)
Other Financing Sources (Uses)				
Transfers in (Note 4)	61,958	-	-	100,000
Transfers out (Note 4)	(687,200)	(1,973,554)	(820,000)	-
Bond premium	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	(625,242)	(1,973,554)	(820,000)	100,000
Net Change in Fund Balances	(150,327)	310,749	487,808	36,108
Fund Balances - Beginning of year	24,979,038	4,426,033	7,983,612	142,279
Fund Balances - End of year	<u>\$ 24,828,711</u>	<u>\$ 4,736,782</u>	<u>\$ 8,471,420</u>	<u>\$ 178,387</u>

Governmental Funds
Statement of Revenue, Expenditures, and
Changes in Fund Balances
Year Ended June 30, 2009

Building Authority Debt Service Fund	Building Authority Capital Projects Fund	Municipal Street Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 12,079,918
-	-	-	-	1,280,799
-	-	-	-	51,067
-	-	-	-	3,457,744
-	-	-	-	2,142,043
-	-	-	-	82,341
-	-	-	-	783,649
9,772	31,340	18,069	68,188	1,146,238
-	-	25,070	-	354,767
9,772	31,340	43,139	68,188	21,378,566
-	-	-	701,250	5,484,090
-	-	-	-	7,284,234
-	-	-	-	865,929
-	-	-	-	2,682,442
-	-	-	-	1,439,686
-	331,572	193,303	-	692,737
2,974,354	-	-	-	2,974,354
2,974,354	331,572	193,303	701,250	21,423,472
(2,964,582)	(300,232)	(150,164)	(633,062)	(44,906)
2,566,518	-	-	820,000	3,548,476
-	(5,764)	-	(61,958)	(3,548,476)
-	28,691	-	-	28,691
-	5,000,000	-	-	5,000,000
2,566,518	5,022,927	-	758,042	5,028,691
(398,064)	4,722,695	(150,164)	124,980	4,983,785
927,322	1,740,044	1,569,627	5,495,564	47,263,519
\$ 529,258	\$ 6,462,739	\$ 1,419,463	\$ 5,620,544	\$ 52,247,304

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, 2009

Net Change in Fund Balances - Total Governmental Funds \$ 4,983,785

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 (984,805)

The initial recognition of an other postemployment benefit obligation asset recorded as a result of GASB 45 creates a reduction in benefit payment expenses that is recorded on the statement of activities but not on the governmental funds 1,988,559

Revenue is reported in the statement of activities at the time it is earned, without regard to timeliness of collection (134,793)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 1,360,000

Proceeds from issuance of bonds is a revenue in the governmental funds, but not in the statement of activities (5,000,000)

Interest related to outstanding debt is accrued when incurred on the statement of activities, but not on the governmental fund report (43,589)

Accumulated employee sick and vacation pay is recorded when earned in the statement of activities (15,916)

Change in Net Assets of Governmental Activities **\$ 2,153,241**

Township of Macomb

Proprietary Fund Statement of Net Assets June 30, 2009

	Enterprise Fund - Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 40,628,942
Receivables:	
Customers	4,080,514
Special assessments	140,143
Inventories	104,910
Prepaid expenses and other	587,186
	<hr/>
Total current assets	45,541,695
Noncurrent assets:	
Restricted assets (Note 6)	312,913
Capital assets not being depreciated (Note 3)	10,718,372
Capital assets being depreciated (Note 3)	176,896,815
	<hr/>
Total noncurrent assets	187,928,100
	<hr/>
Total assets	233,469,795
Liabilities	
Current liabilities:	
Accounts payable	2,499,174
Accrued and other liabilities	131,434
Due to other governmental units	87,497
Current portion of long-term debt (Note 5)	994,958
	<hr/>
Total current liabilities	3,713,063
Noncurrent liabilities:	
Liabilities payable from restricted assets (Note 6)	175,000
Provision for compensated absences (Note 5)	125,528
Long-term debt - Net of current portion (Note 5)	13,575,264
	<hr/>
Total noncurrent liabilities	13,875,792
	<hr/>
Total liabilities	17,588,855
Net Assets	
Investment in capital assets - Net of related debt	172,986,604
Restricted - Debt service	137,913
Unrestricted	42,756,423
	<hr/>
Total net assets	<u><u>\$ 215,880,940</u></u>

Township of Macomb

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2009

	Enterprise Fund - Water and Sewer
Operating Revenue	
Sale of water	\$ 6,545,112
Sewage disposal charges	6,593,488
Charges for services	<u>321,307</u>
Total operating revenue	13,459,907
Operating Expenses	
Cost of water	4,766,368
Cost of sewage disposal	5,900,510
Operation and maintenance	1,101,069
General and administrative	1,436,017
Depreciation	<u>3,913,105</u>
Total operating expenses	<u>17,117,069</u>
Operating Loss	(3,657,162)
Nonoperating Revenue (Expense)	
Investment income	995,945
Contributions to Retiree Health Fund	(662,296)
Interest expense	<u>(777,691)</u>
Loss - Before contributions	(4,101,204)
Capital Contributions	
Developers	4,266,080
Tap fees and frontage charges	<u>281,701</u>
Total capital contributions	<u>4,547,781</u>
Change in Net Assets	446,577
Net Assets - Beginning of year	<u>215,434,363</u>
Net Assets - End of year	<u><u>\$ 215,880,940</u></u>

Township of Macomb

Proprietary Fund Statement of Cash Flows Year Ended June 30, 2009

	Enterprise Fund - Water and Sewer
Cash Flows from Operating Activities	
Receipts from customers	\$ 13,230,615
Payments to suppliers	(11,337,764)
Payments to employees	(1,208,803)
	<u>684,048</u>
Net cash provided by operating activities	684,048
Cash Flows from Capital and Related Financing Activities	
Receipt of capital contributions	281,701
Collection of special assessments - Principal and interest	24,501
Contribution to Retiree Health Fund	(1,249,482)
Purchase of capital assets	(2,711,451)
Principal and interest paid on long-term debt	(1,663,153)
	<u>(5,317,884)</u>
Net cash used in capital and related financing activities	(5,317,884)
Cash Flows from Investing Activities - Interest received on investments	<u>995,945</u>
Net Decrease in Cash and Cash Equivalents	(3,637,891)
Cash and Cash Equivalents - Beginning of year	<u>44,579,745</u>
Cash and Cash Equivalents - End of year	<u>\$ 40,941,854</u>
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 40,628,942
Restricted investments (Note 6)	312,913
	<u>312,913</u>
Total cash and cash equivalents	<u>\$ 40,941,854</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (3,657,161)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	3,913,105
Changes in assets and liabilities:	
Receivables	(229,292)
Inventory	(10,886)
Prepaid expenses and other	(44,051)
Due to other governmental units	87,497
Accounts payable	600,137
Accrued and other liabilities	24,699
	<u>24,699</u>
Net cash provided by operating activities	<u>\$ 684,048</u>

Noncash Investing, Capital, and Financing Activities - During the year ended June 30, 2009, developers constructed water and sewer lines with an estimated value of \$4,000,000 and donated them to the Township's Water and Sewer Enterprise Fund.

Township of Macomb

Fiduciary Funds Statement of Net Assets June 30, 2009

	Trust Funds - Pensions and Other Retirement Benefits	Agency Funds
Assets		
Cash and cash equivalents	\$ 8,259,568	\$ 448,639
Investments:		
Federal agency securities	344,242	-
Corporate bonds	264,736	-
Equities	940,724	-
Money market funds	333,653	-
U.S. Treasury bonds	216,595	-
Mutual funds	342,536	-
Total assets	10,702,054	\$ 448,639
Liabilities		
Due to other governmental units	-	\$ 5,264
Cash bonds and deposits	-	443,375
Total liabilities	-	\$ 448,639
Net Assets - Held in trust for pension and other employee benefits	\$ 10,702,054	

Township of Macomb

Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2009

	Trust Funds - Pensions and Other Retirement Benefits
Additions	
Investment loss	\$ (347,645)
Contributions:	
Employer	3,079,212
Employee	<u>30,904</u>
Total contributions	<u>3,110,116</u>
Total additions - Net	2,762,471
Deductions	
Benefit payments	30,063
Administrative expenses	<u>13,419</u>
Total deductions	<u>43,482</u>
Net Increase	2,718,989
Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of year	<u>7,983,065</u>
End of year	<u><u>\$ 10,702,054</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 2008 taxable valuation of the Township totaled \$3,366,497,209, on which ad valorem taxes levied consisted of 0.6757 mills for the Township's operating purposes, 1.25 mills for fire operating purposes, 0.0435 mills for fire pension, 0.8702 mills for police protection, and 0.8232 mills for parks and recreation. The ad valorem taxes raised \$2,323,047 for general operations, \$4,063,367 for fire operations, \$145,817 for fire pension, \$2,919,915 for police protection, and \$2,762,109 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, 2009

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 \$1,000 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, 2009

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.

Pension and Other Postemployment Benefit Costs - The City offers both pension and retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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, 2008		\$ (3,932,399)
2008-2009 building department activity:		
Permit revenue	\$ 374,342	
Expenditures	<u>(1,729,671)</u>	
Net shortfall for the year ended June 30, 2009		<u>(1,355,329)</u>
Cumulative expenditures over revenue - June 30, 2009		<u>\$ (5,287,728)</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 \$96,002,890 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, 2009

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
U.S. Treasury bonds	\$ -	\$ 216,595	Counterparty
Agency bonds	-	54,174	Counterparty
Equities (pension)	-	940,724	Counterparty
Corporate bonds (pension)	-	264,735	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	\$ -	\$ 216,595	5.17
Agency bonds	-	54,174	6.48

Township of Macomb

Notes to Financial Statements June 30, 2009

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	\$ 6,421,211	AAA	Moody's/Standard & Poor's
Agency bonds	54,174	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, 2008	Additions	Disposals and Adjustments	Balance June 30, 2009
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 3,182,227	\$ -	\$ -	\$ 3,182,227
Construction in progress	137,109	185,970	-	323,079
Subtotal	3,319,336	185,970	-	3,505,306
Capital assets being depreciated:				
Roads and bridges	5,265,220	193,303	-	5,458,523
Buildings and improvements	44,206,306	182,076	-	44,388,382
Vehicles	2,954,710	211,836	43,873	3,122,673
Office furnishings	3,452,788	421,511	153,540	3,720,759
Other tools and equipment	1,121,874	40,230	19,464	1,142,640
Subtotal	57,000,898	1,048,956	216,877	57,832,977
Accumulated depreciation:				
Infrastructure	1,461,411	217,769	-	1,679,180
Buildings and improvements	5,614,700	1,107,626	-	6,722,326
Vehicles	1,956,511	372,730	43,873	2,285,368
Office furnishings	2,553,138	368,494	150,459	2,771,173
Other tools and equipment	706,363	140,195	9,622	836,936
Subtotal	12,292,123	2,206,814	203,954	14,294,983
Net capital assets being depreciated	44,708,775	(1,157,858)	12,923	43,537,994
Net capital assets	\$ 48,028,111	\$ (971,888)	\$ 12,923	\$ 47,043,300

Township of Macomb

Notes to Financial Statements June 30, 2009

Note 3 - Capital Assets (Continued)

	Balance July 1, 2008	Additions	Disposals and Adjustments	Balance June 30, 2009
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 91,700	\$ -	\$ -	\$ 91,700
Construction in progress	12,053,569	2,719,145	4,146,042	10,626,672
Subtotal	12,145,269	2,719,145	4,146,042	10,718,372
Capital assets being depreciated:				
Water and sewer mains	201,584,827	8,396,098	-	209,980,925
Water meters	4,540,053	24,287	-	4,564,340
Buildings and building improvements	2,558,702	-	-	2,558,702
Vehicles	691,557	-	19,842	671,715
Furniture and equipment	797,704	26,380	22,497	801,587
Subtotal	210,172,843	8,446,765	42,339	218,577,269
Accumulated depreciation:				
Water and sewer mains	34,848,550	3,711,751	-	38,560,301
Water meters	904,631	91,044	-	995,675
Buildings and building improvements	715,886	63,968	-	779,854
Vehicles	603,794	39,373	19,842	623,325
Furniture and equipment	694,490	48,334	21,525	721,299
Subtotal	37,767,351	3,954,470	41,367	41,680,454
Net capital assets being depreciated	172,405,492	4,492,295	972	176,896,815
Net capital assets	<u>\$ 184,550,761</u>	<u>\$ 7,211,440</u>	<u>\$ 4,147,014</u>	<u>\$ 187,615,187</u>

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

Governmental activities:	
General government	\$ 526,424
Public safety	681,394
Public works	231,758
Recreation and culture	<u>767,238</u>
Total governmental activities	<u>\$ 2,206,814</u>
Business-type activities - Water and sewer	<u>\$ 3,913,105</u>

Township of Macomb

Notes to Financial Statements June 30, 2009

Note 3 - Capital Assets (Continued)

Construction Commitments - The Township has an active construction project at year end. The project includes the 2009 Building Authority bond issue and the Macomb Corners Park project. At year end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Macomb Corners Park	\$323,079	\$3,830,426

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	Other nonmajor governmental funds	\$ 53,970
Parks and Recreation Operating Fund	General Fund	4,374
Law Enforcement Sheriff Fund	General Fund	<u>4,282</u>
Total		<u>\$ 62,626</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	\$ 587,200
General Fund	Law Enforcement	100,000
Fire Operating Fund	Nonmajor governmental funds	820,000
Parks and Recreation Operating Fund	Building Authority Debt Service Fund	1,973,554
Building Authority Construction	Building Authority Debt Service Fund	5,764
Nonmajor governmental funds	General Fund	<u>61,958</u>
Total		<u>\$ 3,548,476</u>

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

Township of Macomb

Notes to Financial Statements June 30, 2009

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:

	Rate Ranges	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							
Maturing through 2010	5.40%	\$200,000	\$ 400,000	\$ -	\$ 200,000	\$ 200,000	\$ 200,000
2001 Building Authority Bonds:							
Amount of issue - \$10,000,000	4.375% -	\$35,000 -					
Maturing through 2027	5.25%	\$970,000	8,600,000	-	35,000	8,565,000	35,000
2002 Building Authority Bonds:							
Amount of issue - \$12,700,000	4.10% -	\$500,000 -					
Maturing through 2022	4.30%	\$600,000	2,100,000	-	500,000	1,600,000	500,000
2003 Building Authority Bonds:							
Amount of issue - \$2,700,000	2.55% -	\$125,000 -					
Maturing through 2022	4.00%	\$250,000	2,350,000	-	125,000	2,225,000	125,000
2003B Building Authority Bonds:							
Amount of issue - \$6,000,000	2.90% -	\$200,000 -					
Maturing through 2023	4.50%	\$550,000	5,450,000	-	200,000	5,250,000	200,000
2005 Building Authority Refund							
Amount of issue - \$9,800,000	3.50% -	\$40,000 -					
Maturing through 2022	5.0%	\$1,070,000	9,585,000	-	50,000	9,535,000	50,000
2006 Building Authority Bonds:							
Amount of issue - \$10,000,000	4.00% -	\$300,000 -					
Maturing through 2025	4.375%	\$900,000	9,550,000	-	250,000	9,300,000	300,000
2009 Building Authority Bonds:							
Amount of issue - \$5,000,000	3.00%	\$200,000 -					
Maturing through 2023	5.00%	\$550,000	-	5,000,000	-	5,000,000	200,000
Total bond obligations			38,035,000	5,000,000	1,360,000	41,675,000	1,610,000
Other long-term obligations -							
Compensated absences			647,823	15,916	-	663,739	391,791
Total governmental activities			\$ 38,682,823	\$ 5,015,916	\$ 1,360,000	\$ 42,338,739	\$ 2,001,791

Township of Macomb

Notes to Financial Statements June 30, 2009

Note 5 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions and Adjustments	Ending Balance	Due Within One Year
Business-type Activities							
General obligation bonds:							
2002 GO Capital Improvement Bond:							
Amount of issue - \$6,000,000	4.00%	\$250,000 -					
Maturing through 2022	5.00%	\$450,000	\$ 4,900,000	\$ -	\$ 250,000	\$ 4,650,000	\$ 250,000
2004 GO Refund Bond:							
Amount of issue - \$4,915,000	3.00%	\$175,000 -					
Maturing through 2018	3.80%	\$760,000	4,200,000	-	190,000	4,010,000	185,000
Revenue bonds:							
1998 Refunding Bonds:							
Amount of issue - \$3,390,000	4.25%	\$350,000 -					
Maturing through 2012	4.35%	\$390,000	1,490,000	-	355,000	1,135,000	350,000
Total bond obligations			10,590,000	-	795,000	9,795,000	785,000
Other long-term obligations:							
1999 Garfield Interceptor Debt:							
Amount of issue - \$6,364,761	7.50%	\$52,908					
Maturing through 2031		\$434,862	4,924,045	-	90,462	4,833,583	97,485
Compensated absences			267,686	-	25,519	242,167	112,473
Total other long-term obligations			5,191,731	-	115,981	5,075,750	209,958
Total business-type activities			15,781,731	-	910,981	14,870,750	994,958
Total			\$ 54,464,554	\$ 5,015,916	\$ 2,270,981	\$ 57,209,489	\$ 2,996,749

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
2010	\$ 1,610,000	\$ 1,769,663	\$ 3,379,663	\$ 882,485	\$ 740,857	\$ 1,623,342
2011	1,650,000	1,697,888	3,347,888	955,053	701,615	1,656,668
2012	1,810,000	1,630,885	3,440,885	978,208	659,291	1,637,499
2013	1,865,000	1,561,558	3,426,558	1,096,997	615,757	1,712,754
2014	2,115,000	1,493,483	3,608,483	1,216,468	569,680	1,786,148
2015-2019	14,360,000	5,983,625	20,343,625	4,737,230	2,199,923	6,937,153
2020-2024	15,865,000	2,403,083	18,268,083	2,527,209	1,181,373	3,708,582
2025-2029	2,400,000	193,125	2,593,125	1,747,164	536,324	2,283,488
2030-2031	-	-	-	487,769	22,262	510,031
Total	\$ 41,675,000	\$ 16,733,310	\$ 58,408,310	\$ 14,628,583	\$ 7,227,082	\$ 21,855,665

Township of Macomb

Notes to Financial Statements June 30, 2009

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 total \$1,210,328. During the current year, net revenues of the system were a loss of \$4,112,773 compared to the annual debt requirements of \$355,000.

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, 2009:

Water and Sewer Fund:

Restricted assets from bond covenants:

Cash and cash equivalents	\$ 312,913
Less current liabilities payable from restricted assets	<u>(175,000)</u>
Total restricted assets from bond covenants	137,913

Building Authority Capital Projects Fund - Restricted assets,
unspent bond proceeds

6,449,929

Total	<u><u>\$ 6,587,842</u></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

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, 2009, 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 (Continued)

Annual Pension Costs - For the year ended June 30, 2009, the Township's annual required pension contribution was \$175,998, of which the Township contributed \$145,817. 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 12 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 approximately \$1.9 million, and the actuarial value of assets was approximately \$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 \$652,908, 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

	2009	2008	2007
Annual pension costs (APC)	\$ 175,998	\$ 145,958	\$ 153,302
Percentage of annual required contribution actually contributed	83%	95%	110%
Net pension obligation	\$ -	\$ -	\$ -

Reserves

As of June 30, 2009, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contribution	\$ 257,970
Reserve for retired benefit payments	169,683

Note 9 - Other Postemployment Benefits (OPEB)

Plan Description - The Township provides retiree healthcare benefits to all full-time employees upon retirement in accordance with labor contracts. Currently, the plan has 19 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 healthcare costs of \$292,087. Retiree healthcare costs are recognized by the Township on a "pay as you go" basis; however, in the current year, the Township maintains about \$9.2 million in a prefunded retiree healthcare fund which is reported in the financial statements as a pension and other employee benefit trust fund type.

Funding Progress - For the year ended June 30, 2009, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 2008. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 636,520
Amounts contributed:	
Payments of current premiums	(292,087)
Employer contributions to the fund	<u>(2,920,176)</u>
Decrease in net OPEB obligation	(2,575,743)
OPEB obligation - Beginning of year	<u>-</u>
OPEB obligation (asset) - End of year	<u><u>\$ (2,575,743)</u></u>

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

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB asset for the current year are as follows:

Annual OPEB costs	\$636,520
Percentage contributed	504%
Net OPEB asset	\$2,575,743

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%

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 supplemental 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.

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.

Township of Macomb

Notes to Financial Statements June 30, 2009

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

In the July 1, 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
Statement of Net Assets			
Cash and equivalents	\$ 213,869	\$ 8,045,699	\$ 8,259,568
Investments:			
Federal agency securities	344,242	-	344,242
Corporate bonds	161,980	102,756	264,736
Equities	492,542	448,182	940,724
Money market funds	98,701	234,952	333,653
U.S. Treasury bonds	162,669	53,926	216,595
Mutual funds	4,545	337,991	342,536
Net assets held in trust for pension and other postemployment benefits	<u>\$ 1,478,548</u>	<u>\$ 9,223,506</u>	<u>\$ 10,702,054</u>
Statement of Changes in Net Assets			
Contributions	\$ 176,721	\$ 2,933,395	\$ 3,110,116
Investment loss	(187,201)	(160,444)	(347,645)
Benefit payments	(30,063)	-	(30,063)
Other decreases	(8,019)	(5,400)	(13,419)
Changes in net assets	<u>\$ (48,562)</u>	<u>\$ 2,767,551</u>	<u>\$ 2,718,989</u>

Note 10 - Accounting and Reporting Change

In the current year, the Township implemented Governmental Accounting Standards Board 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 pronouncement causes the government-wide statements and the proprietary funds to recognize the cost of providing retiree healthcare expenses over the working life of the employee, rather than at the time the healthcare expenses are paid. This statement was implemented prospectively. There was no impact of adopting this new pronouncement to beginning fund balance/net assets. In addition, the financial statements now recognize a reduction to expenditures for \$1,988,559 on the statement of net assets, governmental activities and \$587,186 in the business-type activities due to contributions to the other postemployment benefits exceeding the annual required contribution amounts.

Note 11 - Upcoming Reporting Change

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The Township will implement Statement No. 54 beginning with the fiscal year ending 2011.

Additionally, in March 2009, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, for the Township's 2010 fiscal year end. This statement requires capitalization of identifiable intangible assets in the statement of net assets and provides guidance for amortization of intangible assets unless they are considered to have an indefinite useful life. This statement also establishes specified conditions upon which internally generated intangible assets should be recognized and amortized, including internally generated computer software. The Township is currently evaluating the impact this standard will have on the financial statements when adopted.

Required Supplemental Information

Township of Macomb

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 24,979,038	\$ 24,979,038	\$ 24,979,038	\$ -
Resources (Inflows)				
Property taxes and fees	1,811,000	1,811,000	2,334,527	523,527
Licenses and permits	1,573,500	1,573,500	1,280,799	(292,701)
Federal grants	150,000	150,000	11,067	(138,933)
State-shared revenues and grants	3,400,000	3,400,000	3,442,515	42,515
Charges for services	217,756	217,756	189,737	(28,019)
Fines and forfeitures	75,000	75,000	82,341	7,341
Special assessment	750,000	750,000	783,649	33,649
Interest	805,000	805,000	801,875	(3,125)
Other	258,200	258,200	325,855	67,655
Transfer from other funds	150,000	150,000	61,958	(88,042)
Total resources (inflows)	9,190,456	9,190,456	9,314,323	123,867
Charges to Appropriations (Outflows)				
General government	4,073,520	3,840,442	4,782,840	(942,398)
Public safety	1,835,050	1,828,790	1,329,595	499,195
Public works	806,000	882,625	865,929	16,696
Parks and recreation	238,375	238,375	191,538	46,837
Employee benefits and insurance	1,586,881	1,592,354	1,439,686	152,668
Capital outlay	-	157,200	167,862	(10,662)
Operating transfers out	687,200	2,403,135	687,200	1,715,935
Total charges to appropriations (outflows)	9,227,026	10,942,921	9,464,650	1,478,271
Fund Balance - End of year	<u>\$ 24,942,468</u>	<u>\$ 23,226,573</u>	<u>\$ 24,828,711</u>	<u>\$ 1,602,138</u>

Township of Macomb

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2009

Parks and Recreation Operating Fund

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 4,426,033	\$ 4,426,033	\$ 4,426,033	\$ -
Resources (Inflows)				
Property taxes and fees	2,500,000	2,500,000	2,762,109	262,109
Charges for services	1,649,250	1,649,250	1,952,306	303,056
Interest	75,000	75,000	60,792	(14,208)
Total resources (inflows)	4,224,250	4,224,250	4,775,207	550,957
Charges to Appropriations (Outflows)				
Recreation and culture	2,647,020	2,646,879	2,490,904	155,975
Transfers to other funds	1,973,555	2,154,455	1,973,554	180,901
Total charges to appropriations (outflows)	4,620,575	4,801,334	4,464,458	336,876
Fund Balance - End of year	<u>\$ 4,029,708</u>	<u>\$ 3,848,949</u>	<u>\$ 4,736,782</u>	<u>\$ 887,833</u>

Fire Operating Fund

Fund Balance - Beginning of year	\$ 7,983,612	\$ 7,983,612	\$ 7,983,612	\$ -
Resources (Inflows)				
Property taxes and fees	3,900,000	3,900,000	4,063,367	163,367
Interest	100,000	100,000	153,647	53,647
Federal grants	10,000	10,000	40,000	30,000
Other	3,500	3,500	3,642	142
Total resources (inflows)	4,013,500	4,013,500	4,260,656	247,156
Charges to Appropriations (Outflows)				
Public safety	2,892,096	2,892,092	2,952,848	(60,756)
Transfers to other funds	820,000	1,181,230	820,000	361,230
Total charges to appropriations (outflows)	3,712,096	4,073,322	3,772,848	300,474
Fund Balance - End of year	<u>\$ 8,285,016</u>	<u>\$ 7,923,790</u>	<u>\$ 8,471,420</u>	<u>\$ 547,630</u>

Township of Macomb

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds (Continued) Year Ended June 30, 2009

Law Enforcement Sheriff Fund

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
	_____	_____	_____	_____
Fund Balance - Beginning of year	\$ 142,279	\$ 142,279	\$ 142,279	\$ -
Resources (Inflows)				
Property taxes and fees	2,800,000	2,800,000	2,919,915	119,915
State-shared revenues and grants	16,000	16,000	15,229	(771)
Interest	9,100	9,100	2,555	(6,545)
Transfer from other funds	100,000	100,000	100,000	-
	_____	_____	_____	_____
Total resources (inflows)	2,925,100	2,925,100	3,037,699	112,599
Charges to Appropriations (Outflows) -				
Public safety	3,032,400	3,032,400	3,001,591	30,809
	_____	_____	_____	_____
Fund Balance - End of year	\$ 34,979	\$ 34,979	\$ 178,387	\$ 143,408
	_____	_____	_____	_____

Township of Macomb

Required Supplemental Information Pension System Schedule of Funding Progress June 30, 2009

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	55.1

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/02	\$ 73,346	103
6/30/03	77,013	97
6/30/04	110,309	130
6/30/05	115,824	146
6/30/06	82,777	95
6/30/07	153,302	110
6/30/08	145,958	95
6/30/09	175,998	83

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, 2009

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 except that operating transfers in and out have been budgeted as revenues/expenditures. 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, 2009 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.

Excess of Expenditures Over Appropriations in Budgeted Funds – During the year, the Township incurred expenditures that were in excess of the amended budget as follows:

	<u>Amended Budget</u>	<u>Actual</u>
General Fund -		
General Government (1)	\$ 3,832,507	\$ 4,782,840
Fire Operating Fund -		
Public safety (1)	\$ 2,892,092	\$ 2,952,848

- (1) The variances are due to contributions to the Retiree Health Care Fund that were budgeted for as transfers out; however, they were charged to operating expenditures when the contributions were actually made.

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>\$ 123,970</u>	<u>\$ 629,464</u>	<u>\$ 1,912,623</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 1,445
Due to other funds	<u>53,970</u>	<u>-</u>	<u>-</u>
Total liabilities	53,970	-	1,445
Fund Balances - Unreserved	<u>70,000</u>	<u>629,464</u>	<u>1,911,178</u>
Total liabilities and fund balances	<u>\$ 123,970</u>	<u>\$ 629,464</u>	<u>\$ 1,912,623</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009**

Nonmajor Capital Projects Fund	
Public Improvement	Total Nonmajor Governmental Funds
<u>\$ 3,009,902</u>	<u>\$ 5,675,959</u>
\$ -	\$ 1,445
-	53,970
-	55,415
<u>3,009,902</u>	<u>5,620,544</u>
<u>\$ 3,009,902</u>	<u>\$ 5,675,959</u>

Township of Macomb

	<u>Nonmajor Special Revenue Funds</u>		
	Budget Stabilization	Parks and Recreation Revolving	Fire Improvement
Revenue - Interest income	\$ -	\$ 6,842	\$ 26,510
Expenditures - General government	-	-	701,250
Excess of Revenue Over (Under) Expenditures	-	6,842	(674,740)
Other Financing Sources (Uses)			
Transfers in	-	-	820,000
Transfers out	-	-	-
Net Change in Fund Balances	-	6,842	145,260
Fund Balances - Beginning of year	70,000	622,622	1,765,918
Fund Balances - End of year	<u>\$ 70,000</u>	<u>\$ 629,464</u>	<u>\$ 1,911,178</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2009

Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Public Improvement	Funds
\$ 34,836	\$ 68,188
<u>-</u>	<u>701,250</u>
34,836	(633,062)
-	820,000
<u>(61,958)</u>	<u>(61,958)</u>
(27,122)	124,980
<u>3,037,024</u>	<u>5,495,564</u>
<u>\$ 3,009,902</u>	<u>\$ 5,620,544</u>

Township of Macomb

Other Supplemental Information Combining Statement of Net Assets Fiduciary Funds June 30, 2009

	Retirement System	Retiree Health Care	Total	Tax Collections	Bond Escrow	Total
Assets						
Cash and cash equivalents	\$ 213,869	\$ 8,045,699	\$ 8,259,568	\$ 5,264	\$ 443,375	\$ 448,639
Investments:						
Federal agency securities	344,242	-	344,242	-	-	-
Corporate bonds	161,980	102,756	264,736	-	-	-
Equities	492,542	448,182	940,724	-	-	-
Money market funds	98,701	234,952	333,653	-	-	-
U.S. Treasury bonds	162,669	53,926	216,595	-	-	-
Mutual funds	4,545	337,991	342,536	-	-	-
Total assets	<u>1,478,548</u>	<u>9,223,506</u>	<u>10,702,054</u>	<u>\$ 5,264</u>	<u>\$ 443,375</u>	<u>\$ 448,639</u>
Liabilities and Net Assets						
Liabilities						
Due to other governmental units	-	-	-	\$ 5,264	-	\$ 5,264
Cash bonds and deposits	-	-	-	-	443,375	443,375
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 5,264</u>	<u>\$ 443,375</u>	<u>\$ 448,639</u>
Net Assets - Held in trust for pension and other employee benefits	<u>1,478,548</u>	<u>9,223,506</u>	<u>10,702,054</u>			
Total liabilities and net assets	<u>\$ 1,478,548</u>	<u>\$ 9,223,506</u>	<u>\$ 10,702,054</u>			

Township of Macomb

Other Supplemental Information Combining Statement of Changes in Net Assets Fiduciary Funds Year Ended June 30, 2009

	Pension Trust Funds		Total
	Retirement System	Retiree Health Care	
Additions - Contributions			
Employer	\$ 145,817	\$ 2,933,395	\$ 3,079,212
Employee	30,904	-	30,904
Total additions	176,721	2,933,395	3,110,116
Deductions			
Investment losses	187,201	160,444	347,645
Benefit payments	30,063	-	30,063
Administrative expenses	8,019	5,400	13,419
Total deductions	225,283	165,844	391,127
Net (Decrease) Increase	(48,562)	2,767,551	2,718,989
Net Assets Held in Trust for Pension and Other Employee Benefits			
Beginning of year	1,527,110	6,455,955	7,983,065
End of year	<u>\$ 1,478,548</u>	<u>\$ 9,223,506</u>	<u>\$ 10,702,054</u>