

MACATAWA AREA COORDINATING COUNCIL

REPORT FOR THE YEAR ENDED

SEPTEMBER 30, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

| | | | |
|--|--------------------------|--|------------------|
| Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other | | Local Unit Name MACATAWA AREA COORDIN. COUNCIL | County OTTAWA |
| Fiscal Year End 9/30/07 | Opinion Date 11/16/07 | Date Audit Report Submitted to State <i>FEBRUARY 25, 2008</i> | |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

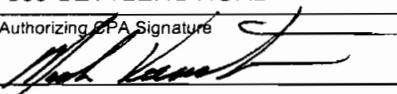
| We have enclosed the following: | Enclosed | Not Required (enter a brief justification) | |
|--|-------------------------------------|--|---------------------------|
| Financial Statements | <input checked="" type="checkbox"/> | | |
| The letter of Comments and Recommendations | <input checked="" type="checkbox"/> | | |
| Other (Describe) | <input type="checkbox"/> | | |
| Certified Public Accountant (Firm Name) DE BOER, BAUMANN & COMPANY, PLC | | Telephone Number (616) 396-1435 | |
| Street Address 355 SETTLERS ROAD | | City HOLLAND | State Zip MI 49423 |
| Authorizing CPA Signature  | | Printed Name MARK A. VEENSTRA | License Number A689548 |

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INDEPENDENT AUDITORS' REPORT

**To the Policy Committee
Macatawa Area Coordinating Council
Holland, MI**

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Macatawa Area Coordinating Council, as of and for the year ended September 30, 2007, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Macatawa Area Coordinating Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of the Macatawa Area Coordinating Council, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2007, on our consideration of the Macatawa Area Coordinating Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages i – iv and page 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Macatawa Area Coordinating Council's basic financial statements. The accompanying information identified in the table of contents and other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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.

DE BOER, BAUMANN & COMPANY, P.L.C.

De Boer, Baumann & Company, P.L.C.

Certified Public Accountants
Holland, Michigan
November 16, 2007

**Macatawa Area Coordinating Council
Management's Discussion and Analysis (Unaudited)
September 30, 2007 and 2006**

Using this Annual Report

The following represents the Management Discussion and Analysis ("MD&A") of the financial activities and performance of the Macatawa Area Coordinating Council (the "MACC"). The MD&A provides the reader with an introduction and overview to the basic financial statements of the MACC for the Fiscal Year ended September 30, 2007.

Following this MD&A are the basic financial statements of the MACC together with the notes and combined financial statements, which are essential to a full understanding of the MACC's financial performance. The Statement of Net Assets and the Statement of Activities provide information about the activities of the MACC as a whole and present a longer-term view of the MACC's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the MACC's operations in more detail than the government-wide financial statements.

FINANCIAL HIGHLIGHTS – THE MACC AS A WHOLE

- The MACC's total assets exceeded liabilities (net assets) by \$ 607,775 as of September 30, 2007 as compared to \$ 566,003 as of September 30, 2006. Of this amount, \$ 586,924 represents unrestricted net assets and may be used to meet future obligations.
- The MACC's net assets increased by \$ 41,772. The net assets of the governmental funds (Watershed Fund) declined by \$ 17,469. The net assets of the business-type funds (Transportation Fund) increased by \$ 59,241.
- As detailed later in the budgetary highlights, the decrease in the Watershed fund was due to the ending of the Section 319 grant in this year.
- General revenues for all funds totaled \$ 278,546. Included in this amount are jurisdictional dues of \$ 148,665 and watershed/stormwater dues of \$ 110,000 received from the local units of government who are members of the MACC. Investment income of \$ 19,881 is also included in the general revenues.
- Non-operating grants and contributions from Federal, State, and local sources for all funds totaled \$ 372,533. The governmental activities of the MACC accounted for \$ 251,274 of that revenue. The business-type activities of the MACC accounted for the balance of \$ 121,259 in program revenue.
- Operating expenses for all funds totaled \$ 609,307. Of this amount, \$ 252,599 was allocated to the governmental activities of the MACC. The remaining \$ 356,708 was allocated to the business-type activities of the MACC.

BASIC FINANCIAL STATEMENTS - OVERVIEW

The MACC's basic financial statements are comprised of the fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic combined financial statements.

The Government-Wide Financial Statements provide information about the activities of the whole government, presenting both an aggregate view of the government's finances and a longer-term view of those finances.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The MACC accounts for its activities in governmental and proprietary funds.

Governmental funds. Governmental activities reported in the financial statements consist of a single special revenue fund used to account for the activities of the Macatawa Watershed Project.

The basic governmental fund financial statements begin on page 7.

**Macatawa Area Coordinating Council
Management's Discussion and Analysis (Unaudited)
September 30, 2007 and 2006**

Proprietary funds. Business-type activities reported in the financial statements consist of the Transportation Fund. A single enterprise fund is used by the MACC to account for its transportation planning activities.

The basic proprietary fund financial statements begin on page 11.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. These notes begin on page 14 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain additional supplementary information concerning the activities of the MACC's funds during the Fiscal Year. Supplemental information begins on page 24 of this report.

FINANCIAL ANALYSIS

Statement of Net Assets: This statement presents information on all of the MACC's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may be a useful indicator of whether the financial position of the MACC is improving or deteriorating. Information on all MACC funds is detailed in the combined financial statements.

As noted in the financial highlights, the MACC's total assets exceeded liabilities (net assets) by \$ 607,775 as of September 30, 2007. With the exception of \$ 20,851 invested in capital assets, this amount is available to meet the future obligations of the MACC. The table below provides a summary of the MACC's net assets for 2007 compared to 2006:

| | Primary Government Combined Activities FY 2007 | Primary Government Combined Activities FY 2006 | Increase (Decrease) | Percent Change |
|---|--|--|------------------------|-------------------|
| Current Assets | \$ 647,232 | \$ 641,895 | \$ 5,337 | 1% |
| Noncurrent Assets | 37,910 | 34,722 | 3,188 | 9% |
| Total Assets | 685,142 | 676,617 | 8,525 | 1% |
| Long-Term Debt Outstanding | 8,532 | 6,127 | 2,405 | 39% |
| Other Liabilities | 68,835 | 104,487 | (35,652) | -34% |
| Total Liabilities | 77,367 | 110,614 | (33,247) | -30% |
| Net Assets | | | | |
| Invested in Capital Assets--Net of Debt | 20,851 | 21,776 | (925) | 4% |
| Unrestricted (Deficit) | 586,924 | 544,227 | 42,697 | 8% |
| Total Net Assets | \$ 607,775 | \$ 566,003 | \$ 41,772 | 7% |

**Macatawa Area Coordinating Council
Management's Discussion and Analysis (Unaudited)
September 30, 2007 and 2006**

Statement of Activities: This statement shows the changes of the net assets during Fiscal Year 2007. Total revenues consist primarily of Federal and State of Michigan grants, along with local jurisdictional and watershed/stormwater dues. Federal, State, and local non-operating grants in Fiscal Year 2007 totaled \$ 372,533. General revenues consist of jurisdictional and watershed dues totaling \$ 258,665 and interest revenue in the amount of \$ 19,881. The net assets of the MACC as a whole increased by \$ 41,772. See the table below:

| | Primary Government Combined Activities FY 2007 | Primary Government Combined Activities FY 2006 | Increase (Decrease) | Percent Change |
|--|--|--|------------------------|-------------------|
| Program Revenues | | | | |
| Non-Operating Grants and Contributions | \$ 372,533 | \$ 494,677 | \$ (122,144) | -25% |
| General Revenues | | | | |
| Jurisdictional Dues | 148,665 | 148,017 | 648 | -% |
| Watershed Dues | 110,000 | 110,000 | - | -% |
| Unrestricted Investment Earnings | 19,881 | 8,987 | 10,894 | 121% |
| Total Revenues | 651,079 | 761,681 | (110,602) | -15% |
| Program Expenses | | | | |
| Watershed | 252,599 | 317,251 | (64,652) | -20% |
| MPO/Transportation | 356,708 | 345,570 | 11,138 | 3% |
| Total Expenses | 609,307 | 662,821 | (53,514) | -8% |
| Change in Net Assets | \$ 41,772 | \$ 98,860 | \$ (57,088) | -58% |

COMBINED FUNDS BUDGETARY HIGHLIGHTS

The MACC Policy Committee approved the original combined budget for Fiscal Year 2007 on June 26, 2006. Over the course of the year, the MACC Policy Committee amended the budget to take into account events as they became known.

The major items that occurred this year from the budget requiring amendment related primarily to the new Stormwater Grant (#2006-1500) and the cancellation of the National Fish and Wildlife Foundation Grant. There was also a change in the "investment income" budget as an interest bearing account was established for these funds. During the year, there were also some staffing changes that required amendments.

**Macatawa Area Coordinating Council
Management's Discussion and Analysis (Unaudited)
September 30, 2007 and 2006**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. On September 30, 2007, the MACC's investment in capital assets for all funds amounted to \$ 37,910, net of accumulated depreciation, and consisted of leasehold improvements, computer equipment, and office furniture and fixtures. Purchases of capital assets during Fiscal Year 2007 consisted of a computer costing \$ 1,231. Dispositions included fully depreciated obsolete equipment and two copiers formerly under capital lease obligation.

Long-term debt. At September 30, 2007, the MACC had total long-term debt outstanding of \$ 8,532 as compared to \$ 6,127 as of September 30, 2007. This obligation relates to the long term portion of the capital lease on the new Oce copy machine.

Additional information on the MACC's capital assets and long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Availability of Federal, State, and local revenues is essential to our budgeting process. The MACC recognizes that current economic conditions have negatively impacted some of its revenue sources, and therefore understands the need to continue to carefully monitor its budget.

On May 21, 2007, the MACC Policy Committee approved a total combined budgeted expense of \$ 727,321 for all funds for fiscal year 2008. The budget reflects the expected completion of the Great Lakes Basin Program and the implementation of a new Stormwater Grant. This grant is for a two-year period ending early in 2009. Additionally, a new Watershed Section 319 grant is being applied for at this time but due to State funding issues, the acceptance of this proposal is uncertain. A major opportunity that is starting this year is a Brownfield grant totaling \$ 400,000 to be used over three years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the MACC's finances for all interested persons. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Macatawa Area Coordinating Council, 400 136th Avenue, Suite 416, Holland, MI 49424.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

**To the Policy Committee
Macatawa Area Coordinating Council
Holland, MI**

We have audited the basic financial statements of Macatawa Area Coordinating Council as of and for the year ended September 30, 2007, and have issued our report thereon dated November 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Macatawa Area Coordinating Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of deficiencies, that adversely affects the entity's ability to authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether Macatawa Area Coordinating Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the management of Macatawa Area Coordinating Council in a separate letter dated November 16, 2007.

This report is intended solely for the information and use of the Board of Directors, management and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DE BOER, BAUMANN & COMPANY, P.L.C.

De Boer, Baumann & Company P.L.C.

Certified Public Accountants
Holland, Michigan
November 16, 2007

MACATAWA AREA COORDINATING COUNCIL
STATEMENT OF NET ASSETS
September 30, 2007

| | <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|---|--|---|-------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash in Bank | \$ 29,826 | \$ 488,593 | \$ 518,419 |
| Accounts Receivable | 4,949 | - | 4,949 |
| Interest Receivable | - | 1,043 | 1,043 |
| Due from Other Governmental Units | 29,654 | 88,477 | 118,131 |
| Due from Other Funds | - | 1,143 | 1,143 |
| Prepaid Expenses | 1,143 | 2,404 | 3,547 |
| TOTAL CURRENT ASSETS | <u>65,572</u> | <u>581,660</u> | <u>647,232</u> |
| NONCURRENT ASSETS | | | |
| Office Equipment | 19,761 | 99,622 | 119,383 |
| Leasehold Improvements | - | 23,044 | 23,044 |
| Less: Accumulated Depreciation | <u>(19,119)</u> | <u>(85,398)</u> | <u>(104,517)</u> |
| TOTAL NONCURRENT ASSETS | <u>642</u> | <u>37,268</u> | <u>37,910</u> |
| TOTAL ASSETS | <u>\$ 66,214</u> | <u>\$ 618,928</u> | <u>\$ 685,142</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable | \$ 1,868 | \$ 25,588 | \$ 27,456 |
| Due to Other Governmental Units | - | 1,034 | 1,034 |
| Due to Other Funds | 1,143 | - | 1,143 |
| Accrued Salaries & Wages | 1,199 | 6,955 | 8,154 |
| Accrued Payroll Taxes | 92 | 531 | 623 |
| Accrued Fringe Benefits | 110 | 635 | 745 |
| Accrued Compensated Absences | 3,116 | 16,781 | 19,897 |
| Deferred Revenue | - | 1,256 | 1,256 |
| Current Portion of Obligations | | | |
| Under Capital Lease | - | 2,400 | 2,400 |
| Current Portion of Long Term Debt | <u>-</u> | <u>6,127</u> | <u>6,127</u> |
| TOTAL CURRENT LIABILITIES | <u>7,528</u> | <u>61,307</u> | <u>68,835</u> |
| LONG TERM DEBT | | | |
| Obligation Under Capital Lease | <u>-</u> | <u>8,532</u> | <u>8,532</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 642 | 20,209 | 20,851 |
| Unrestricted | <u>58,044</u> | <u>528,880</u> | <u>586,924</u> |
| TOTAL NET ASSETS | <u>58,686</u> | <u>549,089</u> | <u>607,775</u> |
| TOTAL LIABILITIES AND | | | |
| NET ASSETS | <u>\$ 66,214</u> | <u>\$ 618,928</u> | <u>\$ 685,142</u> |

See accompanying notes to financial statements.

MACATAWA AREA COORDINATING COUNCIL
STATEMENT OF ACTIVITIES
Year Ended September 30, 2007

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> <u>Operating and Nonoperating Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Assets</u> | | |
|---------------------------------|-------------------|---|--|---------------------------------|-------------------|
| | | | <u>Primary Government</u> | | |
| | | | <u>Government Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| Watershed | \$ 252,599 | \$ 121,259 | \$ (131,340) | \$ - | \$ (131,340) |
| Business-Type Activities: | | | | | |
| Transportation | <u>356,708</u> | <u>251,274</u> | <u>-</u> | <u>(105,434)</u> | <u>(105,434)</u> |
| Total Primary Government | <u>\$ 609,307</u> | <u>\$ 372,533</u> | <u>(131,340)</u> | <u>(105,434)</u> | <u>(236,774)</u> |
| | | General Revenues | | | |
| | | Jurisdictional Dues | 110,000 | 148,665 | 258,665 |
| | | Unrestricted Investment Earnings | <u>3,871</u> | <u>16,010</u> | <u>19,881</u> |
| | | Subtotal, General Revenues | <u>113,871</u> | <u>164,675</u> | <u>278,546</u> |
| | | Change in Net Assets | (17,469) | 59,241 | 41,772 |
| | | Net Assets - beginning of year | <u>76,155</u> | <u>489,848</u> | <u>566,003</u> |
| | | Net Assets - end of year | <u>\$ 58,686</u> | <u>\$ 549,089</u> | <u>\$ 607,775</u> |

See accompanying notes to financial statements.

MACATAWA AREA COORDINATING COUNCIL
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2007

| | Special Revenue <u>Funds</u> |
|--|---|
| ASSETS | |
| Cash in Bank | \$ 29,826 |
| Accounts Receivable | 4,949 |
| Due from Other Governmental Units | 29,654 |
| Prepaid Expenses | <u>1,143</u> |
| TOTAL ASSETS | <u>\$ 65,572</u> |
| LIABILITIES AND FUND EQUITY | |
| LIABILITIES | |
| Accounts Payable | \$ 1,868 |
| Due to Other Funds | 1,143 |
| Accrued Salaries and Wages | 1,199 |
| Accrued Payroll Taxes | 92 |
| Accrued Fringe Benefits | 110 |
| Accrued Compensated Absences | <u>3,116</u> |
| Total Current Liabilities | <u>7,528</u> |
| FUND EQUITY | |
| Fund Balance | <u>58,044</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 65,572</u> |

See accompanying notes to financial statements.

**MACATAWA AREA COORDINATING COUNCIL
 GOVERNMENTAL FUND TYPES
 BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
 September 30, 2007**

Total Governmental Fund Balance \$ 58,044

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds

| | | |
|--------------------------|-----------------|------------|
| Cost of capital assets | 19,761 | |
| Accumulated depreciation | <u>(19,119)</u> | <u>642</u> |

Net Assets of Governmental Activities \$ 58,686

See accompanying notes to financial statements.

MACATAWA AREA COORDINATING COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2007

| | Special Revenue <u>Funds</u> |
|---|---|
| REVENUES | |
| Federal | \$ 104,785 |
| State | 2,938 |
| Local | <u>127,407</u> |
| TOTAL REVENUES | <u>235,130</u> |
| EXPENDITURES | |
| Salaries and Benefits | 89,320 |
| Indirect Expenses | 43,120 |
| Contract Services | 105,253 |
| Supplies | 8,098 |
| Other | <u>6,333</u> |
| TOTAL EXPENDITURES | <u>252,124</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (16,994) |
| FUND BALANCE (DEFICIT) - OCTOBER 1, 2005 | <u>75,038</u> |
| FUND BALANCE - SEPTEMBER 30, 2006 | <u><u>\$ 58,044</u></u> |

See accompanying notes to financial statements.

MACATAWA AREA COORDINATING COUNCIL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2007

Net Change in Fund Balances - Total Governmental Funds \$ (16,994)

Amounts reported for governmental activities in
the statement of activities are different because:

Governmental funds report capital outlay as expenditures;
in the statement of activities, these costs are allocated
over their estimated useful lives as depreciation.

Depreciation expense (475)

Change in Net Assets of Governmental Activities \$ (17,469)

See accompanying notes to financial statements.

MACATAWA AREA COORDINATING COUNCIL
BALANCE SHEET - PROPRIETARY FUND
September 30, 2007

ASSETS

CURRENT ASSETS

| | |
|-----------------------------------|--------------|
| Cash in Bank | \$ 488,593 |
| Interest Receivable | 1,043 |
| Due from Other Governmental Units | 88,477 |
| Due from Other Funds | 1,143 |
| Prepaid Expenses | <u>2,404</u> |

TOTAL CURRENT ASSETS 581,660

NONCURRENT ASSETS

| | |
|--------------------------|-----------------|
| Property and Equipment | 122,666 |
| Accumulated Depreciation | <u>(85,398)</u> |

TOTAL NONCURRENT ASSETS 37,268

TOTAL ASSETS \$ 618,928

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

| | |
|---|--------------|
| Accounts Payable | \$ 25,588 |
| Due to Other Governmental Units | 1,034 |
| Accrued Salaries and Wages | 6,955 |
| Accrued Payroll Taxes | 531 |
| Accrued Fringe Benefits | 635 |
| Accrued Compensated Absences | 16,781 |
| Deferred Revenue | 1,256 |
| Current Portion of Obligations Under Capital Lease | 2,400 |
| Current Portion of Long-Term Debt | <u>6,127</u> |

TOTAL CURRENT LIABILITIES 61,307

OBLIGATIONS UNDER CAPITAL

LEASE, net of current portion 8,532

NET ASSETS 549,089

**TOTAL LIABILITIES
AND NET ASSETS** \$ 618,928

See accompanying notes to financial statements.

MACATAWA AREA COORDINATING COUNCIL
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUND
Year Ended September 30, 2007

| | Enterprise Fund |
|--|----------------------------|
| OPERATING REVENUES | \$ - |
| OPERATING EXPENSES | <u>398,490</u> |
| OPERATING INCOME (LOSS) | (398,490) |
| NONOPERATING REVENUES - LOCAL | 218,555 |
| NONOPERATING REVENUES - FEDERAL AND STATE | 240,514 |
| NONOPERATING EXPENSES | <u>(1,338)</u> |
| CHANGE IN FUND EQUITY | 59,241 |
| NET ASSETS - OCTOBER 1, 2006 | <u>489,848</u> |
| NET ASSETS - SEPTEMBER 30, 2007 | <u>\$ 549,089</u> |

See accompanying notes to financial statements.

MACATAWA AREA COORDINATING COUNCIL
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended September 30, 2007

| | Enterprise Fund |
|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITES | |
| Receipts from Grantors | \$ 466,267 |
| Payments to Vendors | (181,768) |
| Payments to Employees | (203,800) |
| Other Receipts | <u>14,858</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>95,557</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of Property, Plant and Equipment | <u>(12,714)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Proceeds from Long-Term Debt | 11,483 |
| Principal Payments on Capital Lease Obligations | (4,321) |
| Principal Payments on Long-Term Debt | <u>(6,819)</u> |
| NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>343</u> |
| NET INCREASE IN CASH | 83,186 |
| CASH AT BEGINNING OF YEAR | <u>405,407</u> |
| CASH AT END OF YEAR | <u>\$ 488,593</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | |
| Increase (decrease) in net assets | \$ 59,241 |
| Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities | |
| Depreciation | 9,050 |
| Loss on Sale of Asset | - |
| Decrease in Accounts Receivable | 2,912 |
| Increase in Interest Receivable | (1,043) |
| Decrease in Due from Other Governmental Units | 20,843 |
| Increase in Due from Other Funds | (1,143) |
| Decrease in Prepaid Expenses | 13,675 |
| Decrease in Accounts Payable | (10,778) |
| Increase in Due to Other Governmental Units | 1,034 |
| Increase in Accrued Liabilities | 2,313 |
| Increase in Deferred Revenue | <u>(547)</u> |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>\$ 95,557</u> |

See accompanying notes to financial statements.

MACATAWA AREA COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Macatawa Area Coordinating Council is a Metropolitan Planning Organization and is an area wide association of governmental units in the Holland/Zeeland area organized to encourage cooperation among neighboring governmental units on area wide issues.

The financial statements of the Macatawa Area Coordinating Council have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The Macatawa Area Coordinating Council (MACC) was formed to deal with the challenges of growth and the need for more regional cooperation and planning regarding matters of mutual concern such as transportation, housing, land use, and quality of life for area citizens. Included in the membership are the cities of Holland and Zeeland, the townships of Park, Holland, Zeeland, Fillmore, Laketown, Port Sheldon and Olive, the counties of Allegan and Ottawa, the road commissions of Allegan and Ottawa County, the Macatawa Area Express Transportation Authority and the Michigan Department of Transportation (MDOT).

The fiscal year 2007 Unified Work Program (UWP) describes the urban transportation planning activities and budgets for the Macatawa Area Coordinating Council/Metropolitan Planning Organization for the time period of October 1, 2006 to September 30, 2007.

A federal grant program was initiated in fiscal year 1997 to monitor water quality and develop a phosphorus reduction strategy for the Macatawa Watershed.

A grant program was initiated to address the environmental and social impacts of Brownfield sites throughout the area covered by the Macatawa Area Coordinating Council.

B. Basic Financial Statements

Government-Wide Statements

The Council's basic financial statements include both government-wide (reporting the Council as a whole) and fund financial statements (reporting the Council's major funds). The government-wide financial statements categorize primary activities as either governmental or business type.

MACATAWA AREA COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

Government-Wide Statements (Continued)

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts: (1) invested in capital assets, (2) net of related debt; restricted net assets; and (3) unrestricted net assets.

The Council first utilizes restricted resources to finance qualifying activities.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than program revenue. Likewise, general revenue includes jurisdictional dues received from local units of government.

The net costs (by function) are normally covered by general revenue (jurisdictional dues and interest income).

The Council allocates indirect costs based on indirect cost rates per an approved cost allocation plan. Accordingly, approximately 69% of these costs are allocated to Transportation programs and the remaining 31% are allocated to the Watershed program. In creating the government-wide financial statements, the Council has eliminated interfund transactions.

The government-wide financial statements focus on the sustainability of the Council as an entity and the change in the Council's net assets resulting from the current year's activities.

Fund Financial Statements

The accounts of the Council are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types in two broad fund categories as follows:

MACATAWA AREA COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

Major Governmental Fund

Special Revenue Funds – accounts for the activities of the Watershed project and the Brownfield project.

Major Proprietary Funds

Enterprise Fund - accounts for the transportation operations in a manner similar to a private business. Revenues are matched with expenses and net income is determined using accrual accounting methods.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when both measurable and available.

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the Macatawa Area Coordinating Council available means expected to be received within sixty days of the fiscal year-end.

Expenditures are generally recognized when the fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

MACATAWA AREA COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Capital Assets

The Council has adopted a capitalization policy that considers individual items with a value greater than \$ 1,000 as capital assets.

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

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

Depreciation on all assets is provided on the MACRS method over the useful life of the assets:

| | |
|------------------------|--------------|
| Leasehold Improvements | 3 – 15 years |
| Purchased Equipment | 3 – 7 years |
| Donated Equipment | 3 years |

Other accounting policies are disclosed as appropriate in other notes to the financial statements.

E. Cash Flows

For purposes of the Statement of Cash Flows, the MACC considers all short term investments with an original maturity of three months or less to be cash equivalents. The carrying amounts approximate fair value.

F. Accrued Fringe Benefits

The Council has accrued a liability for certain fringe benefit expenses to be paid after year end. These benefits include the Council's match on employee contributions to the MACC's 457(b) retirement plan.

MACATAWA AREA COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accrued Compensated Absences

Absences are allowed to accrue for vacation time, sick time and personal leave time and must be paid by the Organization to an employee who resigns or is terminated. Vacation pay is vested as earned by the employee. Unpaid accrued vacation is payable in full upon termination or resignation of the employee. Sick pay may accrue to a maximum of 24 days (192 hours). Unpaid accrued sick pay is payable at 50% of regular pay upon termination or resignation of the employee. Personal leave pay may accrue to a maximum of four days (32 hours). Unpaid accrued personal pay is payable in full upon termination or resignation of the employee. All of the above listed benefits are payable contingent upon successful job performance. As of September 30, 2007, accrued compensated absences amounted to \$ 19,897.

H. Legal and Budget Requirements

The Michigan Uniform Budgeting Act requires that the Special Revenue Fund establish an annual budget adopted by the board at the beginning of the fiscal year.

State law requires operation under a balanced budget and budgetary control to the functional, activity or line item level as defined in the Uniform Budgeting and Accounting Act. The budget figures in the accompanying financial statements have been reported on a Function and Fund basis and reflect approved amendments during the year.

The Policy Committee of the MACC approves the combined budget.

The final amended budget for the Enterprise Fund and the Watershed Project was approved September 24, 2007.

I. The Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

MACATAWA AREA COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE 2: CASH AND INVESTMENTS

Public Act 217 of 1982 authorizes the MACC to deposit in the accounts of federally insured banks, insured credit unions, and savings and loan associations of the United States or commercial paper of certain investment quality. Michigan law prohibits securities in the form of collateral, surety bond or other forms for the deposit of public money.

Balances at September 30, 2007 relating to cash are as follows:

| | <u>Financial Statement Balances</u> | <u>Bank Balances</u> |
|------------------------|--|---------------------------------|
| Petty Cash | \$ 63 | \$ - |
| Business Checking | 413,889 | 414,893 |
| Certificate of Deposit | 104,467 | 104,467 |
| | <u>\$ 518,419</u> | <u>\$ 519,360</u> |

The MACC maintains its cash balances in one financial institution located in Holland, Michigan. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At September 30, 2007, the uninsured cash balances total \$ 419,360. Petty cash is not covered by federal depository insurance.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable, at September 30, 2007, consist of the following:

| | |
|----------------------------------|-----------------|
| Special Revenue Fund | \$ <u>4,949</u> |
| Enterprise Fund | |
| West Michigan Strategic Alliance | \$ <u>-</u> |

NOTE 4: DUE FROM/TO OTHER GOVERNMENTAL UNITS

This account consists of amounts due from the following governmental units:

| | |
|--|------------------|
| Special Revenue Fund | |
| Michigan Department of Environmental Quality | \$ <u>29,654</u> |
| Enterprise Fund | |
| Michigan Department of Transportation | \$ <u>88,477</u> |

MACATAWA AREA COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE 5: DUE FROM/TO OTHER FUNDS

DUE FROM OTHER FUNDS

Proprietary Fund Due From

Due from Brownfield Fund \$ 1,143

DUE TO OTHER FUNDS

Brownfield Fund Due To

Due to Proprietary Fund \$ 1,143

NOTE 6: CAPITAL ASSETS

PROPRIETARY FUND TYPES

The following is a summary of the changes in fixed assets:

| | <u>Balance</u> <u>10/01/2006</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> <u>9/30/2007</u> |
|--------------------------|---|-------------------------|-------------------------|--|
| Equipment | \$ 75,130 | \$ 12,714 | \$ 18,827 | \$ 69,017 |
| Donated Equipment | 30,605 | - | - | 30,605 |
| Leasehold Improvements | <u>23,044</u> | <u>-</u> | <u>-</u> | <u>23,044</u> |
| Totals | <u>128,779</u> | <u>12,714</u> | <u>18,827</u> | <u>122,666</u> |
| Accumulated Depreciation | | | | |
| Equipment | 61,949 | 6,753 | 18,827 | 49,875 |
| Donated Equipment | 30,154 | 300 | - | 30,454 |
| Leasehold Improvements | <u>3,072</u> | <u>1,997</u> | <u>-</u> | <u>5,069</u> |
| Totals | <u>95,175</u> | <u>9,050</u> | <u>18,827</u> | <u>85,398</u> |
| Net Book Value | <u>\$ 33,604</u> | <u>\$ 3,664</u> | <u>\$ -</u> | <u>\$ 37,268</u> |

Depreciation for fiscal year ended September 30, 2007 amounted to \$ 9,050, and is allocated directly to MDOT Activities.

SPECIAL REVENUE FUND

The following is a summary of the changes in fixed assets:

| | <u>Balance</u> <u>10/01/05</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>9/30/06</u> |
|--------------------------|---|-------------------------|-------------------------|--|
| Office Equipment | \$ 19,761 | \$ - | \$ - | \$ 19,761 |
| Accumulated Depreciation | <u>(18,644)</u> | <u>(475)</u> | <u>-</u> | <u>(19,119)</u> |
| Net Book Value | <u>\$ 1,117</u> | <u>\$ (475)</u> | <u>\$ -</u> | <u>\$ 642</u> |

Depreciation for fiscal year ended September 30, 2007 amounted to \$ 475, and is allocated directly to Watershed Activities.

MACATAWA AREA COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE 7: LONG-TERM DEBT

PROPRIETARY FUND TYPES

The following is a summary of changes in long-term debt for the year ended September 30, 2007:

| | <u>Long-Term Debt</u> |
|------------------------------|-----------------------|
| Balance – October 1, 2006 | \$ 12,946 |
| Increase in Long-Term Debt | - |
| Decrease in Long-Term Debt | (6,819) |
| Balance – September 30, 2007 | \$ 6,127 |

General long-term debt consists of the following:

The MACC made leasehold improvements that were financed by the lessor. This note is a non-interest bearing note due on July 1, 2008. Monthly payments of \$ 636 are required and the loan is unsecured. These leasehold improvements and the related note have been recorded in these financial statements using an effective rate of 8.5 %, resulting in this note being discounted by \$ 2,675. The unamortized discount as of September 30, 2007 was \$ 234.

\$ 6,127

| | |
|-----------------|-------|
| Current Portion | 6,127 |
| Long-Term Debt | \$ - |

Maturities of long-term debt are as follows:

| | | |
|-------------|----|-------|
| 9/30/2008 | \$ | 6,127 |
| 9/30/2009 | | - |
| 9/30/2010 | | - |
| 9/30/2011 | | - |
| 9/30/2012 | | - |
| Later Years | | - |

Interest expense on all debt during the year ended September 30, 2007 amounted to \$ 814.

MACATAWA AREA COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE 8: CAPITAL LEASE

Assets and liabilities under capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of the related lease term or estimated productive life. Depreciation of the assets under capital lease is included in depreciation expense for the year. The interest expense is allocated directly to the Enterprise Fund.

The color copier is leased from Xerox Corporation requiring monthly payments of \$ 292 and the lease runs through September 30, 2007. The replacement color copier is leased from Océ Financial Services, Inc. requiring monthly payments of \$ 311 and the lease runs through June 1, 2011.

Future minimum lease payments are as follows:

| | | |
|--|----|----------------------|
| 2008 | \$ | 3,732 |
| 2009 | | 3,732 |
| 2010 | | 3,372 |
| 2011 | | 2,799 |
| 2012 | | - |
| Later Years | | <u>-</u> |
| Total Minimum Lease Payments | | 13,995 |
| Less: Interest Payments | | <u>(3,063)</u> |
| Present Value of Minimum Lease Payments | \$ | <u><u>10,932</u></u> |

NOTE 9: OPERATING LEASES

In the normal course of business, operating leases are generally renewed or replaced by other leases.

The MACC leases its postage meter from Pitney Bowes in the amount of \$ 149 per month. The lease runs through August 30, 2010.

The MACC leases its operating facilities from A & C Company in the amount of \$ 1,040 per month through July 1, 2007, and \$ 1,134 per month for the remainder of the lease which expires July 31, 2008.

The MACC leases a copier/fax machine from Ervin Leasing requiring monthly payments of \$ 262 and the lease is continued on a month-by-month basis. This lease was terminated June 1, 2007.

The MACC leases a storage unit from Lakewood Self-Storage Center requiring monthly payments of \$ 55 and the lease can be terminated with thirty day notice.

MACATAWA AREA COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

NOTE 9: OPERATING LEASES (CONTINUED)

Future minimum lease payments are as follows:

| | |
|-------------|--------|
| 2008 | 13,128 |
| 2009 | 1,788 |
| 2010 | 1,639 |
| 2011 | - |
| 2012 | - |
| Later Years | - |

Rental expense for all operating leases for the year ended September 30, 2007 amounted to \$ 15,087.

NOTE 10: RELATED PARTY

The Macatawa Area Coordinating Council (MACC) is a jointly governed organization whose board is composed of representatives from the governmental units which created it and where the participants have no ongoing interest or responsibility in the organization. None of the governmental units have a voting majority of the MACC.

NOTE 11: RISK MANAGEMENT

The MACC is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees; and natural disasters.

The MACC carries commercial insurance for all the above mentioned types of risks of loss including general, property damage, employee health and accident insurance, and workers' compensation. Settled claims have not exceeded the commercial coverage in any of the past three years.

NOTE 12: PENSION PLAN

The MACC maintains a contributory defined contribution plan as allowed under Section 457 of the U.S. Internal Revenue Code covering substantially all employees. The organization contributes a 100% match to both part-time and full-time employee, the higher of contributions to a maximum of 5% of annual compensation or the statutory rate, for the first year of employment. Contributions are matched up to 7% of annual compensation for the second year of service and forward. With respect to employer contributions, employees receive a vesting amount based on the following schedule:

| | |
|-------|-------------------------------------|
| 25 % | After First Fiscal Year of Service |
| 50 % | After Second Fiscal Year of Service |
| 75 % | After Third Fiscal Year of Service |
| 100 % | After Fourth Fiscal Year of Service |

Employee contributions for the year ended September 30, 2007 were \$ 24,464. Employer contributions for the year ended September 30, 2007 were \$ 21,441.

REQUIRED SUPPLEMENTAL INFORMATION

**MACATAWA AREA COORDINATING COUNCIL
SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - WATERSHED PROJECT
Year Ended September 30, 2007**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| Federal | \$ 50,000 | \$ 129,910 | \$ 104,785 | \$ (25,125) |
| State | - | 30,000 | 2,938 | (27,062) |
| Local | 110,000 | 110,000 | 110,000 | - |
| Contributions | 20,000 | 30,000 | 13,536 | (16,464) |
| Investment Income | <u>1,615</u> | <u>3,320</u> | <u>3,871</u> | <u>551</u> |
| TOTAL REVENUES | <u>181,615</u> | <u>303,230</u> | <u>235,130</u> | <u>(68,100)</u> |
| EXPENDITURES | | | | |
| Salaries & Fringe Benefits | 136,706 | 96,002 | 89,320 | 6,682 |
| Indirect Expenses | 41,354 | 42,177 | 43,120 | (943) |
| Contract Services | | | | |
| Legal | 1,200 | 1,200 | - | 1,200 |
| Public Relations | 7,500 | 7,500 | - | 7,500 |
| BMP GLBP | - | 67,428 | 64,349 | 3,079 |
| Evaluations/Surveys | 10,000 | 10,000 | 8,875 | 1,125 |
| Grand Valley State University | - | 20,000 | 18,341 | 1,659 |
| Johnson Controls Inc. Stormwater Stenciling Project | - | 4,000 | 3,112 | 888 |
| General Consulting | 500 | 1,250 | 1,076 | 174 |
| National Fresh Water Grant | - | 10,616 | 710 | 9,906 |
| Watershed Video | - | 10,000 | 8,790 | 1,210 |
| Supplies | | | | |
| General Operating | 2,400 | 5,800 | 721 | 5,079 |
| Educational Materials | - | 7,750 | 7,377 | 373 |
| Communications | 600 | 900 | 760 | 140 |
| Travel, Conferences & Seminars | 4,600 | 4,600 | 2,452 | 2,148 |
| Business Meetings | 3,500 | 3,500 | 2,432 | 1,068 |
| Miscellaneous Expense | 500 | 970 | 689 | 281 |
| Research & Testing Supplies | <u>500</u> | <u>500</u> | <u>-</u> | <u>500</u> |
| TOTAL EXPENDITURES | <u>209,360</u> | <u>294,193</u> | <u>252,124</u> | <u>42,069</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (27,745) | 9,037 | (16,994) | (26,031) |
| FUND BALANCE - OCTOBER 1, 2006 | <u>75,038</u> | <u>75,038</u> | <u>75,038</u> | <u>-</u> |
| FUND BALANCE - SEPTEMBER 30, 2007 | <u>\$ 47,293</u> | <u>\$ 84,075</u> | <u>\$ 58,044</u> | <u>\$ (26,031)</u> |

See accompanying notes to financial statements.

OTHER SUPPLEMENTAL INFORMATION

MACATAWA AREA COORDINATING COUNCIL
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2007

| | <u>Watershed</u> <u>Project</u> | <u>Brownfield</u> <u>Project</u> | <u>Totals</u> |
|--|------------------------------------|-------------------------------------|------------------|
| ASSETS | | | |
| Cash in Bank | \$ 29,826 | \$ - | \$ 29,826 |
| Accounts Receivable | 4,949 | - | 4,949 |
| Due from Other Governmental Units | 29,654 | - | 29,654 |
| Prepaid Expenses | <u>-</u> | <u>1,143</u> | <u>1,143</u> |
| TOTAL ASSETS | <u>\$ 64,429</u> | <u>\$ 1,143</u> | <u>\$ 65,572</u> |
| LIABILITIES AND FUND EQUITY | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 1,868 | \$ - | \$ 1,868 |
| Accrued Salaries and Wages | 1,199 | - | 1,199 |
| Accrued Payroll Taxes | 92 | - | 92 |
| Accrued Fringe Benefits | 110 | - | 110 |
| Accrued Compensated Absences | 3,116 | - | 3,116 |
| Due to Other Funds | <u>-</u> | <u>1,143</u> | <u>1,143</u> |
| TOTAL LIABILITIES | <u>6,385</u> | <u>1,143</u> | <u>7,528</u> |
| FUND EQUITY | | | |
| Fund Balance | <u>58,044</u> | <u>-</u> | <u>58,044</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 64,429</u> | <u>\$ 1,143</u> | <u>\$ 65,572</u> |

See accompanying notes to financial statements.

**MACATAWA AREA COORDINATING COUNCIL
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended September 30, 2007**

| | <u>Watershed Project</u> | <u>Brownfield Project</u> | <u>Totals</u> |
|---|------------------------------|-------------------------------|------------------|
| REVENUES | | | |
| Federal | \$ 104,785 | \$ - | \$ 104,785 |
| State | 2,938 | - | 2,938 |
| Local | 110,000 | - | 110,000 |
| Contributions | 13,536 | - | 13,536 |
| Investment Income | <u>3,871</u> | <u>-</u> | <u>3,871</u> |
| TOTAL REVENUES | <u>235,130</u> | <u>-</u> | <u>235,130</u> |
| EXPENDITURES | | | |
| Salaries & Fringe Benefits | 89,320 | - | 89,320 |
| Indirect Expenses | 43,120 | - | 43,120 |
| Contract Services | | | |
| BMP GLBP | 64,349 | - | 64,349 |
| Evaluation/Survey | 8,875 | - | 8,875 |
| Grand Valley State University | 18,341 | - | 18,341 |
| Johnson Controls Inc. Stormwater Stenciling Project | 3,112 | - | 3,112 |
| General Consulting | 1,076 | - | 1,076 |
| National Fresh Water Grant | 710 | - | 710 |
| Watershed Video | 8,790 | - | 8,790 |
| Supplies | | | |
| General Operating | 721 | - | 721 |
| Educational Materials | 7,377 | - | 7,377 |
| Communications | 760 | - | 760 |
| Travel, Conferences & Seminars | 2,452 | - | 2,452 |
| Business Meetings | 2,432 | - | 2,432 |
| Miscellaneous Expense | <u>689</u> | <u>-</u> | <u>689</u> |
| TOTAL EXPENDITURES | <u>252,124</u> | <u>-</u> | <u>252,124</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (16,994) | - | (16,994) |
| FUND BALANCE - OCTOBER 1, 2006 | <u>75,038</u> | <u>-</u> | <u>75,038</u> |
| FUND BALANCE - SEPTEMBER 30, 2007 | <u>\$ 58,044</u> | <u>\$ -</u> | <u>\$ 58,044</u> |

See accompanying notes to financial statements.

MACATAWA AREA COORDINATING COUNCIL
SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES - WATERSHED PROJECT
Year Ended September 30, 2007

| | |
|--|--------------------------|
| Federal Revenues | |
| Environmental Protection Agency | \$ 62,357 |
| Department of Agriculture | <u>42,428</u> |
| Total Federal Revenues | <u>104,785</u> |
| State Revenues | |
| Department of Environmental Quality | <u>2,938</u> |
| Local Revenues | |
| City of Holland | 25,475 |
| City of Zeeland | 4,093 |
| Holland Charter Township | 24,979 |
| Zeeland Charter Township | 6,610 |
| Township of Park | 13,628 |
| Township of Laketown | 4,446 |
| Township of Fillmore | 2,109 |
| Township of Olive | 3,535 |
| Township of Port Sheldon | 3,446 |
| Allegan County Commission | 1,324 |
| Allegan County Road Commission | 3,174 |
| Ottawa County Commission | 8,391 |
| Ottawa County Road Commission | <u>8,790</u> |
| Total Local Revenues | <u>110,000</u> |
| Local Contributions | <u>13,536</u> |
| Investment Income | |
| Interest Income | <u>3,871</u> |
| Total Local Revenues, Contributions and Investment Income | <u>127,407</u> |
| Totals | <u><u>\$ 235,130</u></u> |

**MACATAWA AREA COORDINATING COUNCIL
SPECIAL REVENUE FUNDS
STATEMENT OF EXPENDITURES - WATERSHED PROJECT
Year Ended September 30, 2007**

| | Department of Environmental <u>Quality</u> | <u>Local</u> | <u>Total</u> |
|--|---|---------------------|---------------------|
| Salaries | | | |
| Project Managers | \$ 18,342 | \$ 45,142 | \$ 63,484 |
| Executive Director | 8,565 | - | 8,565 |
| Fringe Benefits | 8,301 | 8,970 | 17,271 |
| Indirect Expenses | 4,439 | 38,681 | 43,120 |
| Contract Services | | | |
| BMP GLBP | 60,789 | 3,560 | 64,349 |
| Evaluation/Survey | 8,875 | - | 8,875 |
| Grand Valley State University | 18,341 | - | 18,341 |
| Johnson Controls Inc. Stormwater Stenciling Project | - | 3,112 | 3,112 |
| General Consulting | 176 | 900 | 1,076 |
| National Fresh Water Grant | 322 | 388 | 710 |
| Watershed Video | - | 8,790 | 8,790 |
| Supplies | | | |
| General Operating | 472 | 249 | 721 |
| Educational Materials | 562 | 6,815 | 7,377 |
| Communications | - | 760 | 760 |
| Travel, Conferences & Seminars | 362 | 2,090 | 2,452 |
| Business Meetings | - | 2,432 | 2,432 |
| Miscellaneous | - | 689 | 689 |
| | <hr/> | <hr/> | <hr/> |
| Totals | \$ 129,546 | \$ 122,578 | \$ 252,124 |

**MACATAWA AREA COORDINATING COUNCIL
 PROPRIETARY FUND TYPES
 STATEMENT OF NONOPERATING REVENUES - LOCAL
 Year Ended September 30, 2007**

| | Enterprise Fund |
|--|----------------------------|
| Local Nonoperating Grants | |
| City of Holland | \$ 34,429 |
| City of Zeeland | 5,532 |
| Holland Charter Township | 33,759 |
| Zeeland Charter Township | 8,934 |
| Township of Park | 18,418 |
| Township of Laketown | 6,009 |
| Township of Fillmore | 2,850 |
| Township of Port Sheldon | 4,657 |
| Township of Olive | 4,777 |
| Allegan County Commission | 1,789 |
| Allegan County Road Commission | 4,290 |
| Ottawa County Commission | 11,341 |
| Ottawa County Road Commission | 11,880 |
| | 148,665 |
| Total Local Nonoperating Grants | 148,665 |
| Other Local Revenues | |
| Reimbursed Expenses | 43,120 |
| Private Sector Contributions | 676 |
| WMSA - Regional Indicators | 10,084 |
| | 53,880 |
| Total Other Local Revenues | 53,880 |
| Investment Income | |
| Interest Income | 16,010 |
| | 16,010 |
| Total Nonoperating Revenues - Local | \$ 218,555 |

**MACATAWA AREA COORDINATING COUNCIL
 PROPRIETARY FUND TYPES
 STATEMENT OF NONOPERATING REVENUES - FEDERAL AND STATE
 Year Ended September 30, 2007**

| | Enterprise Fund |
|--|----------------------------|
| Federal Nonoperating Grants | |
| FHWA PL 112 | \$ 171,025 |
| FTA Section 5303 | 26,956 |
| Congestion Mitigation/Air Quality (CMAQ) | 36,785 |
| FHWA Safety Funding - Traffic | <u>1,500</u> |
| Total Nonoperating Revenues - Federal | 236,266 |
| State Nonoperating Grants | |
| State Trunkline - Asset Management | <u>4,248</u> |
| Total Nonoperating Revenues - Federal and State | <u>\$ 240,514</u> |

**MACATAWA AREA COORDINATING COUNCIL
 PROPRIETARY FUND TYPES
 STATEMENT OF OPERATING EXPENSES
 Year Ended September 30, 2007**

| | | <u>ENTERPRISE FUND</u> |
|--|---------------|---------------------------|
| Salaries | \$ | 158,223 |
| Fringe Benefits | | 47,890 |
| Indirect Expenses | | 137,461 |
| Miscellaneous Expenses | | |
| Travel/Conferences/Training | \$ 4,509 | |
| Dues and Subscriptions | 1,910 | |
| Other | <u>1,974</u> | 8,393 |
| Contracted Services | | |
| Asset Management | 1,034 | |
| Congestion Mitigation/Air Quality (CMAQ) | 8,928 | |
| Westrain Collaborative | 10,603 | |
| Transcad Software | 750 | |
| Traffic Safety | 760 | |
| Other | <u>12,591</u> | 34,666 |
| Office Relocation & Remodeling | | 2,388 |
| Supplies | | 419 |
| Depreciation | | <u>9,050</u> |
| Total Operating Expenses | \$ | <u>398,490</u> |

**MACATAWA AREA COORDINATING COUNCIL
PROPRIETARY FUND TYPES
STATEMENT OF NONOPERATING EXPENSES
Year Ended September 30, 2007**

**Enterprise
Fund**

NONOPERATING EXPENSE

Interest Expense

\$ 1,338



Joseph A. DeBoer, C.P.A.
Stephen J. Baumann, C.P.A.
Curtis E. Grandhaven, C.P.A.
George M. Gendron, C.P.A.
Michael A. Johnson, C.P.A.
John M. Kasper, C.P.A.
Michael C. Minks, C.P.A.

Member
American Institute of
Certified Public Accountants

Member
Michigan Association of
Certified Public Accountants

Policy Committee Board
Macatawa Area Coordinating Council

In planning and performing our audit of the financial statements of Macatawa Area Coordinating Council as of and for the year ended September 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

For purposes of SAS 112, a control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In accordance with Statement on Standards 112 (SAS 112), we are required to evaluate identified control deficiencies and determine whether, individually or in combination, they are significant deficiencies or material weaknesses. In addition, we must communicate, in writing, to management and those charged with governance all significant deficiencies or material weaknesses identified during the audit, including those communicated in prior audits, if they have not been corrected.

We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses.

We appreciate the opportunity to provide audit and advisory services to Macatawa Area Coordinating Council. If you have any questions or would like assistance with any of the above recommendations, we would be willing to discuss them with you at your convenience.

DE BOER, BAUMANN & COMPANY, PLC

A handwritten signature in cursive script that reads "De Boer, Baumann & Company P.L.C." in dark ink.

Certified Public Accountants
Holland, Michigan
November 16, 2007

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