

# 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 checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Lansing	County Ingham
Fiscal Year End December 31, 2007	Opinion Date May 14, 2008	Date Audit Report Submitted to State June 25, 2008	

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.)
- 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.
  - 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.
  - The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - The local unit has adopted a budget for all required funds.
  - A public hearing on the budget was held in accordance with State statute.
  - 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.
  - The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - The local unit only holds deposits/investments that comply with statutory requirements.
  - 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).
  - 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.
  - The local unit is free of repeated comments from previous years.
  - The audit opinion is UNQUALIFIED.
  - The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - The board or council approves all invoices prior to payment as required by charter or statute.
  - 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 checked="" type="checkbox"/>	N/A
Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.	Telephone Number (517) 351-6836	
Street Address 3511 Coolidge Road, Suite 100	City East Lansing	State MI
		Zip 48823
Authorizing CPA Signature <i>Aaron M. Stevens</i>	Printed Name Aaron M. Stevens, CPA	License Number 1101024055

**Charter Township of Lansing  
Ingham County, Michigan**

**FINANCIAL STATEMENTS**

**December 31, 2007**

Charter Township of Lansing

Ingham County, Michigan

December 31, 2007

BOARD OF TRUSTEES

John Daher	Supervisor
Susan Aten	Clerk
Kathleen Rodgers	Treasurer
Howard Love	Trustee
Tom Masseau, Jr.	Trustee
Joseph Sambaer	Trustee
Leo Rodgers	Trustee

Charter Township of Lansing  
Ingham County, Michigan

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Principals

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INDEPENDENT AUDITOR'S REPORT

Members of the Township Board  
Charter Township of Lansing  
Lansing, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of the Charter Township of Lansing, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Township's financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township'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, business-type activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of the Charter Township of Lansing, Michigan as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the Table of Contents, are not a required part of the financial statements but are supplementary 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 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 Charter Township of Lansing's financial statements. The accompanying other supplementary information, as identified in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary 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 financial statements taken as a whole.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

May 14, 2008

## Charter Township of Lansing

### MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

The following is a discussion and analysis of the Charter Township of Lansing's (the Township's) financial performance and position, providing an overview of the activities for the year ended December 31, 2007. This analysis should be read in conjunction with the *Independent Auditors Report* and with the Township's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

##### Government-wide:

- Total net assets as of December 31, 2007, were \$4,224,816 (excluding component units).
- Governmental activities net assets were \$1,802,836.
- Business-type activity net assets were \$2,421,980.
- Component unit net assets were (\$5,829,992).

##### Fund Level:

- At the close of the fiscal year, the Township's governmental funds reported a combined ending fund balance of \$2,765,933 with \$1,384,269 being reserved, designated, or otherwise earmarked for specific purposes (for example debt service).
- The General Fund realized \$35,440 more in revenues and other financing sources than anticipated for the fiscal year. The General Fund operations also expended \$121,983 less than appropriated.
- Overall, the General Fund's fund balance increased \$701,832.

##### Capital and Long-term Debt Activities:

- The net book value of capital assets used in governmental and business-type activities decreased by \$149,683 and \$127,741, respectively and component units increased by \$9,008,748 during the fiscal year.
- The primary government had no new debt issues for the year, and the DDA issued \$9.9 million in new debt this year.
- The total long-term debt for the primary government was \$4,251,054, a net decrease of \$330,441 from the prior year.
- The Township remains well below its authorized legal debt limit.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's annual financial report. The annual financial report of the Township consists of the following components: 1) *Independent Auditors Report*; 2) *Management's Discussion and Analysis* and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), 4) *Required Supplementary Information* such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and 5) *Other Supplementary Information* including combining financial statements for all nonmajor governmental funds and other funds and other financial data.

##### Government-wide Financial Statements (Reporting the Township as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Assets and the Statement of Activities, which report information about the Township as a whole, and about its activities. Their purpose is to assist in answering the question, is the Township, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all nonfiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

The Statement of Net Assets (page 1) presents all of the Township's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the Township's financial position is improving or deteriorating.

The Statement of Activities (page 2) presents information showing how the Township's net assets changed during 2007. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee vacation leave.

**Both statements report the following activities:**

- **Governmental Activities** - Most of the Township's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the Township's general government departments, public safety, public works, health and welfare (ambulance), economic development, township improvements, street improvements, recreation activities, and other township wide elected official operations are reported under these activities.
- **Business-type Activities** - These activities operate like private businesses. The Township charges fees to recover the cost of the services provided. The West Side Water District is the Township's only business-type activity.
- **Discretely Presented Component Units** - Discretely presented component units are legally separate organizations for which the Township Board of Trustees appoints a majority of the organization's policy board and there is a degree of financial accountability to the Township. Two organizations are included as discretely presented component units: the Downtown Development Authority and the Economic Development Corporation.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

In addition, it should be noted that the government-wide financial statements include the net value of the Township's general capital assets such as buildings, land, vehicles, computer equipment, etc. These values are not included in the fund financial statements.

**Fund Financial Statements (Reporting the Township's Major Funds)**

The fund financial statements, which begin on page 3, provide information on the Township's significant (major) funds, and aggregated nonmajor funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Township uses to keep track of specific sources of funding and spending for a particular purpose. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

The major funds for the Charter Township of Lansing include the General Fund, the Tollgate Drain Debt Service Fund, and the West Side Water District Fund. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type.

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

The Township's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- **Governmental Funds** - Most of the Township's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the Township's programs. Governmental funds include the General Fund, as well as Special Revenue Funds, Capital Projects Funds, and Debt Service Funds.
- **Proprietary Funds** - Services for which the Township charges customers (whether outside the Township structure or a Township department) a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. An example is the West Side Water District Fund.
- **Fiduciary Funds** - The Township may act as a trustee or fiduciary in certain instances. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The Township's fiduciary activities are reported in the separate Statement of Net Assets on page 10. These funds, which include trust and agency funds, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the Township to fund its operations.

**Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 14 of this report.

**Required Supplementary Information**

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund and the major special revenue funds.

**Other Supplementary Information**

Other Supplementary Information includes combining financial statements for nonmajor governmental funds. These funds are added together and presented in aggregate single columns in the appropriate basic financial statements.

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

As previously stated, the Charter Township of Lansing combined net assets were \$4,224,816 at the end of this fiscal year's operations. The net assets of the governmental activities were \$1,802,836; the business type activities were \$2,421,980.

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

**Net Assets as of December 31, 2007 and December 31, 2006**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Current and Other Assets	\$ 6,166,399	\$ 6,502,084	\$ 521,200	\$ 589,844	\$ 6,687,599	\$ 7,091,928
Capital Assets	<u>1,576,265</u>	<u>1,426,582</u>	<u>3,306,769</u>	<u>3,179,028</u>	<u>4,883,034</u>	<u>4,605,610</u>
<b>Total Assets</b>	<b><u>\$ 7,742,664</u></b>	<b><u>\$ 7,928,666</u></b>	<b><u>\$ 3,827,969</u></b>	<b><u>\$ 3,768,872</u></b>	<b><u>\$ 11,570,633</u></b>	<b><u>\$ 11,697,538</u></b>
Current Liabilities	\$ 3,322,258	\$ 3,262,906	\$ 375,904	\$ 391,963	\$ 3,698,162	\$ 3,654,869
Noncurrent Liabilities	<u>3,190,566</u>	<u>2,862,924</u>	<u>1,036,401</u>	<u>954,929</u>	<u>4,226,967</u>	<u>3,817,853</u>
<b>Total Liabilities</b>	<b><u>\$ 6,512,824</u></b>	<b><u>\$ 6,125,830</u></b>	<b><u>\$ 1,412,305</u></b>	<b><u>\$ 1,346,892</u></b>	<b><u>\$ 7,925,129</u></b>	<b><u>\$ 7,472,722</u></b>
<b>Net Assets</b>						
Invested in Capital Assets (net of related debt)	\$ 1,551,265	\$ 1,426,582	\$ 2,251,769	\$ 2,204,028	\$ 3,803,034	\$ 3,630,610
Restricted	1,048,968	982,696	-	-	1,048,968	982,696
Unrestricted	<u>( 1,370,393 )</u>	<u>( 606,442 )</u>	<u>163,895</u>	<u>217,952</u>	<u>( 1,206,498 )</u>	<u>( 388,490 )</u>
<b>Total Net Assets</b>	<b><u>\$ 1,229,840</u></b>	<b><u>\$ 1,802,836</u></b>	<b><u>\$ 2,415,664</u></b>	<b><u>\$ 2,421,980</u></b>	<b><u>\$ 3,645,504</u></b>	<b><u>\$ 4,224,816</u></b>

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the Township's primary government net assets changed during the fiscal year.

**Changes in Net Assets for the Fiscal Years Ended December 31, 2007 and December 31, 2006**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 747,867	\$ 843,152	\$ 710,741	\$ 703,035	\$ 1,458,608	\$ 1,546,187
Grants and Contributions	53,459	204,206	-	-	53,459	204,206
General Revenues						
Property Taxes	2,252,076	2,598,806	-	-	2,252,076	2,598,806
State Shared Revenue	726,167	710,452	-	-	726,167	710,452
Investment Earnings	204,290	274,574	15,135	17,600	219,425	292,174
Miscellaneous	<u>100,114</u>	<u>82,183</u>	<u>8,089</u>	<u>3,135</u>	<u>108,203</u>	<u>85,318</u>
<b>Total Revenues</b>	<b>4,083,973</b>	<b>4,713,373</b>	<b>733,965</b>	<b>723,770</b>	<b>4,817,938</b>	<b>5,437,143</b>

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

**Changes in Net Assets for the Fiscal Years Ended December 31, 2007 and December 31, 2006 - continued**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>						
General Government	\$ 808,627	\$ 968,837	\$ -	\$ -	\$ 808,627	\$ 968,837
Public Safety	1,687,440	1,752,837	-	-	1,687,440	1,752,837
Public Works	149,061	206,331	-	-	149,061	206,331
Health & Welfare	1,076,209	1,081,556	-	-	1,076,209	1,081,556
Community & Economic Develop.	4,939	9,899	-	-	4,939	9,899
Recreation & Cultural	28,812	22,374	-	-	28,812	22,374
Other	122,406	98,543	716,883	717,454	839,289	815,997
Special Item	6,838	-	-	-	6,838	-
<b>Total Expenses</b>	<b><u>3,884,332</u></b>	<b><u>4,140,377</u></b>	<b><u>716,883</u></b>	<b><u>717,454</u></b>	<b><u>4,601,215</u></b>	<b><u>4,857,831</u></b>
<b>Change in Net Assets</b>	<b>199,641</b>	<b>572,996</b>	<b>17,082</b>	<b>6,316</b>	<b>216,723</b>	<b>579,312</b>
<b>Net Assets - Beginning</b>	<b><u>1,030,199</u></b>	<b><u>1,229,840</u></b>	<b><u>2,398,582</u></b>	<b><u>2,415,664</u></b>	<b><u>3,428,781</u></b>	<b><u>3,645,504</u></b>
<b>Net Assets - Ending</b>	<b><u>\$ 1,229,840</u></b>	<b><u>\$ 1,802,836</u></b>	<b><u>\$ 2,415,664</u></b>	<b><u>\$ 2,421,980</u></b>	<b><u>\$ 3,645,504</u></b>	<b><u>\$ 4,224,816</u></b>

**Governmental Activities:**

The result of 2007 governmental activity was an increase of \$572,996 in net assets to \$1,802,836. Of the total governmental activities' net assets, \$1,426,582 is invested in capital assets less related debt, \$982,696 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the Township government. Because the restrictions on net assets and the amount invested in capital exceed the difference between total assets and total liabilities, the amount of "unrestricted" net assets is negative \$606,442.

**Revenues:**

The two largest revenue categories for governmental activities were charges for services at 18% and property taxes at 56%. The Township levied a property tax millage for the year ended December 31, 2007, for general government operations at 8.4212 mills and additional amounts for debt services, which is not assigned to any particular activity.

**Expenses:**

Public Safety is the largest area of government activity, expending approximately 43% of the governmental activities total on law enforcement, fire protection, and code enforcement. Health and Welfare is the second largest governmental activity, expending approximately 27% of the governmental activities total and includes the Township's ambulance operations.

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

**Business-type Activities:**

Net assets of the business-type activities increased by \$6,316 during fiscal year 2007. Of the business-type activities' net assets, \$2,204,028 is invested in capital assets net of related debt and \$217,952 is listed as unrestricted, having no legal commitment.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S MAJOR AND NONMAJOR GOVERNMENTAL FUNDS**

As the Township completed 2007, its governmental funds reported *combined* fund balances of \$2,765,933. This is a net increase from the prior year of \$529,176. The net changes are summarized in the following chart:

	General Fund	Tollgate Drain Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance 12/31/06	\$ 441,499	\$ 857,692	\$ 937,566	\$ 2,236,757
Fund Balance 12/31/07	\$ 1,143,331	\$ 808,195	\$ 814,407	\$ 2,765,933
Net Change	\$ 701,832	\$( 49,497 )	\$( 123,159 )	\$ 529,176

**General Fund:**

The General Fund is the chief operating fund of the Township. Unless otherwise required by statute, contractual agreement or Board policy, all Township revenues and expenditures are recorded in the General Fund. As of December 31, 2007, the General Fund reported a fund balance of \$1,143,331. This amount is an increase of \$701,832 from the fund balance of \$441,499 reported as of December 31, 2006. The 2007 original budget had called for a \$49,971 addition of fund balance. \$1,068,702 of the fund balance is reported as undesignated.

**General Fund Budgetary Highlights:**

The Township's budget is an extremely flexible document. Although adopted in September (prior to the start of the year), the budget is routinely amended during the course of the year to reflect changing operational demands. There were some wide variations in individual revenue accounts reflecting the tightening national and local economy.

**Capital Asset and Debt Administration:**

**Capital Assets.** At the end of the fiscal year, the Township had approximately \$4,605,610 invested in a broad range of governmental and business-type capital assets, including buildings, land, equipment, and utilities.

**Long-term Debt.** The Township's long-term debt totaled \$4,251,054. This amount includes obligations related to the Tollgate Drain totaling \$2,451,026, water system bonds totaling \$975,000, and amounts due to the Capital Area Transportation Authority of \$15,521.

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

**Current Economic Factors**

- The voters of Lansing Township expressed their confidence in their township by voting in one renewal mil and 1 additional mil for township public safety and general operating.
- Our ambulance service continues to provide the very best in advanced medical transport and additional revenues for the Fire Department.
- Economic Development in the DDA is expanding and there are major projects planned for the next several years securing the financial future not only of the DDA District but the entire township.
- The township anticipates that development on the west side of the township will become a major focus for the coming years as the industrial properties are rezoned and the new master plan for the township indicates a mixed use development of vacant industrial properties.
- Even with the loss of state shared revenues, the township's economic development, increased tax revenues and the board's dedication to keeping expenditures under control bodes well for the future of the township.

**Contacting the Township's Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Charter Township of Lansing Treasurer's Office at (517) 485-7115.

## **BASIC FINANCIAL STATEMENTS**

Charter Township of Lansing

STATEMENT OF NET ASSETS

December 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,750,967	\$ 267,986	\$ 2,018,953	\$ 2,795,192
Investments	425,039	49,926	474,965	-
Receivables	2,833,354	238,782	3,072,136	594,380
Internal balances	46,652	(46,652)	-0-	-
Due from other governmental units	588,837	-	588,837	54,041
Inventories	-	11,163	11,163	-
Prepays	74,629	12,230	86,859	-
Current portion of deferred charges	-	-	-0-	6,131
<b>Total current assets</b>	<b>5,719,478</b>	<b>533,435</b>	<b>6,252,913</b>	<b>3,449,744</b>
Noncurrent assets				
Cash and cash equivalents - restricted	-	27,380	27,380	-
Investments	722,606	89,029	811,635	-
Internal balances	60,000	(60,000)	-0-	-
Deferred charges, net of amortization	-	-	-0-	141,018
Capital assets not being depreciated	12,411	27,701	40,112	1,490,316
Capital assets, net of accumulated depreciation	1,414,171	3,151,327	4,565,498	638,225
<b>Total noncurrent assets</b>	<b>2,209,188</b>	<b>3,235,437</b>	<b>5,444,625</b>	<b>2,269,559</b>
<b>TOTAL ASSETS</b>	<b>7,928,666</b>	<b>3,768,872</b>	<b>11,697,538</b>	<b>5,719,303</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	116,327	12,685	129,012	498,496
Accrued liabilities	98,064	11,154	109,218	-
Accrued interest payable	30,448	4,626	35,074	66,000
Due to other governmental units	-	274,326	274,326	342,806
Deferred revenue	2,646,658	-	2,646,658	668,529
Current portion of compensated absences	110,921	4,172	115,093	-
Current portion of long-term debt	260,488	85,000	345,488	96,732
<b>Total current liabilities</b>	<b>3,262,906</b>	<b>391,963</b>	<b>3,654,869</b>	<b>1,672,563</b>
Noncurrent liabilities				
Payable from restricted cash - customer deposits	-	27,380	27,380	-
Noncurrent portion of compensated absences	286,865	37,549	324,414	-
Noncurrent portion of long-term debt	2,576,059	890,000	3,466,059	9,876,732
<b>Total noncurrent liabilities</b>	<b>2,862,924</b>	<b>954,929</b>	<b>3,817,853</b>	<b>9,876,732</b>
<b>TOTAL LIABILITIES</b>	<b>6,125,830</b>	<b>1,346,892</b>	<b>7,472,722</b>	<b>11,549,295</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,426,582	2,204,028	3,630,610	2,055,077
Restricted for debt retirement	916,273	-	916,273	-
Restricted for other purposes	66,423	-	66,423	-
Unrestricted	(606,442)	217,952	(388,490)	(7,885,069)
<b>TOTAL NET ASSETS</b>	<b>\$ 1,802,836</b>	<b>\$ 2,421,980</b>	<b>\$ 4,224,816</b>	<b>\$(5,829,992)</b>

See accompanying notes to financial statements.

Charter Township of Lansing  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 968,837	\$ 354,499	\$ 100	\$ -	\$ (614,238)	\$ -	\$ (614,238)	\$ -
Public safety	749,586	188	3,675	-	(745,723)	-	(745,723)	-
Public works	206,331	99,947	-	431	(105,953)	-	(105,953)	-
Health and welfare	2,084,807	330,803	-	-	(1,754,004)	-	(1,754,004)	-
Community and economic development	9,899	57,715	200,000	-	247,816	-	247,816	-
Recreation and cultural	22,374	-	-	-	(22,374)	-	(22,374)	-
Interest expense	98,543	-	-	-	(98,543)	-	(98,543)	-
Total governmental activities	4,140,377	843,152	203,775	431	(3,093,019)	-0-	(3,093,019)	-0-
Business-type activities								
West Side Water District	717,454	703,035	-	-	-	(14,419)	(14,419)	-
Total primary government	<u>\$ 4,857,831</u>	<u>\$ 1,546,187</u>	<u>\$ 203,775</u>	<u>\$ 431</u>	(3,093,019)	(14,419)	(3,107,438)	-0-
Component units								
Downtown Development Authority	\$ 7,897,495	\$ -	\$ -	\$ -	-	-	-0-	(7,897,495)
Economic Development Corporation	263	-	-	-	-	-	-0-	(263)
	<u>\$ 7,897,758</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	-0-	-0-	(7,897,758)
General revenues								
Property taxes					2,598,806	-	2,598,806	1,172,264
State shared revenue					710,452	-	710,452	-
Investment earnings					274,574	17,600	292,174	244,247
Miscellaneous					82,183	3,135	85,318	-
Total general revenues					<u>3,666,015</u>	<u>20,735</u>	<u>3,686,750</u>	<u>1,416,511</u>
Change in net assets					572,996	6,316	579,312	(6,481,247)
Net assets, beginning of the year					<u>1,229,840</u>	<u>2,415,664</u>	<u>3,645,504</u>	<u>651,255</u>
Net assets, end of the year					<u>\$ 1,802,836</u>	<u>\$ 2,421,980</u>	<u>\$ 4,224,816</u>	<u>\$(5,829,992)</u>

See accompanying notes to financial statements.

Charter Township of Lansing

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2007

	General	Tollgate Drain Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,036,563	\$ 148,451	\$ 565,953	\$ 1,750,967
Investments	194,143	752,240	201,262	1,147,645
Receivables				
Accounts	100,980	-	-	100,980
Taxes	1,818,196	-	100,071	1,918,267
Special assessments	-	555,361	258,746	814,107
Due from other funds	46,652	-	33,877	80,529
Advance to other funds	-	-	60,000	60,000
Due from other governmental units				
State	246,031	-	-	246,031
Local	342,806	-	-	342,806
Prepays	74,629	-	-	74,629
<b>TOTAL ASSETS</b>	<b><u>\$ 3,860,000</u></b>	<b><u>\$ 1,456,052</u></b>	<b><u>\$ 1,219,909</u></b>	<b><u>\$ 6,535,961</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 35,594	\$ 80,733	\$ -	\$ 116,327
Accrued payroll	70,074	-	-	70,074
Accrued liabilities	9,411	18,579	-	27,990
Due to other funds	-	-	33,877	33,877
Deferred revenue	2,601,590	548,545	371,625	3,521,760
<b>TOTAL LIABILITIES</b>	<b>2,716,669</b>	<b>647,857</b>	<b>405,502</b>	<b>3,770,028</b>
<b>FUND BALANCES</b>				
Reserved for				
Prepays	74,629	-	-	74,629
Debt service	-	808,195	138,526	946,721
Capital projects	-	-	362,919	362,919
Unreserved				
Undesignated, reported in				
General fund	1,068,702	-	-	1,068,702
Special revenue funds	-	-	143,873	143,873
Capital projects funds	-	-	169,089	169,089
<b>TOTAL FUND BALANCES</b>	<b><u>1,143,331</u></b>	<b><u>808,195</u></b>	<b><u>814,407</u></b>	<b><u>2,765,933</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 3,860,000</u></b>	<b><u>\$ 1,456,052</u></b>	<b><u>\$ 1,219,909</u></b>	<b><u>\$ 6,535,961</u></b>

See accompanying notes to financial statements.

Charter Township of Lansing

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

December 31, 2007

**Total fund balance - governmental funds** \$ 2,765,933

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

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

The cost of capital assets is	\$ 4,093,513	
Accumulated depreciation is	<u>(2,666,931)</u>	
Capital assets, net		1,426,582

Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the funds. These consist of:

Deferred revenue	875,102
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.

Long-term liabilities at year-end consist of:

Bonds and notes payable	(2,836,547)	
Accrued interest payable	(30,448)	
Compensated absences	<u>(397,786)</u>	
		<u>(3,264,781)</u>

**Net assets of governmental activities** \$ 1,802,836

See accompanying notes to financial statements.

Charter Township of Lansing

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2007

	General	Tollgate Drain Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,741,221	\$ -	\$ 52,017	\$ 2,793,238
Licenses and permits	139,900	-	11,844	151,744
Intergovernmental	910,452	-	-	910,452
Charges for services	341,992	-	-	341,992
Fines and forfeits	3,907	-	-	3,907
Interest and rents	163,832	90,523	54,018	308,373
Other	89,322	90,260	97,407	276,989
<b>TOTAL REVENUES</b>	<b>4,390,626</b>	<b>180,783</b>	<b>215,286</b>	<b>4,786,695</b>
<b>EXPENDITURES</b>				
Current				
General government	911,949	-	-	911,949
Public safety	1,661,343	-	-	1,661,343
Public works	32,432	-	160,324	192,756
Health and welfare	1,062,679	-	-	1,062,679
Community and economic development	9,899	-	-	9,899
Recreation and cultural	7,336	-	-	7,336
Capital outlay	-	-	29,070	29,070
Debt service	-	314,786	67,701	382,487
<b>TOTAL EXPENDITURES</b>	<b>3,685,638</b>	<b>314,786</b>	<b>257,095</b>	<b>4,257,519</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>704,988</b>	<b>(134,003)</b>	<b>(41,809)</b>	<b>529,176</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	11,844	84,506	35,400	131,750
Transfers out	(15,000)	-	(116,750)	(131,750)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,156)</b>	<b>84,506</b>	<b>(81,350)</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>701,832</b>	<b>(49,497)</b>	<b>(123,159)</b>	<b>529,176</b>
Fund balances, beginning of year	441,499	857,692	937,566	2,236,757
Fund balances, end of year	<u>\$ 1,143,331</u>	<u>\$ 808,195</u>	<u>\$ 814,407</u>	<u>\$ 2,765,933</u>

See accompanying notes to financial statements.

Charter Township of Lansing

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2007

**Net change in fund balances - total governmental funds** \$ 529,176

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 44,849
Depreciation expense	<u>(194,532)</u>

Excess of depreciation expense over capital outlay	(149,683)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(73,322)
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Items resulting from the repayment of long-term debt and borrowing of long-term debt is reported as expenditures, other financing uses, and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings and other liabilities increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Principal retirement	271,213
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	12,731
(Increase) in compensated absences	<u>(17,119)</u>

(4,388)
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<b>Change in net assets of governmental activities</b>	<b>\$ 572,996</b>
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See accompanying notes to financial statements.

Charter Township of Lansing  
 Proprietary Fund  
 STATEMENT OF NET ASSETS  
 December 31, 2007

	West Side Water District
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 267,986
Investments	49,926
Accounts receivable	233,987
Delinquent utilities receivable	4,795
Inventories	11,163
Prepays	12,230
Total current assets	580,087
Noncurrent assets	
Cash and cash equivalents - restricted	27,380
Investments	89,029
Capital assets not being depreciated	27,701
Capital assets, net of accumulated depreciation	3,151,327
Total noncurrent assets	3,295,437
<b>TOTAL ASSETS</b>	<b>3,875,524</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	12,685
Accrued liabilities	11,154
Accrued interest payable	4,626
Due to other governmental units - local	274,326
Due to other funds	46,652
Current portion of compensated absences	4,172
Current portion of long-term debt	85,000
Total current liabilities	438,615
Noncurrent liabilities	
Advance from other funds	60,000
Payable from restricted cash - customer deposits payable	27,380
Noncurrent portion of compensated absences	37,549
Noncurrent portion of long-term debt	890,000
Total noncurrent liabilities	1,014,929
<b>TOTAL LIABILITIES</b>	<b>1,453,544</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,204,028
Unrestricted	217,952
<b>TOTAL NET ASSETS</b>	<b>\$ 2,421,980</b>

See accompanying notes to financial statements.

Charter Township of Lansing

Proprietary Fund

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2007

	<u>West Side Water District</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 557,193
Collection fees and other charges	97,277
Rents	48,565
Other	<u>3,135</u>
<b>TOTAL OPERATING REVENUES</b>	<b>706,170</b>
<b>OPERATING EXPENSES</b>	
Salaries and wages	220,633
Fringe benefits	84,721
Water purchases	95,350
Fuel and utilities	15,416
Operating supplies	28,000
Contractual services	31,837
Insurance	24,142
Repairs and maintenance	14,699
Rent	14,819
Transportation	5,639
Other	3,863
Depreciation	<u>135,828</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>674,947</u></b>
<b>OPERATING INCOME</b>	<b>31,223</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest revenue	17,600
Interest expense	<u>(42,507)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>(24,907)</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>6,316</b>
Net assets, beginning of year	<u>2,415,664</u>
Net assets, end of year	<u><u>\$ 2,421,980</u></u>

See accompanying notes to financial statements.

Charter Township of Lansing  
Proprietary Fund  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2007

	<u>West Side Water District</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from customers	\$ 696,921
Cash receipts from other funds	43,945
Cash paid to suppliers	(218,142)
Cash paid for employee benefits	(84,721)
Cash paid to employees	(214,791)
Cash paid to other funds	<u>(30,000)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>193,212</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital purchases	(8,087)
Interest expense	<u>(50,857)</u>
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(58,944)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Maturity of investments	1,972
Interest revenue	17,600
Principal payments	<u>(80,000)</u>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(60,428)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>73,840</b>
Cash and cash equivalents, beginning of year	<u>221,526</u>
Cash and cash equivalents, end of year	<u><u>\$ 295,366</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 31,223
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	135,828
(Increase) in receivables	(9,489)
(Increase) in prepaids	(317)
(Increase) in inventories	(915)
Increase in due to other funds	43,945
Increase in due to other governmental units	19,305
(Decrease) in accounts payable	(2,450)
Increase in accrued liabilities	2,189
Increase in accrued compensated absences	3,653
Increase in customer deposits	240
(Decrease) in advance from other funds	<u>(30,000)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u><u>\$ 193,212</u></u></b>

See accompanying notes to financial statements.

Charter Township of Lansing  
 Fiduciary Funds  
 STATEMENT OF NET ASSETS  
 December 31, 2007

	Employee Sick Leave and Retirement	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 1,078,764
Investments	71,947	-
<b>TOTAL ASSETS</b>	<b>\$ 71,947</b>	<b>\$ 1,078,764</b>
<b>LIABILITIES</b>		
Due to other governmental units		
Local	\$ -	\$ 1,078,764
<b>NET ASSETS</b>		
Held in trust for employee benefits	\$ 71,947	

See accompanying notes to financial statements.

Charter Township of Lansing

Fiduciary Funds

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2007

	<u>Employee Sick Leave and Retirement</u>
ADDITIONS	
Interest	<u>\$          3,464</u>
TOTAL CHANGE IN NET ASSETS	3,464
Net assets, beginning of year	<u>68,483</u>
Net assets, end of year	<u><u>\$          71,947</u></u>

See accompanying notes to financial statements.

Charter Township of Lansing

Component Units

COMBINING STATEMENT OF NET ASSETS

December 31, 2007

	Downtown Development Authority	Economic Development Corporation	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 2,785,976	\$ 9,216	\$ 2,795,192
Taxes receivable	594,380	-	594,380
Due from other governmental units	54,041	-	54,041
Current portion of deferred charges	6,131	-	6,131
Total current assets	3,440,528	9,216	3,449,744
Noncurrent assets			
Deferred charges, net of amortization	141,018	-	141,018
Capital assets not being depreciated	1,490,316	-	1,490,316
Capital assets, net of accumulated depreciation	638,225	-	638,225
Total noncurrent assets	2,269,559	-0-	2,269,559
<b>TOTAL ASSETS</b>	<b>5,710,087</b>	<b>9,216</b>	<b>5,719,303</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	498,496	-	498,496
Accrued interest payable	66,000	-	66,000
Due to other governmental units	342,806	-	342,806
Deferred revenue	668,529	-	668,529
Current portion of long-term debt	96,732	-	96,732
Total current liabilities	1,672,563	-0-	1,672,563
Noncurrent liabilities			
Noncurrent portion of long-term debt	9,876,732	-	9,876,732
<b>TOTAL LIABILITIES</b>	<b>11,549,295</b>	<b>-0-</b>	<b>11,549,295</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,055,077	-	2,055,077
Unrestricted	(7,894,285)	9,216	(7,885,069)
<b>TOTAL NET ASSETS</b>	<b>\$ (5,839,208)</b>	<b>\$ 9,216</b>	<b>\$ (5,829,992)</b>

See accompanying notes to financial statements.

Charter Township of Lansing  
Component Units  
COMBINING STATEMENT OF ACTIVITIES  
Year Ended December 31, 2007

Program expenses		
Downtown Development Authority	\$	7,897,495
Economic Development Corporation		<u>263</u>
TOTAL PROGRAM EXPENSES		7,897,758
General revenues		
Property taxes		1,172,264
Investment earnings		<u>244,247</u>
TOTAL GENERAL REVENUES		<u>1,416,511</u>
CHANGE IN NET ASSETS		(6,481,247)
Net assets, beginning of the year		<u>651,255</u>
Net assets, end of the year	\$	<u><u>(5,829,992)</u></u>

See accompanying notes to financial statements.

Charter Township of Lansing  
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Charter Township of Lansing, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Ingham County. The Township operates under an elected Township Supervisor and an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees and provides services to its residents in many areas including water and sewer, general government, law enforcement, fire protection and prevention, maintenance of highway, streets and bridges, and community enrichment.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of the Charter Township of Lansing (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government.

2. Blended Component Units

- a. Building Authority - The Building Authority is governed by a three (3) member board appointed by the Township Board. Its purpose is to provide for the acquisition and construction of the Township's public buildings.
- b. West Side Water District - The West Side Water District is governed by a six (6) member board appointed by the Township Supervisor and approved by the Township board. The District (Enterprise Fund) accounts for the operations of the Township water system. Revenues are derived primarily from user fees based on water usage. The enterprise fund also bills, collects, and remits sewer fees for the City of Lansing and Delta Township.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Charter Township of Lansing contain all the funds controlled by the Township Board.

3. Discretely Presented Component Units

The component units are reported in a separate column to emphasize that, while legally separate, the Charter Township of Lansing remains financially accountable for these entities.

The governing body of the Downtown Development Authority is appointed by the Township Board. The Authority's purpose is the collection of tax increment revenues, the issuance and repayment of debt, the construction of public facilities, and the promotion and facilitation of economic growth in the development district. The Authority's budget and debt issuance is subject to the approval of the Township Board. The DDA financial statements are presented as part of Other Supplementary Information and are not audited separately.

Charter Township of Lansing  
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Discretely Presented Component Units - continued

The Economic Development Corporation (EDC) was established pursuant to the provisions of Public Act 338 of 1974, as amended. The governing body of the EDC is appointed by the Township Board. The EDC may not issue debt without approval from the Township Board. The EDC financial statements are presented as part of Other Supplementary Information and are not audited separately.

4. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are 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.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The major funds of the Township are:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Tollgate Drain Debt Service Fund is used to account for special assessments and debt service associated with the Tollgate Drainage District.
- c. The West Side Water Fund is used to account for the operations of the Township water system. Revenues are derived primarily from user fees based on water usage. The enterprise fund also bills, collects, and remits sewer fees for the City of Lansing and Delta Township.

5. Measurement Focus

The government-wide, proprietary, and nonagency fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

Charter Township of Lansing  
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

5. Measurement Focus - continued

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

6. 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 measurement made, regardless of the measurement focus applied.

All governmental and similar trust funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

7. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. The Township employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. Prior to September 1, the Supervisor submits a proposed operating budget for the fiscal year commencing the following January 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.

Charter Township of Lansing

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

7. Budgets and Budgetary Accounting - continued

- c. Prior to November 1, the budget is adopted through passage of an ordinance. After the budget is adopted all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- d. Formal budgetary integration is employed as a management control device during the year.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

8. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, and investment trust fund accounts. The cash and cash equivalents are recorded at cost, which approximates market value.

Investments consist of certificates of deposit and U.S. Government Securities with original maturities of greater than 90 days. Investments are recorded at market value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

9. Cash and Cash Equivalents - Restricted

The Township restricted cash is for utility customer deposits being held by the Township.

10. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the Township from special assessments, and taxes levied that have not been collected.

11. Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities, business-type activities, and component unit columns. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	10 - 25 years
Buildings and improvements	10 - 40 years
Machinery, equipment, and furniture	5 - 30 years
Vehicles	5 - 15 years
Water and sewer systems	10 - 75 years
Infrastructure	20 - 40 years

Charter Township of Lansing  
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

12. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the government-wide financial statements.

13. Compensated Absences

Township employees are granted sick and vacation leave in varying amounts. In the event of termination, an employee is paid for accumulated sick and vacation time. All employees with accumulated unused sick and vacation time pay at December 31, 2007 were vested and the total due to them, along with the related payroll taxes, is recorded entirely in the government-wide financial statements.

14. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

15. Deferred Revenue

Deferred revenue consists of property taxes for which there is an enforceable claim as of December 31, 2007, but which are levied to finance year 2008 operations and sewer tap-in fees the Township received for services it has not yet provided. Governmental funds report deferred revenues in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Government-wide financial statements report deferred revenues that are unavailable to liquidate liabilities of the current period.

16. Property Tax

The Charter Township of Lansing bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied on December 1. The tax levies are due February 14. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Ingham County Treasurer on March 1 of the year following the levy. The Ingham County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection.

The Township's property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2007 tax is levied and collectible on December 1, 2007, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

The Township is permitted to levy up to \$8.75 per \$1,000 of taxable valuation for general governmental services. For the year ended December 31, 2007, the Township levied 8.4212 mills for general governmental services and additional amounts for debt services. The total taxable value for the 2006 levy for property within the Township was \$347,201,200.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

17. Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

18. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Charter Township of Lansing  
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Deposits

There is a custodial credit risk as it related to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2007, the carrying amount of the Township's deposits was \$4,692,809 and the bank balance was \$5,297,557.

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of December 31, 2007, the Township accounts were insured by the FDIC for \$987,049 and the amount of \$4,310,508 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of the uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Investments

As of December 31, 2007, the carrying amounts and market values for the investment are as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Weighted Average Maturity</u>	<u>Rating</u>
Insured or registered for which the securities are held by the Township's agent in the Township's name			
Federal Home Loan Mortgage Corporation	\$ 678,240	8-9 years	AAA
Federal National Mortgage Association	70,138	2-3 years	AAA
Federal Home Loan Bank	199,281	4-5 years	AAA
Government National Mortgage Association	108,711	6-7 years	AAA
MBIA - MI Class	1,523,072	43 days	N/A
U.S. Treasury Securities	<u>3,990</u>	1-2 years	AAA
	<u>\$ 2,583,432</u>		

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2007, the Township investment in the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Government National Mortgage Association, and U.S. Treasury Securities investments were rated AAA by Standard and Poor's.

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio by security type to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Charter Township of Lansing  
 NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Concentration of credit risk - continued

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions in the basic financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2007:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash and cash equivalents	\$ 2,018,953	\$ 2,795,192	\$ 1,078,764	\$ 5,892,909
Cash and cash equivalents - restricted	27,380	-	-	27,380
Investments	1,286,600	-	71,947	1,358,547
	\$ 3,332,933	\$ 2,795,192	\$ 1,150,711	\$ 7,278,836

The cash and cash equivalents captions in the basic financial statements include \$2,595 in petty cash.

**NOTE C: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business-type funds, and component units have been eliminated.

Transfers to General Fund from:	
Nonmajor governmental funds	\$ 11,844
Transfers to Tollgate Drain Debt Service Fund from:	
Nonmajor governmental funds	\$ 84,506
Transfers to nonmajor governmental funds from:	
General Fund	\$ 15,000
Nonmajor governmental funds	20,400
	\$ 35,400
Transfers to component units from:	
Component units	\$ 849,080

**NOTE D: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule details interfund receivables and payables related to the primary government at December 31, 2007:

Due to General Fund from:	
West Side Water District Fund	\$ 46,652
Due to nonmajor governmental funds from:	
Other nonmajor governmental funds	33,877
	\$ 80,529



Charter Township of Lansing  
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE F: CAPITAL ASSETS - CONTINUED**

Depreciation expense was charged to the following governmental activities:

General government	\$ 39,769
Public safety	107,273
Public works	13,575
Health and welfare	18,877
Recreation and cultural	<u>15,038</u>
	<u>\$ 194,532</u>

	<u>Balance Jan. 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2007</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 27,701	\$ -	\$ -	\$ 27,701
Capital assets being depreciated				
Water system	5,266,966	5,752	-	5,272,718
Buildings and improvements	76,817	-	-	76,817
Office equipment and furniture	82,816	-	-	82,816
Equipment	<u>274,182</u>	<u>2,335</u>	<u>-</u>	<u>276,517</u>
Total capital assets being depreciated	5,700,781	8,087	-0-	5,708,868
Less accumulated depreciation for:				
Water system	( 2,101,289 )	( 118,803 )	-	( 2,220,092 )
Buildings and improvements	( 46,815 )	( 2,926 )	-	( 49,741 )
Office equipment and furniture	( 70,064 )	( 3,334 )	-	( 73,398 )
Equipment	<u>( 203,545 )</u>	<u>( 10,765 )</u>	<u>-</u>	<u>( 214,310 )</u>
Total accumulated depreciation	<u>( 2,421,713 )</u>	<u>( 135,828 )</u>	<u>-0-</u>	<u>( 2,557,541 )</u>
Net capital assets being depreciated	<u>3,279,068</u>	<u>( 127,741 )</u>	<u>-0-</u>	<u>3,151,327</u>
Net capital assets	<u>\$ 3,306,769</u>	<u>\$ ( 127,741 )</u>	<u>\$ -0-</u>	<u>\$ 3,179,028</u>
<b>Component Unit (DDA)</b>				
Capital assets not being depreciated				
Land	\$ 7,750	\$ 1,482,566	\$ -	\$ 1,490,316
Capital assets being depreciated				
Office equipment and furniture	6,063	-	-	6,063
Land improvements	<u>-</u>	<u>644,445</u>	<u>-</u>	<u>644,445</u>
Total capital assets being depreciated	6,063	644,445	-0-	650,508
Less accumulated depreciation for:				
Office equipment and furniture	( 488 )	( 976 )	-	( 1,464 )
Infrastructure	<u>-</u>	<u>( 10,819 )</u>	<u>-</u>	<u>( 10,819 )</u>
Total accumulated depreciation	<u>( 488 )</u>	<u>( 11,795 )</u>	<u>-0-</u>	<u>( 12,283 )</u>
Net capital assets being depreciated	<u>5,575</u>	<u>632,650</u>	<u>-0-</u>	<u>638,225</u>
Net capital assets	<u>\$ 13,325</u>	<u>\$ 2,115,216</u>	<u>\$ -0-</u>	<u>\$ 2,128,541</u>

Charter Township of Lansing

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE G: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the Township for the year ended December 31, 2007:

	Balance Jan. 1, 2007	Additions	Deletions	Balance Dec. 31, 2007	Amount Due Within One Year
<b>PRIMARY GOVERNMENT</b>					
Governmental activities					
2002 Sidewalk Improvement Bonds	\$ 20,000	\$ -	\$ 20,000	\$ -0-	\$ -
2002 Special Assessment Sidewalk Bonds	5,000	-	5,000	-0-	-
1996 City of Lansing Sewer Bonds - Tollgate #2	513,081	-	41,429	471,652	42,491
1996 County of Ingham Tollgate Drain Bonds	2,143,637	-	164,263	1,979,374	172,476
2002 Special Assessment - Sewer System Bonds	395,000	-	25,000	370,000	30,000
Due to CATA - SBT Reimbursement	31,042	-	15,521	15,521	15,521
Accumulated compensated absences	<u>380,667</u>	<u>199,168</u>	<u>182,049</u>	<u>397,786</u>	<u>110,921</u>
	3,488,427	199,168	453,262	3,234,333	371,409
Business-type activities					
1996 Water Supply System No. 2 Bonds	300,000	-	30,000	270,000	30,000
1998 Michigan Municipal Bonds	260,000	-	20,000	240,000	20,000
1999 Michigan Municipal Bonds	495,000	-	30,000	465,000	35,000
Accumulated compensated absences	<u>38,068</u>	<u>16,938</u>	<u>13,285</u>	<u>41,721</u>	<u>4,172</u>
	<u>1,093,068</u>	<u>16,938</u>	<u>93,285</u>	<u>1,016,721</u>	<u>89,172</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>4,581,495</b>	<b>216,106</b>	<b>546,547</b>	<b>4,251,054</b>	<b>460,581</b>
<b>COMPONENT UNIT</b>					
Downtown Development Authority					
2002 Ambulance Lease	18,591	-	18,591	-0-	-
2002 Wood Street Sanitary Sewer Note Payable	110,196	-	36,732	73,464	36,732
2007 DDA Bonds	<u>-</u>	<u>9,900,000</u>	<u>-</u>	<u>9,900,000</u>	<u>60,000</u>
	128,787	9,900,000	55,323	9,973,464	96,732
Less deferred amounts: Underwriter's discount	<u>-</u>	<u>153,280</u>	<u>6,131</u>	<u>147,149</u>	<u>6,131</u>
<b>TOTAL COMPONENT UNIT</b>	<b><u>128,787</u></b>	<b><u>9,746,720</u></b>	<b><u>49,192</u></b>	<b><u>9,826,315</u></b>	<b><u>90,601</u></b>
<b>TOTAL REPORTING ENTITY</b>	<b><u>\$ 4,710,282</u></b>	<b><u>\$ 9,962,826</u></b>	<b><u>\$ 595,739</u></b>	<b><u>\$14,077,369</u></b>	<b><u>\$ 551,182</u></b>

Charter Township of Lansing  
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE G: LONG-TERM DEBT - CONTINUED**

Significant details regarding outstanding long-term debt (including current portion) are presented below:

PRIMARY GOVERNMENT

Direct Township Obligations

\$848,760 City of Lansing Tollgate #2 Sewer Bonds Series 1996, dated August 3, 1996, due in annual installments ranging from \$42,491 to \$52,052 through August 1, 2017, with an interest rate of 2.25 percent, payable semi-annually.	\$ 471,652
\$3,346,865 County of Ingham Tollgate Drain Bonds Series 1996, dated October 1, 1996, due in annual installments ranging from \$172,476 to \$271,034 through October 1, 2016, with interest ranging from 4.8 percent to 4.85 percent, payable annually.	1,979,374
\$465,000 Special Assessment Sewer System Improvement Bonds Series 2002, dated October 1, 2002, due in annual installments ranging from \$5,000 to \$30,000 through October 1, 2022, with interest ranging from 3.0 percent to 5.0 percent, payable semi-annually.	370,000
\$490,000 Water Supply System No. 2 Bonds Series 1998, dated August 1, 1995, due in annual installments of \$30,000 through April 1, 2016, with interest ranging from 5.2 percent to 6 percent, payable semi-annually.	270,000
\$397,981 Michigan Municipal Bond Authority Series 1998, dated September 29, 1998, due in annual installments ranging from \$20,000 to \$25,000 through October 1, 2018, with an interest rate of 2.5 percent, payable semi-annually.	240,000
\$704,392 Michigan Municipal Bond Authority Series 1999, dated June 24, 1999, due in annual installments ranging from \$35,000 to \$45,000 through October 1, 2019, with an interest rate of 2.5 percent, payable semi-annually.	<u>465,000</u>
Total Direct Township Obligations	<u>\$ 3,796,026</u>

Due to CATA - SBT Reimbursement

Past-due amounts payable to Capital Area Transportation Authority, arising from non-payment of Single Business Tax Inventory Reimbursements for 2000 - 2003.	<u>\$ 15,521</u>
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COMPONENT UNIT

\$9,900,000 2007 Downtown Development Bonds dated April 19, 2007, due in an annual installments ranging from \$60,000 to \$650,000 through November 1, 2031, with interest of 4.0 percent, payable semi-annually.	\$ 9,900,000
\$183,660 Ingham County Road Commission Wood Street Sanitary Sewer note dated July 31, 2002, due in annual installments of \$36,732 starting April 1, 2005 through April 1, 2009, payable annually.	<u>73,464</u>
Total Component Unit Obligations	<u>\$ 9,973,464</u>

Charter Township of Lansing  
 NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE G: LONG-TERM DEBT - CONTINUED**

The annual requirements to pay the debt principal and interest outstanding for bonds and notes payable are as follows:

**PRIMARY GOVERNMENT**

Year Ending December 31,	1996 City of Lansing Tollgate #2 Sewer Bonds		1996 County of Ingham Tollgate Drain Bonds		2002 Special Assessment Sewer Improvement Bonds		1996 Water Supply System #2 Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 42,491	\$ 10,554	\$ 172,476	\$ 91,135	\$ 30,000	\$ 14,955	\$ 30,000	\$ 14,895
2009	43,553	9,598	184,796	82,561	30,000	14,055	30,000	13,230
2010	44,616	8,618	193,009	73,493	30,000	13,095	30,000	11,535
2011	45,678	7,614	205,329	63,933	25,000	12,075	30,000	9,810
2012	45,678	6,586	217,649	53,782	25,000	11,175	30,000	8,055
2013-2017	249,636	16,798	1,006,115	100,638	125,000	40,813	120,000	14,385
2018-2022	-	-	-	-	105,000	13,238	-	-
	<u>\$ 471,652</u>	<u>\$ 59,768</u>	<u>\$ 1,979,374</u>	<u>\$ 465,542</u>	<u>\$ 370,000</u>	<u>\$ 119,406</u>	<u>\$ 270,000</u>	<u>\$ 71,910</u>

Year Ending December 31,	1998 Michigan Municipal Bonds		1999 Michigan Municipal Bonds		Due to CATA SBT Reimbursement	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 20,000	\$ 5,999	\$ 35,000	\$ 11,625	\$ 15,521	\$ -
2009	20,000	5,498	35,000	10,750	-	-
2010	20,000	4,999	35,000	9,875	-	-
2011	25,000	4,498	35,000	9,000	-	-
2012	20,000	3,873	35,000	8,125	-	-
2013-2017	110,000	11,743	200,000	26,250	-	-
2018-2022	25,000	623	90,000	3,375	-	-
	<u>\$ 240,000</u>	<u>\$ 37,233</u>	<u>\$ 465,000</u>	<u>\$ 79,000</u>	<u>\$ 15,521</u>	<u>\$ -0-</u>

**COMPONENT UNIT**

Year Ending December 31,	2007 DDA Bonds		Ingham County Road Commission Wood Street Sewer Note	
	Principal	Interest	Principal	Interest
2008	\$ 60,000	\$ 394,800	\$ 36,732	\$ -
2009	115,000	391,300	36,732	-
2010	175,000	385,500	-	-
2011	230,000	377,400	-	-
2012	270,000	367,400	-	-
2013-2017	1,725,000	1,643,500	-	-
2018-2022	2,135,000	1,258,900	-	-
2023-2027	2,655,000	782,100	-	-
2028-2031	2,535,000	205,900	-	-
	<u>\$9,900,000</u>	<u>\$5,806,800</u>	<u>\$ 73,464</u>	<u>\$ -0-</u>

Charter Township of Lansing  
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE G: LONG-TERM DEBT - CONTINUED**

Accrued Compensated Absences - Governmental Activities

Individual employees have vested rights upon termination of employment to receive payments for unused sick and vacation time. The dollar amount of these vested rights including related payroll taxes, which have been accrued on the financial statements in the government-wide financial statements, amounted to approximately \$397,786 at December 31, 2007. The amounts of \$110,921 and \$286,865 have been reported as current and noncurrent liabilities, respectively.

Accrued Compensated Absences - Business-Type Activities

Individual employees have vested rights upon termination of employment to receive payments for unused sick and vacation time. The dollar amount of these vested rights including related payroll taxes, which have been accrued on the financial statements in the government-wide financial statements, amounted to approximately \$41,721 at December 31, 2007. The amounts of \$4,172 and \$37,549 have been reported as current and noncurrent liabilities, respectively.

**NOTE H: RETIREMENT PLAN**

Plan Description

On February 6, 2007, the Township Board approved participation in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers Police employees, Teamsters Local 580 employees, and Non-union employees of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by the Township Board and by negotiation with the Township's collective bargaining units. Employees of the Township are not required to contribute to the plan. The Township is required to contribute 10.53% of gross wages for the police employees, 6.70% of gross wages for the Teamsters local 580 employees, and 5.98% of gross wages for the non-union employees.

Annual Pension Cost

For year ended December 31, 2007 the Township's annual pension cost of \$71,967 for the plan was equal to the Township's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at February 1, 2007, using the entry actual age cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation (c) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as thirty (30) years for positive unfunded liabilities and ten (10) years for negative liabilities, with this time period reestablished with each annual actuarial valuation.

Charter Township of Lansing  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2007

**NOTE H: RETIREMENT PLAN - CONTINUED**

One (1) year trend information

	<u>February 1, 2007</u>
Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	2,737,702
Unfunded (overfunded) AAL	2,737,702
Funded ratio	0%
Covered payroll	1,058,503
UAAL as a percentage of covered payroll	259%
<u>December 31, 2007</u>	
Annual pension cost	\$ 71,967
Percentage of APC contributed	100%
Net pension obligation	-

This trend information was obtained from the MERS initial actuarial valuation.

The Township also has a defined contribution pension plan covering all full firefighters and full-time employees who opted not to participate in the MERS plan. This benefit is an insurance-type plan administered under the provisions of Section 401(a) of the Internal Revenue Code. The plan is administered by Massachusetts Mutual Life Insurance Company.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on the investments of those contributions. The plan requires the employer to contribute fifteen percent of the participating employee's gross wages up to \$32,500, with complete vesting within four years.

During the year, the Township's required and actual contributions amounted to \$186,517 which was fifteen percent of its current year covered payroll.

**NOTE I: RISK MANAGEMENT**

The Township is exposed to various risks of loss for liability, property, automobile, and employer's liability for which the Township carries commercial insurance.

The Township also participates in a pool, the Michigan Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy period exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required.

**NOTE J: FUND BALANCE RESERVES**

Reserved fund balance is used to earmark a portion of fund balance to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use.

Charter Township of Lansing  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE J: FUND BALANCE RESERVES - CONTINUED**

The following are the various fund balance reserves as of December 31, 2007:

General Fund	
Reserved for prepaids	<u>\$ 74,629</u>
Tollgate Drain Debt Service Fund	
Reserved for debt service	<u>\$ 808,195</u>
Nonmajor governmental funds	
Reserved for debt service	\$ 138,526
Reserved for capital projects	<u>362,919</u>
	<u>\$ 501,445</u>

**NOTE K: RESTRICTED NET ASSETS**

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2007:

PRIMARY GOVERNMENT	
Governmental activities	
Restricted for	
Debt retirement	<u>\$ 916,273</u>
Other purposes	
Street lighting	\$ 25,577
Sidewalks	22,550
Drug law enforcement	<u>18,296</u>
	<u>\$ 66,423</u>

**NOTE L: WHOLESALE WATER SERVICE AGREEMENT**

The Township entered into an agreement with the Board of Water and Light on June 28, 1995, to purchase conditioned potable water and to provide raw water to the Board. For the year ended December 31, 2007, the Township incurred water charges of \$95,350.

**NOTE M: ECONOMIC DEPENDENCY**

Approximately 9.7% of the property tax revenue and 3% of water charges for services is generated by property taxes levied and water collections, respectively, on a single organization, General Motors. Revenue from General Motors for property taxes and water collections was significantly reduced in 2007, due to the fact that this organization has left the Township. This reduction in revenue has had a significant impact on the Charter Township of Lansing's operations.

Charter Township of Lansing

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE N: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

In the body of the required supplementary information, the Township's budgeted expenditures in the General Fund have been shown at the functional classification level. The Township's budgeted expenditures for nonmajor Special Revenue Funds are not required to be reported in the financial statements. The approved budgets of the Township have been adopted at the activity level for the General Fund and the total expenditure level for the Special Revenue Funds.

During the year ended December 31, 2007 the Township incurred expenditures in the General Fund and Liquor License Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Public Safety			
Building inspection	\$ 77,594	\$ 80,676	\$ 3,082
Transfers out	-	15,000	15,000
Liquor License Fund	11,651	11,844	193

**NOTE O: BUILDING AND ZONING FINANCIAL INFORMATION**

The Township elected to report the financial activities of the building and zoning department in the General Fund. The following is the required information as it relates to this department for the year ended December 31, 2007:

REVENUES	
Building permits	\$ 55,365
EXPENDITURES	
Salaries and fringes	49,982
Supplies and other	<u>47,620</u>
TOTAL EXPENDITURES	<u>97,602</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	( 42,237 )
PRIOR CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>( 96,996 )</u>
CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>\$( 139,233 )</u>

**NOTE P: POST-EMPLOYMENT HEALTH CARE BENEFITS**

In addition to providing pension benefits, the Township provides certain health care benefits and insurance, in accordance with union agreements and/or personnel policies to retired elected officials. For part-time elected officials the Township will pay 50% of medical insurance premiums for single or two-party coverage, whichever they qualify for, after 20 years of service and age 55. For full-time elected officials the Township will pay for 50% of medical benefits after 16 years of service and age 55 and 100% of medical benefits after 20 years of service and age 55. The Township records the cost of providing these benefits as expenses when paid. The costs of providing these benefits for eleven (11) retirees for the year ended December 31, 2007 was \$106,699.

Charter Township of Lansing  
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE P: POST-EMPLOYMENT HEALTH CARE BENEFITS - CONTINUED**

UPCOMING REPORTING CHANGE

The Governmental Accounting Standards Board has recently release Statement Number 45, *Accounting and Reporting By Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2009.

**NOTE Q: CONTINGENT LIABILITIES**

There is one (1) legal action pending against Lansing Charter Township, challenging the real property valuations. The Township's attorney states that the likelihood of an unfavorable outcome in this case is neither probable nor remote. No additional liability has been recorded in the financial statements related to this action.

**REQUIRED SUPPLEMENTARY INFORMATION**

Charter Township of Lansing

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,742,135	\$ 2,742,135	\$ 2,741,221	\$ (914)
Licenses and permits	118,840	133,462	139,900	6,438
Intergovernmental	731,296	709,681	910,452	200,771
Charges for services	312,500	531,570	341,992	(189,578)
Fines and forfeits	5,100	3,650	3,907	257
Interest and rents	134,000	159,000	163,832	4,832
Other	27,800	75,881	89,322	13,441
<b>TOTAL REVENUES</b>	<b>4,071,671</b>	<b>4,355,379</b>	<b>4,390,626</b>	<b>35,247</b>
<b>EXPENDITURES</b>				
General government				
Legislative	58,050	56,170	51,628	4,542
Executive	143,202	141,413	140,744	669
Clerk	247,304	245,039	239,673	5,366
Treasurer	125,426	123,428	121,364	2,064
Assessor	38,277	37,866	37,450	416
Elections	6,650	7,623	6,370	1,253
Hall and grounds	89,848	101,618	97,602	4,016
Attorney	53,000	36,000	31,787	4,213
Other	200,063	187,739	185,331	2,408
<b>Total general government</b>	<b>961,820</b>	<b>936,896</b>	<b>911,949</b>	<b>24,947</b>
Public safety				
Police department	1,428,173	1,256,201	1,218,951	37,250
Fire department	420,913	413,892	361,716	52,176
Building inspection	73,569	77,594	80,676	(3,082)
<b>Total public safety</b>	<b>1,922,655</b>	<b>1,747,687</b>	<b>1,661,343</b>	<b>86,344</b>
Public works	52,400	32,500	32,432	68
Health and welfare	1,059,920	1,062,920	1,062,679	241
Community and economic development	10,253	14,961	9,899	5,062
Recreation and cultural	26,152	27,657	7,336	20,321
<b>TOTAL EXPENDITURES</b>	<b>4,033,200</b>	<b>3,822,621</b>	<b>3,685,638</b>	<b>136,983</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>38,471</b>	<b>532,758</b>	<b>704,988</b>	<b>172,230</b>

Charter Township of Lansing

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 11,500	\$ 11,651	\$ 11,844	\$ 193
Transfers out	-	-	(15,000)	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	11,500	11,651	(3,156)	(14,807)
NET CHANGE IN FUND BALANCE	49,971	544,409	701,832	157,423
Fund balance, beginning of year	441,499	441,499	441,499	-0-
Fund balance, end of year	\$ 491,470	\$ 985,908	\$ 1,143,331	\$ 157,423

## **OTHER SUPPLEMENTARY INFORMATION**

Charter Township of Lansing  
 Nonmajor Governmental Funds  
 COMBINING BALANCE SHEET

December 31, 2007

	Special Revenue Funds			
	Street Lights	Budget Stabilization	Drug Law Enforcement	Liquor License
<b>ASSETS</b>				
Cash and cash equivalents	\$ 86,269	\$ -	\$ 18,296	\$ -
Investments	-	100,000	-	-
Taxes receivable	100,071	-	-	-
Special assessments receivable	-	-	-	-
Due from other funds	-	-	-	-
Advance to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 186,340</b>	<b>\$ 100,000</b>	<b>\$ 18,296</b>	<b>\$ -0-</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other funds	\$ 30,000	\$ -	\$ -	\$ -
Deferred revenue	130,763	-	-	-
<b>TOTAL LIABILITIES</b>	<b>160,763</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>FUND BALANCES</b>				
Reserved for				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Undesignated, reported in				
Special revenue funds	25,577	100,000	18,296	-
Capital projects funds	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>25,577</b>	<b>100,000</b>	<b>18,296</b>	<b>-0-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 186,340</b>	<b>\$ 100,000</b>	<b>\$ 18,296</b>	<b>\$ -0-</b>

Debt Service Funds			Capital Projects Funds	
Building Authority	Sanitary Sewer	Sidewalks	Capital Improvement	Sidewalks
\$ 346	\$ 116,419	\$ -	\$ 137,833	\$ 26,427
-	-	-	-	-
-	-	-	-	-
-	258,746	-	-	-
-	-	3,877	-	-
-	-	-	-	-
<u>\$ 346</u>	<u>\$ 375,165</u>	<u>\$ 3,877</u>	<u>\$ 137,833</u>	<u>\$ 26,427</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,877
-	240,862	-	-	-
-0-	240,862	-0-	-0-	3,877
346	134,303	3,877	-	-
-	-	-	-	22,550
-	-	-	-	-
-	-	-	137,833	-
<u>346</u>	<u>134,303</u>	<u>3,877</u>	<u>137,833</u>	<u>22,550</u>
<u>\$ 346</u>	<u>\$ 375,165</u>	<u>\$ 3,877</u>	<u>\$ 137,833</u>	<u>\$ 26,427</u>

Charter Township of Lansing

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2007

	Capital Projects Funds - continued			Total Nonmajor Governmental Funds
	Parks	Sanitary Sewer	Drains	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 31,256	\$ 5,649	\$ 143,458	\$ 565,953
Investments	-	-	101,262	201,262
Taxes receivable	-	-	-	100,071
Special assessments receivable	-	-	-	258,746
Due from other funds	-	-	30,000	33,877
Advance to other funds	-	-	60,000	60,000
<b>TOTAL ASSETS</b>	<u>\$ 31,256</u>	<u>\$ 5,649</u>	<u>\$ 334,720</u>	<u>\$ 1,219,909</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ 33,877
Deferred revenue	-	-	-	371,625
<b>TOTAL LIABILITIES</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>405,502</u>
<b>FUND BALANCES</b>				
Reserved for				
Debt service	-	-	-	138,526
Capital projects	-	5,649	334,720	362,919
Unreserved				
Undesignated, reported in				
Special revenue funds	-	-	-	143,873
Capital projects funds	31,256	-	-	169,089
<b>TOTAL FUND BALANCES</b>	<u>31,256</u>	<u>5,649</u>	<u>334,720</u>	<u>814,407</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 31,256</u>	<u>\$ 5,649</u>	<u>\$ 334,720</u>	<u>\$ 1,219,909</u>

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Charter Township of Lansing

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2007

	Special Revenue Funds			
	Street Lights	Budget Stabilization	Drug Law Enforcement	Liquor License
<b>REVENUES</b>				
Taxes	\$ 52,017	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	11,844
Interest and rents	1,891	-	713	-
Other	78,112	-	2,000	-
<b>TOTAL REVENUES</b>	<b>132,020</b>	<b>-0-</b>	<b>2,713</b>	<b>11,844</b>
<b>EXPENDITURES</b>				
Current				
Public works	126,872	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>126,872</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,148</b>	<b>-0-</b>	<b>2,713</b>	<b>11,844</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(11,844)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>(11,844)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,148</b>	<b>-0-</b>	<b>2,713</b>	<b>-0-</b>
Fund balances, beginning of year	20,429	100,000	15,583	-
Fund balances, end of year	<u>\$ 25,577</u>	<u>\$ 100,000</u>	<u>\$ 18,296</u>	<u>\$ -0-</u>

Building Authority	Debt Service Funds		Capital Projects Funds	
	Sanitary Sewer	Sidewalks	Capital Improvement	Sidewalks
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	19,233	-	2,250	2,374
-	17,204	21	-	70
-0-	36,437	21	2,250	2,444
-	-	-	-	-
-	-	-	5,407	8,568
-	41,705	25,996	-	-
-0-	41,705	25,996	5,407	8,568
-0-	(5,268)	(25,975)	(3,157)	(6,124)
-	-	20,400	-	-
-	-	-	-	(20,400)
-0-	-0-	20,400	-0-	(20,400)
-0-	(5,268)	(5,575)	(3,157)	(26,524)
346	139,571	9,452	140,990	49,074
<u>\$ 346</u>	<u>\$ 134,303</u>	<u>\$ 3,877</u>	<u>\$ 137,833</u>	<u>\$ 22,550</u>

Charter Township of Lansing

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2007

	Capital Projects Funds - continued			Total Nonmajor Governmental Funds
	Parks	Sanitary Sewer	Drains	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 52,017
Licenses and permits	-	-	-	11,844
Interest and rents	173	-	27,384	54,018
Other	-	-	-	97,407
<b>TOTAL REVENUES</b>	<b>173</b>	<b>-0-</b>	<b>27,384</b>	<b>215,286</b>
<b>EXPENDITURES</b>				
Current				
Public works	-	-	33,452	160,324
Capital outlay	9,233	-	5,862	29,070
Debt service	-	-	-	67,701
<b>TOTAL EXPENDITURES</b>	<b>9,233</b>	<b>-0-</b>	<b>39,314</b>	<b>257,095</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(9,060)</b>	<b>-0-</b>	<b>(11,930)</b>	<b>(41,809)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	15,000	-	-	35,400
Transfers out	-	-	(84,506)	(116,750)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>15,000</b>	<b>-0-</b>	<b>(84,506)</b>	<b>(81,350)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,940</b>	<b>-0-</b>	<b>(96,436)</b>	<b>(123,159)</b>
Fund balances, beginning of year	25,316	5,649	431,156	937,566
Fund balances, end of year	\$ 31,256	\$ 5,649	\$ 334,720	\$ 814,407

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Charter Township of Lansing

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2007

	<u>Agency Funds</u>		
	<u>Trust and Agency</u>	<u>Current Tax</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 64,954</u>	<u>\$ 1,013,810</u>	<u>\$ 1,078,764</u>
LIABILITIES			
Due to other governmental units			
Local	<u>\$ 64,954</u>	<u>\$ 1,013,810</u>	<u>\$ 1,078,764</u>

Charter Township of Lansing

Component Unit Funds - Downtown Development Authority

BALANCE SHEET

December 31, 2007

	Special Revenue	Capital Projects	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,192,012	\$ 1,593,964	\$ 2,785,976
Taxes receivable	594,380	-	594,380
Due from other governmental units	54,041	-	54,041
	<u>1,840,433</u>	<u>1,593,964</u>	<u>3,434,397</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,840,433</b>	<b>\$ 1,593,964</b>	<b>\$ 3,434,397</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 498,496	\$ 498,496
Due to other governmental units	342,806	-	342,806
Deferred revenue	668,529	-	668,529
	<u>1,011,335</u>	<u>498,496</u>	<u>1,509,831</u>
<b>TOTAL LIABILITIES</b>	<b>1,011,335</b>	<b>498,496</b>	<b>1,509,831</b>
<b>FUND BALANCES</b>			
Unreserved - undesignated	<u>829,098</u>	<u>1,095,468</u>	<u>1,924,566</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,840,433</b>	<b>\$ 1,593,964</b>	<b>\$ 3,434,397</b>

Charter Township of Lansing

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT  
OF NET ASSETS - DOWNTOWN DEVELOPMENT AUTHORITY

December 31, 2007

**Total fund balance - governmental funds** **\$ 1,924,566**

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

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

The cost of capital assets is	\$ 2,140,824	
Accumulated depreciation is	<u>(12,283)</u>	
Capital assets, net		2,128,541

Governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Deferred charges, net of amortization		147,149
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Long-term obligations	(9,973,464)	
Accrued interest payable	<u>(66,000)</u>	
		<u>(10,039,464)</u>

**Net assets of governmental activities** **\$ (5,839,208)**

Charter Township of Lansing

Component Unit Funds - Downtown Development Authority

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

Year Ended December 31, 2007

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes	\$ 1,172,264	\$ -	\$ 1,172,264
Interest	8,144	236,103	244,247
TOTAL REVENUES	1,180,408	236,103	1,416,511
EXPENDITURES			
Current			
Community and economic development	1,850,678	-	1,850,678
Debt service	56,289	221,200	277,489
Capital outlay	51,063	7,817,075	7,868,138
TOTAL EXPENDITURES	1,958,030	8,038,275	9,996,305
EXCESS OF REVENUES (UNDER) EXPENDITURES	(777,622)	(7,802,172)	(8,579,794)
OTHER FINANCING SOURCES (USES)			
Transfers in	849,080	-	849,080
Transfers out	-	(849,080)	(849,080)
Bond underwriter discount	-	(153,280)	(153,280)
Bond proceeds	-	9,900,000	9,900,000
TOTAL OTHER FINANCING SOURCES (USES)	849,080	8,897,640	9,746,720
NET CHANGE IN FUND BALANCES	71,458	1,095,468	1,166,926
Fund balances, beginning of year	757,640	-	757,640
Fund balances, end of year	\$ 829,098	\$ 1,095,468	\$ 1,924,566

Charter Township of Lansing

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
- DOWNTOWN DEVELOPMENT AUTHORITY

Year Ended December 31, 2007

**Net change in fund balances** \$ 1,166,926

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 2,127,011	
Depreciation expense	<u>(11,795)</u>	
 Excess of capital outlay over depreciation expense		 2,115,216

Items resulting from the repayment of long-term debt and borrowing of long-term debt is reported as expenditures, other financing uses, and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings and other liabilities increase long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. In the current year, these amounts consist of:

Bond discount, net of amortization	147,149	
Principal retirement	55,323	
Debt proceeds	<u>(9,900,000)</u>	
		(9,697,528)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in accrued interest payable		<u>(65,598)</u>
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**Change in net assets of governmental activities** \$ (6,480,984)

Charter Township of Lansing

Component Unit Fund - Economic Development Corporation

BALANCE SHEET

December 31, 2007

ASSETS

Cash and cash equivalents

\$ 9,216

FUND BALANCE

Unreserved - undesignated

\$ 9,216

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net assets for this component unit is not required as the component unit's fund balance was equal to the component unit's net assets as of December 31, 2007.

Charter Township of Lansing

Component Unit Fund - Economic Development Corporation

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

Year Ended December 31, 2007

REVENUES	\$	-
EXPENDITURES		
Current		
Community and economic development		<u>263</u>
NET CHANGE IN FUND BALANCE		(263)
Fund balance, beginning of year		<u>9,479</u>
Fund balance, end of year	\$	<u><u>9,216</u></u>

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities for the component unit is not required as the net change in fund balance of the component unit governmental fund was equal to the change in net assets of the component unit for the year ended December 31, 2007.

Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS

To the Member of the Township Board  
Charter Township of Lansing  
Lansing, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the Charter Township of Lansing as of and for the year ended December 31, 2007, and have issued our report thereon dated May 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter Township of Lansing'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 Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 a 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 controls. We consider the following control deficiency to be a significant deficiency in internal control over financial reporting.

FRAUD RISK MANAGEMENT PROGRAM

During the course of our audit, we noted that the Charter Township of Lansing has not developed or implemented a fraud risk management program.

Management is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team should be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Due to the Township not developing a fraud risk assessment and monitoring program it is unable to assess the Township's vulnerabilities to fraudulent activity and whether any of those exposures could result in material misstatement of the financial statements.

## FRAUD RISK MANAGEMENT PROGRAM - CONTINUED

We recommend that the Township develop and formally implement a fraud risk management program that is appropriate to the size and complexity of the organization. Such a fraud risk management program may involve actively searching for fraudulent transactions through the use of techniques such as data mining, but should also include informing management and employees as to the nature of fraud and actions expected to be taken if fraud is suspected. This would include publishing a definition of fraud, a statement that fraud will not be tolerated within the organization, and instructions for reporting fraud within the chain of command.

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. We believe that the following deficiency constitutes a material weakness:

### MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Material journal entries were proposed by the auditors. These misstatements were not detected by the Township's internal control over financial reporting. Statement of Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (when applicable), including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. The auditor cannot be a part of internal controls.

Material journal entries for the adjustment of Ambulance Run accounts receivable, deferred revenue, and bond discounts were proposed by the auditors. These misstatements were not detected by the Township's internal control over financial reporting.

Through the identification of material journal entries that were not otherwise identified by management, the auditors are effectively part of the Township's internal controls.

We recommend that the Township take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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 other provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are described below.

### INVESTMENTS HELD AT BANKS OUTSIDE THE STATE OF MICHIGAN

During the course of our audit, we noted the Township held investments at banks that do not have branches in the State of Michigan.

In accordance with Michigan Compiled Law, the Township is authorized to invest in certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

We recommend the Township sell the investments when the investments mature and reinvest at banks that maintain an office in the State of Michigan.

## EXPENDITURES IN EXCESS OF APPROPRIATIONS

During the course of our audit, we noted instances where expenditures had been incurred in excess of amounts appropriated. This issue was noted in the General Fund and Liquor License Fund.

Michigan Public Act 621 of 1978, as amended, provides that the Board shall adopt formal budgets for the General and all Special Revenue funds and shall not incur expenditures in excess of the amounts appropriated. The budget must include all anticipated expenditures and the related revenue and fund equity to fund these expenditures.

We recommend that the Township management monitor adopted budgets against actual expenditures and make adjustments as appropriate throughout the year.

## ESCHEAT UNCLAIMED PROPERTY TO THE STATE OF MICHIGAN

During our audit, it was noted that the Township had outstanding checks listed on their General Fund, Current Tax and Fire Department bank reconciliations that were up to five (5) years old. The Michigan Public Act 29 of 1995 provides that the Department report and escheat unclaimed property to the State of Michigan in the year after they have been outstanding for more than one year. This issue was noted and reported in our prior audit comments.

We recommend the Township attempt to contact the payees in an effort to clear old outstanding checks. In the event that the rightful property owners cannot be located, we recommend the Township review their unclaimed property and escheat funds to the State of Michigan as necessary.

This report is intended solely for the information and use of management and Members of the Board of Trustees of the Charter Township of Lansing, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

May 14, 2008