

Charter Township of Meridian Ingham County, Michigan

Comprehensive Annual Financial Report with Supplemental Information Year Ended December 31, 2007

Prepared by:

Department of Finance
Diana Hasse, CPA
Director of Finance



Charter Township of Meridian, Ingham County, Michigan

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Introductory Section

CHARTER TOWNSHIP OF MERIDIAN

Susan McGillicuddy Supervisor
Mary M.G. Helmbrecht Clerk
Bruce D. Hunting Treasurer
Gerald J. Richards Manager



Julie Brixie Trustee
Andrew J. Such Trustee
John Veenstra Trustee
Anne M. Woivode Trustee

April 25, 2008

To the Township Board and the Citizens
of the Charter Township of Meridian:

The Comprehensive Annual Financial Report of the Charter Township of Meridian for the year ended December 31, 2007 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the Charter Township of Meridian issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the Charter Township of Meridian. All disclosures necessary to enable the reader to gain an understanding of the Charter Township of Meridian's activities have been included.

The Comprehensive Annual Financial Report (CAFR) was prepared in accordance with Statement No. 34 of the Government Accounting Standards Board (GASB #34) entitled *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Prior to 2003, the financial statements provided information about individual funds of the Township. These funds established by the Township show restrictions on planned use of resources or to measure, in the short term, the revenues and expenditures arising from municipal activities. While some of the statements in the CAFR are still on an individual fund basis, GASB #34 requires new government-wide financial statements, which were prepared using accrual accounting for all government activities. These statements at the government-wide level will help readers assess the finances of the government in its entirety, determine if the Township's overall financial position improved or deteriorated, and see how the Township invested in capital assets like water mains, sewers, parks, etc. The government-wide statements are aimed at looking at the Township as a whole and how it looks in the long term. Please review the section called management discussion and analysis, which is intended to give an easily readable analysis of the Township's financial performance for the year.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the Charter Township of Meridian) as legally defined, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a range of services including police and fire protection, water and sanitary sewer services, recreational activities, and cultural events.

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To the Township Board and the Citizens
of the Charter Township of Meridian

Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The Economic Development Corporation and the Downtown Development Authority are reported as discretely presented component units.

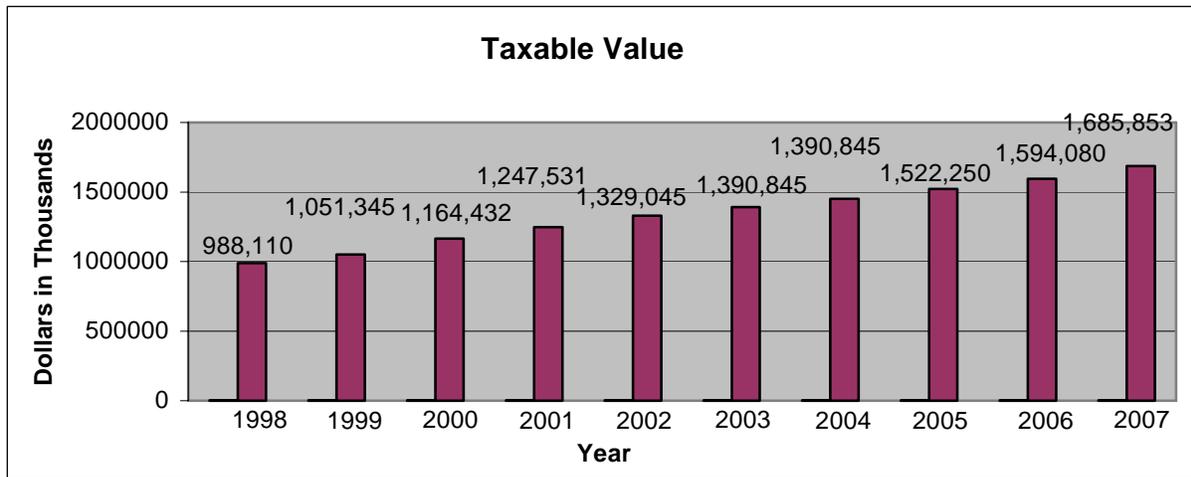
Governmental Structure, Local Economic Condition, and Outlook

The governmental unit, organized in 1842 and chartered in 1959, is approximately 32 square miles in the south-central area of Lower Michigan. The municipality is a largely residential area located east of Lansing, the State Capital, and immediately adjacent to East Lansing, home of Michigan State University, and is part of the Lansing Metropolitan Area.

The Charter Township of Meridian (the “Township”) was established pursuant to Act 359, Public Act of Michigan, 1947, as amended. The Township is governed by a Township board, which is composed of a part-time supervisor, full-time clerk and treasurer, and four trustees serving four-year terms. The board is vested with all legislative powers, except those otherwise provided by law. The chief administrative officer is the Township manager, who is appointed by the Township board and serves at its pleasure. The manager is responsible for carrying out the policies and ordinances of the Township board, for overseeing the day-to-day operations of the government, and for appointing the heads of the Township’s departments, consistent with the duties of a Township superintendent.

The Charter Township of Meridian continues to be an attractive community for residential construction and commercial development. The following chart details the rise in taxable value over the last 10 years which, combined with a relatively constant tax rate, has allowed services to keep up with the demand of increased population and business activity. In 2007, the number of building permits issued decreased by 2.0 percent and the value of new construction increased 21.6 percent from the previous year. Individual investment was higher across both commercial and multi-family development. The activity in residential development is expected to flatten over the next several years and commercial development has been enhanced by the addition of the Mixed Use Planned Unit Development Ordinance.

To the Township Board and the Citizens
of the Charter Township of Meridian



The sluggish state economy and reduced tax rates have resulted in flat state revenue sharing to the Township for the past four years. The Township reduced expenditures to meet this challenge. No increases are projected in future years.

Major Initiatives

The Township's staff, following specific directives from the board and the manager, has been involved in a variety of projects throughout the year. These projects reflect the Township's commitment to promote the safety and welfare of its residents as well as investing in the infrastructure vital to sustaining quality service delivery.

The following accomplishments are indicative of the commitment to maintaining a quality community:

- Completed Phase III of a three-year program to change over all water meters to a remote-read system
- Added 0.7 miles of pedestrian bicycle pathways, 1.31 miles of public water main, and 2.0 miles of sanitary sewer lines
- Annual fire losses Township-wide were a very low \$545,500
- Continued a four-year trend of lowering roadway injuries with a 10 percent decrease in 2007

To the Township Board and the Citizens
of the Charter Township of Meridian

Financial Information

Internal Controls - Management of the Township is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls - The Township maintains extensive budgetary controls. Formal budgets are adopted for all funds on a functional level. However, budgetary controls are exercised at a line-item level for internal control purposes. The government maintains an encumbrance accounting system. Encumbered amounts lapse at year end. However, outstanding encumbrances generally are re-appropriated as part of the following year's budget.

Long-term Planning - The Township prepares a one-year budget; however, longer-range planning is also utilized to ensure that future needs and opportunities are addressed. These planning tools include the following:

- **Public Improvements Plan (PIP)** - A review of planned public improvements in the next five years, which is updated annually
- **Technology Upgrade/Replacement Plan** - A 10-year plan which is updated annually as part of the budget process
- **Vehicle Replacement Plan** - A 10-year plan for replacing Township vehicles and heavy equipment, which is reviewed annually as part of the budget process
- **Tax Revenue Projections** - A five-year estimate of future tax revenues based on economic reports, expected growth in tax base, and anticipated tax rates, which is updated annually
- **Policy Governance Manual** - Policy statements and priorities set forth by the Township board, updated annually
- **Park Maintenance Plan** - A five-year plan for maintaining the Township parks, updated annually
- **Water and Sewer Rate Model** - A 10-year projection of commodity, capital, and maintenance costs, updated annually

To the Township Board and the Citizens
of the Charter Township of Meridian

2007 Financial Condition - The financial condition and results of operations for 2007 are discussed in the management's discussion and analysis section of the CAFR. The Township continues to maintain a strong financial position and provides services from current revenues.

Pension Plan - The Charter Township of Meridian provides a pension plan for all full-time employees. The Township contributes either to its own defined benefit pension plan, a defined benefit plan through the Michigan Municipal Employees' Retirement System, or a defined contribution plan through the International City Management Association. Benefits and contributions vary according to individual collective bargaining agreements.

Deferred Compensation Plan - The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

Debt Administration - At year end, the Township had a limited number of debt issues outstanding. These issues included \$500,000 in general obligation bonds and \$2,027,000 in installment loans. The Township's general obligation bond ratings were reviewed in 2004. Standard and Poor's Corporation affirmed the A+ rating and Moody's Investor Service upgraded the rating from A1 to Aa3

There were no new bonds issued in 2007.

Cash Management - It is the policy of the Township to invest public funds in the manner which will provide the highest investment return, with the maximum security, while meeting the daily cash flow demands of the Township and conforming to all state statutes and local ordinances governing the investment of public funds. The funds of the Township are invested in accordance with Michigan Public Act 20 of 1943, as amended by Public Act 196 of 1997, and as further amended from time to time. The Township's long-term goal is to have an average maturity portfolio of six months to 18 months.

Risk Management - The Township is covered through the Michigan Municipal Liability and Property Pool for claims relating to property loss, torts, and errors and omission; the Michigan Municipal Workers' Compensation Fund for claims relating to workers' compensation; and Canada Life for employee disability and life insurance coverage.

To the Township Board and the Citizens
of the Charter Township of Meridian

Other Information

Independent Audit - An annual audit, required by state statute, of accounts, financial records, and transactions has been completed by the independent certified public accountants of Plante & Moran, PLLC. The firm was re-appointed by the Township through an open bid process in 2006. Bids are requested every five to seven years.

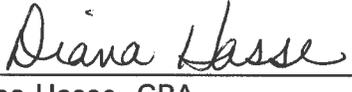
Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Meridian for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006.

Acknowledgments - The preparation of this report could not have been accomplished without the efficient and dedicated services of the accounting and budgeting department and the treasurer's department.

Respectfully submitted,



Gerald J. Richards
Township Manager



Diana Hasse, CPA
Director of Finance

Charter Township of Meridian
List of Elected and Appointed Officials
December 31, 2007

Elected Officials

Supervisor	Susan McGillicuddy
Clerk	Mary M. G. Helmbrecht
Treasurer	Bruce D. Hunting
Trustee	Julie Brixie
Trustee	Andrew J. Such
Trustee	John Veenstra
Trustee	Anne M. Woiwode

Appointed Officials

Manager	Gerald J. Richards
Asst. Manager/Personnel Director	Paul Brake
Finance Director	Diana Hasse
Parks and Recreation Director	LuAnn Maisner
Assessor	Scott Cunningham
Community Planning and Development Director	Mark Kieselbach
Engineering and Public Works Director	Ray Severy
Fire Chief	Fred Cowper
Police Chief	David Hall

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charter Township of Meridian
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

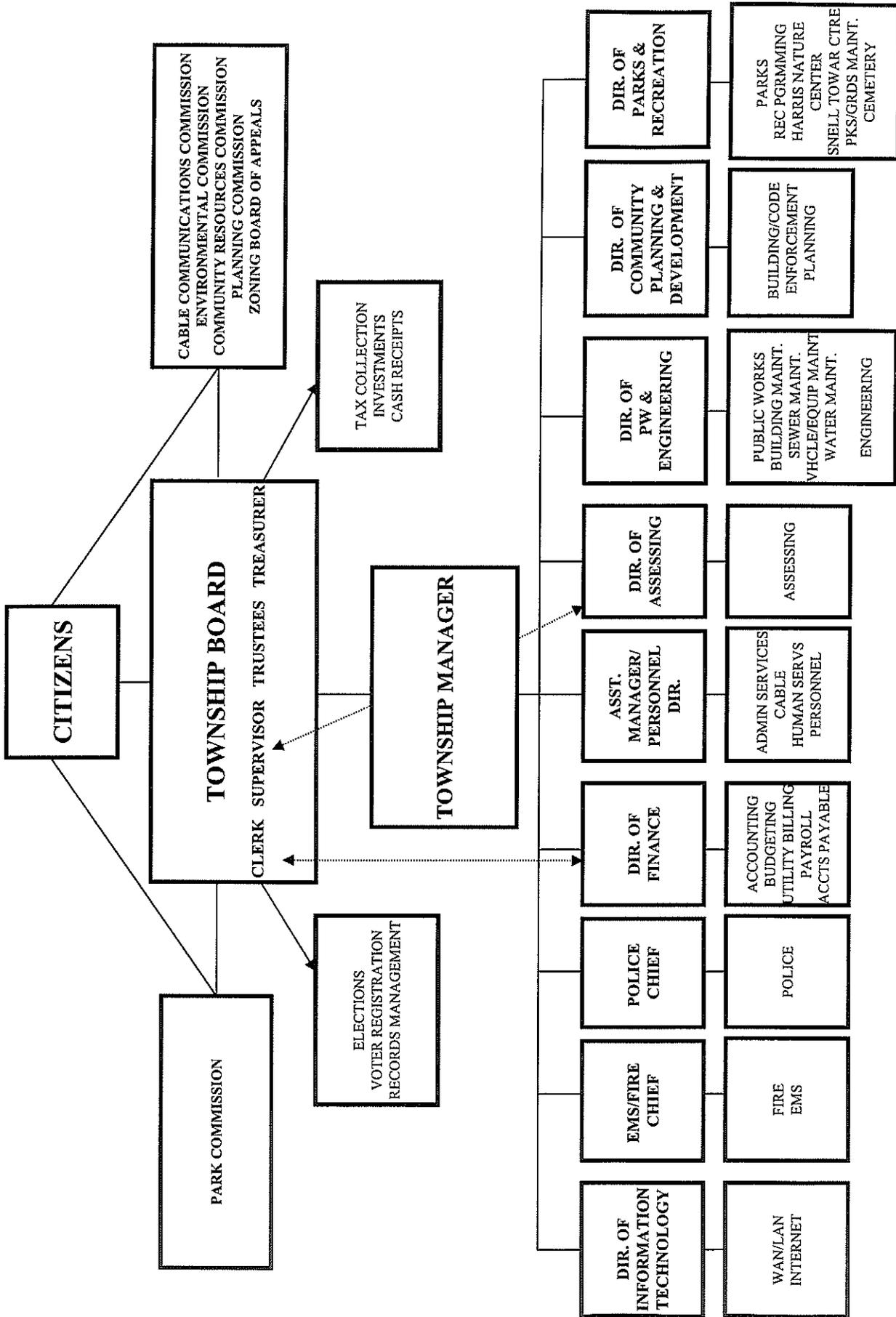


Charles S. Cox

President

Jeffrey R. Emmer

Executive Director



Dotted Lines – Denotes Relationship defined by State Statute

Financial Section

Independent Auditor's Report

To the Board of Trustees
Charter Township of Meridian

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Meridian, Ingham County, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Meridian's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Meridian, Ingham County, 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.

To the Board of Trustees
Charter Township of Meridian

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Meridian, Ingham County, Michigan's basic financial statements. The management's discussion and analysis, defined benefit pension plan schedule of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The budgetary comparison schedules, combining balance sheet, and combining statement of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and defined benefit pension plan schedule of funding progress, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moran, PLLC

April 25, 2008

Management's Discussion and Analysis

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis

Overview of the Financial Statements

This is the fifth year that the Charter Township of Meridian's Comprehensive Annual Financial Report (CAFR) is presented in the format required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The 2007 annual report consists of five parts: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplemental information, (4) other supplemental information that presents combining statements for nonmajor governmental funds and fiduciary funds, and (5) a statistical section. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Township's net assets and how they have changed. Net assets, the difference between the Township's assets and liabilities, are one way to measure the Township's financial health or position.

The government-wide financial statements of the Township are divided into three categories:

- **Governmental Activities** - Most of the Township's basic services are included here, such as the police, fire, streets and highways, recreation, parks, and general administration. Property taxes, state-shared revenue, and charges for services provide most of the funding.
- **Business-type Activities** - The Township charges fees to customers to cover the costs of certain services it provides. The Township's water and sewer system are treated as business-type activities.
- **Component Units** - The Township includes two other entities in its report, the Economic Development Corporation and the Downtown Development Authority. Although legally separate, these "component units" are important because the Township is financially accountable for them.

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of revenues and spending for particular purposes. Some funds are required by state law and bond covenants. The Township board establishes other funds to control and manage money for particular purposes.

The Township has three kinds of funds:

- **Governmental Funds** - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.
- **Propriety Funds** - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information.
- **Fiduciary Funds** - The Township is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis (Continued)

Financial Overview

In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current assets	\$ 25,259,102	\$ 23,114,463	\$ 7,104,037	\$ 7,911,883	\$ 32,363,139	\$ 31,026,346
Capital assets	30,487,802	25,735,548	37,918,656	35,794,741	68,406,458	61,530,289
Other assets	120,000	-	-	-	120,000	-
Investment in joint venture	-	-	4,482,562	4,588,936	4,482,562	4,588,936
Total assets	55,866,904	48,850,011	49,505,255	48,295,560	105,372,159	97,145,571
Liabilities						
Current liabilities	14,997,375	13,948,831	177,733	268,951	15,175,109	14,217,782
Long-term liabilities	6,684,518	2,803,993	66,387	118,473	6,750,904	2,922,466
Total liabilities	21,681,893	16,752,824	244,120	387,424	21,926,013	17,140,248
Net Assets						
Invested in capital assets -						
Net of related debt	23,810,062	23,013,842	37,862,325	35,653,313	61,672,387	58,667,155
Restricted	3,722,761	1,562,847	-	-	3,722,761	1,562,847
Unrestricted	6,652,188	7,520,498	11,398,810	12,254,823	18,050,998	19,775,321
Total net assets	\$ 34,185,011	\$ 32,097,187	\$ 49,261,135	\$ 47,908,136	\$ 83,446,146	\$ 80,005,323

The Township has combined net assets of \$83.4 million. Business-type activities comprise \$49.2 million, and governmental activities make up \$34.2 million of the total net assets. Total net assets increased by \$3.4 million or 4.3 percent. This increase is the net effect of increasing capital and restricted assets by \$5.1 million and decreasing unrestricted net assets by \$1.7 million. The current level of unrestricted net assets for governmental activities - which can be used to finance on-going operations of the Township and expenses related to special revenues - stands at over \$6.6 million, or about 38.2 percent of annual governmental expenses.

The current ratio (current assets divided by current liabilities) is healthy at 2.13. This means that the Township has adequate current assets to meet its current liabilities. Long-term liabilities of \$6.8 million represent only 8.1 percent of net assets, an indication that debt is not a burden to current or future revenues.

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue						
Program revenue:						
Charges for services	\$ 2,319,245	\$ 3,514,335	\$ 7,564,161	\$ 7,536,114	\$ 9,883,406	\$ 11,050,449
Operating grants and contributions	142,973	75,559	-	-	142,973	75,559
Capital grants and contributions	22,620	-	1,338,799	1,238,570	1,361,419	1,238,570
General revenue:						
Property taxes	12,385,283	11,786,631	-	-	12,385,283	11,786,631
State-shared revenue	2,968,900	3,010,487	-	-	2,968,900	3,010,487
Unrestricted investment earnings	884,682	746,638	333,888	252,794	1,218,570	999,432
Franchise fees	643,829	602,204	-	-	643,829	602,204
Other revenue	247,584	306,549	-	-	247,584	306,549
Total revenue	19,615,116	20,042,403	9,236,848	9,027,478	28,851,964	29,069,881
Program Expenses						
General government	3,681,208	3,919,691	-	-	3,681,208	3,919,691
Public safety	10,493,405	10,999,162	-	-	10,493,405	10,999,162
Public works	837,594	348,486	-	-	837,594	348,486
Health and welfare	82,097	76,230	-	-	82,097	76,230
Recreation and culture	1,855,946	1,851,726	-	-	1,855,946	1,851,726
Interest on long-term debt	327,001	181,677	-	-	327,001	181,677
Loss on disposal of assets	195,041	-	-	-	195,041	-
Water and sewer	-	-	7,938,849	7,648,619	7,938,849	7,648,619
Total program expenses	17,472,292	17,376,972	7,938,849	7,648,619	25,411,141	25,025,591
Excess Before Transfers	2,142,824	2,665,431	1,297,999	1,378,859	3,440,823	4,044,290
Transfers	(55,000)	(55,000)	55,000	55,000	-	-
Change in Net Assets	\$ 2,087,824	\$ 2,610,431	\$ 1,352,999	\$ 1,433,859	\$ 3,440,823	\$ 4,044,290

Governmental Activities

Revenues for governmental activities totaled approximately \$19.6 million in 2007. A total of \$12.3 million was in the form of property tax collections that reflect no increase in the total millage rate, but an increase of approximately \$92 million in taxable value or 5.4 percent due to new construction and inflationary increases in existing properties. State-shared revenues continue to be flat at \$3.0 million for the last four fiscal years. (2004 was \$242,000 or 7.4 percent less than in 2003.) Charges for services generated \$2.3 million.

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis (Continued)

Expenses for governmental activities totaled \$17.4 million. More than half (61 percent) of this expense funded public safety in the Township.

Business-type Activities

Business-type activities in the Township include water and sewer services. Revenues for business-type activities totaled \$9.2 million. \$7.5 million was collected from customers and \$1.3 million is the value of assets contributed by developers. The Township purchases water from the East Lansing - Meridian Water Sewer Authority and water is distributed by the Township through mains to customers. The Township contracts for sewage treatment from the City of East Lansing Wastewater Treatment Plant. Township residential customers are billed quarterly for water and sewer service based on water consumption. Commercial customers are billed monthly.

Current Economic Events

The Township continues to experience growth in the community. This is seen in a relatively strong housing market, as well as new construction growth. The Township has seen an increase in taxable value over the past five years of approximately 28 percent. This provides increasing tax revenues, but is offset by increased demand for services.

The State of Michigan is experiencing significant budgeting problems, and as it looks for solutions, revenue sharing continues to be under attack. As noted above, the Township's share of state revenue sharing was flat for the past four years.

Personnel costs represent approximately 75 percent of the operating expenses of the Township. While wage increases have been held to minimal amounts - averaging less than 3 percent - the cost of health care continues to be a concern. A change in providers in 2006 and some employee cost sharing in 2007 helped to contain healthcare costs. Payroll taxes, pension, and other personnel costs continue to rise as well.

Financial Analysis of Township Funds and Budgets

The General Fund ended 2007 with an undesignated fund balance of approximately \$5,228,000 (compared with \$4,975,000 in 2006). This represents four months of annual expenditures, which is within the requirements of policy governance established by the Township board. This increase is primarily a result of managing the timing of capital projects and sound financial management of on-going operations. In spite of flat state-shared revenue and rising personnel costs, the Township has successfully operated with a balanced budget. This has been accomplished with the dedicated efforts of all employees to work more efficiently, manage expenditures, and enhance revenues whenever possible.

The Land Preservation Fund increased fund balance by \$1.0 million in 2007, which will be held to purchase land in accordance with the purpose of the fund. No significant change occurred in the nonmajor governmental funds.

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis (Continued)

The General Fund of the Township operates with a board-approved budget. This budget is monitored and amended as needed throughout the year. Such amendments are primarily related to projects carried over from the prior year and unanticipated projects. In addition, unexpected changes in projected revenues may result in changes to the expenditure budgets (e.g., reduction in state-shared revenue). All departments ended the year under budgeted expenditures.

Capital Projects

The Township did not complete any major capital projects in 2007, but has an on-going building maintenance program. The Township also has an on-going program to maintain and improve technology.

On-going improvements continued to water lines and mains, the sewer system, and lift stations. The project to upgrade water meter-reading equipment to a radio-read system was completed in 2007.

More detailed information about capital assets is presented in Note 5 to the financial statements.

Long-term Debt Activity

Long-term debt for governmental activities increased by approximately \$4.0 million during 2007. A liability for the Towar/Snell/Briarwood drain assessments was recorded in the amount of \$4.2 million. In addition, new debt was issued for property purchased on land contract and an installment purchase of a vactor truck. Payments of \$1.7 million were made on outstanding debt. Debt for business-type activities decreased by \$80,000 to \$139,000.

More detailed information about long-term liabilities is presented in Note 7 to the financial statements.

Contact Us

This report is intended to aid our residents and other interested parties in understanding the Township's financial condition. Should you have further questions, please contact the finance department at the Township's municipal building.

Basic Financial Statements

Charter Township of Meridian, Ingham County, Michigan

Statement of Net Assets December 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 16,242,746	\$ 5,940,853	\$ 22,183,599	\$ 125,302
Receivables - Net (Note 4)	8,749,783	1,258,549	10,008,332	24,732
Internal balances	262,500	(262,500)	-	-
Inventories	-	163,255	163,255	-
Prepaid costs	4,073	3,880	7,953	-
Net investment in East Lansing - Meridian Water and Sewer Authority (Note 12)	-	4,482,562	4,482,562	-
Other assets	120,000	-	120,000	-
Capital assets - Net (Note 5):				
Assets not subject to depreciation	19,838,378	363,060	20,201,438	-
Assets subject to depreciation	<u>10,649,424</u>	<u>37,555,596</u>	<u>48,205,020</u>	-
Total assets	55,866,904	49,505,255	105,372,159	150,034
Liabilities				
Accounts payable	656,964	56,538	713,502	-
Performance deposits payable	185,115	-	185,115	-
Accrued and other liabilities	394,515	28,467	422,982	-
Due to other governmental units	65,377	-	65,377	-
Unearned revenue (Note 4)	12,839,176	19,800	12,858,976	23,802
Noncurrent liabilities (Note 7):				
Due within one year	856,228	72,928	929,156	-
Due in more than one year	<u>6,684,518</u>	<u>66,387</u>	<u>6,750,905</u>	-
Total liabilities	<u>21,681,893</u>	<u>244,120</u>	<u>21,926,013</u>	<u>23,802</u>
Net Assets				
Invested in capital assets - Net of related debt	23,810,062	37,862,325	61,672,387	-
Restricted:				
Land preservation	2,508,738	-	2,508,738	-
Pedestrian/Bike path millage	575,308	-	575,308	-
Park millage	605,043	-	605,043	-
Debt service	33,672	-	33,672	-
Unrestricted	<u>6,652,188</u>	<u>11,398,810</u>	<u>18,050,998</u>	<u>126,232</u>
Total net assets	<u>\$ 34,185,011</u>	<u>\$ 49,261,135</u>	<u>\$ 83,446,146</u>	<u>\$ 126,232</u>

Charter Township of Meridian, Ingham County, Michigan

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,681,208	\$ 80,574	\$ 50,307	\$ -
Public safety	10,493,405	2,045,421	36,242	-
Public works	837,594	7,941	-	22,620
Health and welfare	82,097	-	-	-
Recreation and culture	1,855,946	185,309	56,424	-
Interest on long-term debt	327,001	-	-	-
Total governmental activities	17,277,251	2,319,245	142,973	22,620
Business-type activities:				
Water	4,350,487	4,095,659	-	329,622
Sewer	3,588,362	3,468,502	-	1,009,177
Total business-type activities	7,938,849	7,564,161	-	1,338,799
Total primary government	<u>\$ 25,216,100</u>	<u>\$ 9,883,406</u>	<u>\$ 142,973</u>	<u>\$ 1,361,419</u>
Component units:				
Downtown Development Authority	\$ 217	\$ -	\$ -	\$ -
Economic Development Corporation	23,368	10,000	-	-
Total component units	<u>\$ 23,585</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
 Property taxes
 State-shared revenues
 Unrestricted investment earnings
 Franchise revenues
 Miscellaneous
 Loss on disposal of capital assets
 Transfers

Total general revenues and transfers

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

Statement of Activities
Year Ended December 31, 2007

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (3,550,327)	\$ -	\$ (3,550,327)	\$ -
(8,411,742)	-	(8,411,742)	-
(807,033)	-	(807,033)	-
(82,097)	-	(82,097)	-
(1,614,213)	-	(1,614,213)	-
(327,001)	-	(327,001)	-
(14,792,413)	-	(14,792,413)	-
-	74,794	74,794	-
-	889,317	889,317	-
-	964,111	964,111	-
(14,792,413)	964,111	(13,828,302)	-
-	-	-	(217)
-	-	-	(13,368)
-	-	-	(13,585)
12,385,283	-	12,385,283	26,077
2,968,900	-	2,968,900	-
884,682	333,888	1,218,570	4,114
643,829	-	643,829	-
247,584	-	247,584	3,773
(195,041)	-	(195,041)	-
(55,000)	55,000	-	-
16,880,237	388,888	17,269,125	33,964
2,087,824	1,352,999	3,440,823	20,379
32,097,187	47,908,136	80,005,323	105,853
\$ 34,185,011	\$ 49,261,135	\$ 83,446,146	\$ 126,232

Charter Township of Meridian, Ingham County, Michigan

Governmental Funds Balance Sheet December 31, 2007

	General Fund	Land Preservation Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 9,282,791	\$ 2,922,887	\$ 3,186,026	\$ 15,391,704
Receivables - Net (Note 4)	6,781,671	817,719	1,270,472	8,869,862
Prepaid costs and other assets	4,073	-	-	4,073
Due from other funds (Note 6)	262,500	-	-	262,500
Total assets	\$ 16,331,035	\$ 3,740,606	\$ 4,456,498	\$ 24,528,139
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 457,596	\$ 35	\$ 129,988	\$ 587,619
Performance deposits payable	185,115	-	-	185,115
Accrued and other liabilities	363,975	1,192	12,835	378,002
Due to other governmental units	63,376	-	2,001	65,377
Deferred revenue (Note 4)	10,029,140	1,230,641	1,681,421	12,941,202
Total liabilities	11,099,202	1,231,868	1,826,245	14,157,315
Fund Balances				
Reserved:				
General Fund	4,073	-	-	4,073
Special Revenue Funds	-	-	160,363	160,363
Unreserved, reported in:				
General Fund	5,227,760	-	-	5,227,760
Special Revenue Funds:				
Designated for land preservation	-	2,508,738	-	2,508,738
Designated for CATA millage	-	-	957	957
Undesignated	-	-	2,435,261	2,435,261
Debt Service Funds	-	-	33,672	33,672
Total fund balances	5,231,833	2,508,738	2,630,253	10,370,824
Total liabilities and fund balances	\$ 16,331,035	\$ 3,740,606	\$ 4,456,498	24,528,139

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds (excluding Internal Service Fund capital assets)	29,396,916
Special assessment receivables and other receivables are not available to pay for current year expenditures	102,027
Long-term liabilities are not due and payable in the current period and are not reported in the funds (excluding Internal Service Fund long-term liabilities)	(7,392,238)
Accrued interest payable is not due and payable in the current period and is not reported in the funds	(13,473)
Internal Service Funds are included as part of governmental activities	1,720,955
Net assets of governmental activities	\$ 34,185,011

Charter Township of Meridian, Ingham County, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2007

	General Fund	Land Preservation Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 9,686,524	\$ 1,163,062	\$ 1,535,697	\$ 12,385,283
Licenses and permits	358,161	-	-	358,161
Federal grants	-	-	26,137	26,137
State-shared revenues and grants	3,115,429	-	73,698	3,189,127
Special assessments	-	-	90,053	90,053
Charges for services	2,895,832	-	493,991	3,389,823
Interest income	560,446	175,351	148,930	884,727
Other	293,288	8,725	106,498	408,511
Total revenue	16,909,680	1,347,138	2,475,004	20,731,822
Expenditures				
Current:				
General government	4,487,133	-	-	4,487,133
Public safety	10,355,367	-	36,095	10,391,462
Public works	256,036	-	485,366	741,402
Health and welfare	70,272	-	8,929	79,201
Recreation and culture	603,779	20,813	1,198,498	1,823,090
Capital outlay	297,305	143,224	246,153	686,682
Debt service	477,772	200,000	499,512	1,177,284
Total expenditures	16,547,664	364,037	2,474,553	19,386,254
Excess of Revenue Over Expenditures	362,016	983,101	451	1,345,568
Other Financing Sources (Uses)				
Transfers in (Note 6)	-	-	129,220	129,220
Transfers out (Note 6)	(119,610)	-	(64,610)	(184,220)
Total other financing sources (uses)	(119,610)	-	64,610	(55,000)
Net Change in Fund Balances	242,406	983,101	65,061	1,290,568
Fund Balances - Beginning of year	4,989,427	1,525,637	2,565,192	9,080,256
Fund Balances - End of year	\$ 5,231,833	\$ 2,508,738	\$ 2,630,253	\$ 10,370,824

Charter Township of Meridian, Ingham County, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, 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	\$ 1,290,568
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	646,654
Depreciation on capital assets is recorded in the statement of activities; it is not recorded at the fund level	(593,074)
Loss on the disposal of capital assets is recorded in the statement of activities; it is not recorded at the fund level	(195,041)
Contributions of capital assets are recorded in the statement of activities; they are not recorded at the fund level	22,620
Special assessment and other revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(82,112)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	850,238
Interest expense is recorded in the statement of activities when incurred; it is not reported in the funds until paid	98,575
Increase in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(65,926)
Internal Service Funds are also included as governmental activities	<u>115,322</u>
Change in Net Assets of Governmental Activities	<u>\$ 2,087,824</u>

Charter Township of Meridian, Ingham County, Michigan

Proprietary Funds Statement of Net Assets December 31, 2007

	Business-type Activities			Governmental
	Water Fund	Sewer Fund	Total Enterprise Funds	Activities Internal Service Fund - Motor Pool
Assets				
Current assets:				
Cash and cash equivalents	\$ 970,163	\$ 1,079,972	\$ 2,050,135	\$ 851,042
Investments	1,735,608	2,155,110	3,890,718	-
Receivables - Net (Note 4)	647,018	611,531	1,258,549	-
Inventories	163,255	-	163,255	-
Prepaid costs	3,880	-	3,880	-
Total current assets	3,519,924	3,846,613	7,366,537	851,042
Noncurrent assets:				
Investment in East Lansing - Meridian Water and Sewer Authority	4,482,562	-	4,482,562	-
Capital assets	19,619,899	18,298,757	37,918,656	1,090,886
Total noncurrent assets	24,102,461	18,298,757	42,401,218	1,090,886
Total assets	27,622,385	22,145,370	49,767,755	1,941,928
Liabilities				
Current liabilities:				
Accounts payable	30,473	26,065	56,538	69,346
Accrued and other liabilities	16,394	12,073	28,467	3,119
Due to other funds (Note 6)	131,250	131,250	262,500	-
Deferred revenue (Note 4)	19,800	-	19,800	-
Current portion of long-term debt	64,161	8,767	72,928	40,532
Total current liabilities	262,078	178,155	440,233	112,997
Noncurrent liabilities - Long-term debt - Net of current portion				
	31,321	35,066	66,387	107,976
Total liabilities	293,399	213,221	506,620	220,973
Net Assets				
Investment in capital assets - Net of related debt	19,524,417	18,254,924	37,779,341	942,378
Unrestricted	7,804,569	3,677,225	11,481,794	778,577
Total net assets	<u>\$ 27,328,986</u>	<u>\$ 21,932,149</u>	<u>\$ 49,261,135</u>	<u>\$ 1,720,955</u>

Charter Township of Meridian, Ingham County, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2007

	Business-type Activities			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service
				Fund - Motor Pool
Operating Revenue				
Sale of water	\$ 3,581,667	\$ -	\$ 3,581,667	\$ -
Sewage disposal charges	-	3,058,348	3,058,348	-
Charges for services	452,041	397,930	849,971	1,083,430
Other	61,951	12,224	74,175	26,058
Total operating revenue	4,095,659	3,468,502	7,564,161	1,109,488
Operating Expenses				
Purchase of water from East Lansing - Meridian Water and Sewer Authority	1,681,782	-	1,681,782	-
Disposal plant	-	1,504,611	1,504,611	-
Personnel services	839,097	703,966	1,543,063	-
General administration	635,560	538,794	1,174,354	189,762
Operation and maintenance	332,767	227,416	560,183	523,862
Depreciation	748,986	613,575	1,362,561	321,605
Total operating expenses	4,238,192	3,588,362	7,826,554	1,035,229
Operating Income (Loss)	(142,533)	(119,860)	(262,393)	74,259
Nonoperating Revenue (Expenses)				
Investment income	140,418	193,470	333,888	41,063
Interest expense	(5,921)	-	(5,921)	-
Loss from joint venture	(106,374)	-	(106,374)	-
Total nonoperating revenue	28,123	193,470	221,593	41,063
Income (Loss) - Before contributions and transfers	(114,410)	73,610	(40,800)	115,322
Capital Contributions	329,622	1,009,177	1,338,799	-
Transfers In (Note 6)	200,000	55,000	255,000	-
Transfers Out (Note 6)	-	(200,000)	(200,000)	-
Changes in Net Assets	415,212	937,787	1,352,999	115,322
Net Assets - Beginning of year	26,913,774	20,994,362	47,908,136	1,605,633
Net Assets - End of year	<u>\$ 27,328,986</u>	<u>\$ 21,932,149</u>	<u>\$ 49,261,135</u>	<u>\$ 1,720,955</u>

Charter Township of Meridian, Ingham County, Michigan

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2007

	Business-type Activities			Governmental Activities
				Internal Service
	Water Fund	Sewer Fund	Total Enterprise Funds	Fund - Motor Pool
Cash Flows from Operating Activities				
Receipts from customers	\$ 4,203,481	\$ 3,557,352	\$ 7,760,833	\$ 1,109,488
Payments to suppliers	(2,544,710)	(2,338,880)	(4,883,590)	(466,491)
Payments to employees	(836,939)	(696,599)	(1,533,538)	(186,328)
Internal activity - Payments from other funds	143,222	563,131	706,353	-
Net cash provided by operating activities	965,054	1,085,004	2,050,058	456,669
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	200,000	55,000	255,000	-
Transfers to other funds	-	(200,000)	(200,000)	-
Net cash provided by (used in) noncapital financing activities	200,000	(145,000)	55,000	-
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(875,122)	(1,272,555)	(2,147,677)	(551,855)
Proceeds from sale of capital assets	-	-	-	9,061
Proceeds from issuance of long-term debt	-	-	-	173,985
Principal and interest paid on long-term debt	(91,979)	-	(91,979)	(38,023)
Net cash used in capital and related financing activities	(967,101)	(1,272,555)	(2,239,656)	(406,832)
Cash Flows from Investing Activities				
Interest received on investments	140,418	193,470	333,888	41,063
Purchase of investment securities	(95,725)	(310,983)	(406,708)	-
Proceeds from sale and maturities of investment securities	-	895,362	895,362	-
Net cash provided by investing activities	44,693	777,849	822,542	41,063
Net Increase in Cash and Cash Equivalents	242,646	445,298	687,944	90,900
Cash and Cash Equivalents - Beginning of year	727,517	634,674	1,362,191	760,142
Cash and Cash Equivalents - End of year	<u>\$ 970,163</u>	<u>\$ 1,079,972</u>	<u>\$ 2,050,135</u>	<u>\$ 851,042</u>

Charter Township of Meridian, Ingham County, Michigan

Proprietary Funds Statement of Cash Flows (Continued) Year Ended December 31, 2007

	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund - Motor Pool
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ (142,533)	\$ (119,860)	\$ (262,393)	\$ 74,259
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	748,986	613,575	1,362,561	321,605
Loss on sale of fixed assets	-	-	-	20,404
Changes in assets and liabilities:				
Receivables	107,822	88,850	196,672	-
Due from other funds	12,500	432,409	444,909	-
Inventories	104,135	-	104,135	-
Prepaid costs	(149)	125	(24)	-
Accounts payable	1,413	(68,184)	(66,771)	36,967
Accrued and other liabilities	2,158	7,367	9,525	3,434
Due to other funds	130,722	130,722	261,444	-
Net cash provided by operating activities	<u>\$ 965,054</u>	<u>\$ 1,085,004</u>	<u>\$ 2,050,058</u>	<u>\$ 456,669</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2007, water and sewer lines, valued at \$1,130,552, were donated by developers to the Township and are recorded in the Enterprise Funds. Also, during the year ended December 31, 2007, the Township incurred an unrealized loss in investments of \$106,374 for the Water Fund.

Charter Township of Meridian, Ingham County, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets December 31, 2007

	Pension Trust Fund	Tax Collection Fund
Assets		
Cash and cash equivalents	\$ 495,016	\$ 6,652,699
Investments:		
U.S. government bonds	734,168	-
Corporate bonds	112,518	
Stocks	1,861,275	-
Mutual funds and other	2,114,777	-
Receivables - Accrued interest	13,575	-
	<u>5,331,329</u>	<u>\$ 6,652,699</u>
Total assets	5,331,329	\$ 6,652,699
Liabilities		
Accounts payable	-	\$ 6,658
Due to other governmental units	-	6,646,041
	<u>-</u>	<u>6,652,699</u>
Total liabilities	-	\$ 6,652,699
Net Assets - Held in trust for pension and other employee benefits	\$ 5,331,329	

Charter Township of Meridian, Ingham County, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Assets Year Ended December 31, 2007

	Pension Trust Fund
Additions - Investment income	
Interest and dividends	\$ 195,414
Net increase in fair value of investments	192,538
Less investment expenses	<u>(25,213)</u>
Net investment income	362,739
Deductions - Benefit payments	<u>428,769</u>
Net Decrease in Net Assets Held in Trust	(66,030)
Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of year	<u>5,397,359</u>
End of year	<u><u>\$ 5,331,329</u></u>

Charter Township of Meridian, Ingham County, Michigan

Component Units Statement of Net Assets December 31, 2007

	Downtown Development Authority	Economic Development Corporation	Totals
Assets			
Cash and investments (Note 3)	\$ 28,728	\$ 96,574	\$ 125,302
Property taxes receivable	<u>24,732</u>	<u>-</u>	<u>24,732</u>
Total assets	53,460	96,574	150,034
Liabilities - Deferred revenue	<u>23,802</u>	<u>-</u>	<u>23,802</u>
Net Assets - Unrestricted	<u><u>\$ 29,658</u></u>	<u><u>\$ 96,574</u></u>	<u><u>\$ 126,232</u></u>

Charter Township of Meridian, Ingham County, Michigan

Component Units Statement of Changes in Net Assets Year Ended December 31, 2007

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Assets		
			Downtown Development Authority	Economic Development Corporation	Total
Downtown Development Authority	\$ 217	\$ -	\$ (217)	\$ -	\$ (217)
Economic Development Corporation	23,368	10,000	-	(13,368)	(13,368)
Total component units	<u>\$ 23,585</u>	<u>\$ 10,000</u>	(217)	(13,368)	(13,585)
General revenues:					
Property taxes			26,077	-	26,077
Unrestricted investment earnings			25	4,089	4,114
Miscellaneous other income			3,773	-	3,773
Total general revenues			<u>29,875</u>	<u>4,089</u>	<u>33,964</u>
Change in Net Assets			29,658	(9,279)	20,379
Net Assets - Beginning of year			<u>-</u>	<u>105,853</u>	<u>105,853</u>
Net Assets - End of year			<u>\$ 29,658</u>	<u>\$ 96,574</u>	<u>\$ 126,232</u>

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies

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

Reporting Entity

The Charter Township of Meridian, Ingham County, Michigan is governed by an elected seven-member board. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township (see discussion below for description).

Discretely Presented Component Units - The following component units are reported within the component unit column in the combined financial statements. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township.

- The Meridian Township Downtown Development Authority (DDA) of Okemos was created to halt property value deterioration and increase property tax valuation where possible in its business district, to eliminate the causes of such deterioration, and to promote economic growth in and surrounding the DDA. The Authority's governing body consists of nine members and includes the Township supervisor and eight members who are selected by the Township board. The DDA does not issue separate financial statements.
- The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township, so as to provide needed services and facilities of such enterprises to the residents of the Township. The Township board selects the Economic Development Corporation's governing body and can impose its will. The Economic Development Corporation's financial report can be obtained at the Township clerk's office.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: 2007 property taxes, state-shared revenue, and interest associated with the current fiscal period. Conversely, 2008 property taxes and special assessments will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Agency Funds do not have a measurement focus, although they are reported using the modified accrual basis of accounting.

The Township reports the following major governmental funds:

General Fund - The General Fund contains the records of the ordinary activities of the Township that are not accounted for in another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue, and other sources.

Land Preservation Fund - The Land Preservation Fund is used to account for tax revenue which will be used to purchase land and/or an interest in land for the permanent preservation of open green spaces and natural features throughout the Township.

The Township reports the following major proprietary funds:

Water Fund - The Water Fund is used to account for the provision of water services to the residents of the Township. Activities of the fund include administration, operating, maintenance, and billing and collection activities.

Sewer Fund - The Sewer Fund is used to account for the provision of sewer services to the residents of the Township. Activities of the fund include administration, operating, maintenance, and billing and collection activities.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies (Continued)

Additionally, the Township reports the following fund types:

Motor Pool Internal Service Fund - The Motor Pool Fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the Township, or to other governments, primarily on a cost-reimbursement basis.

Pension Trust Fund - The Pension Trust Fund accounts for the assets of the government employees' pension plan.

Tax Collection Fund - The Tax Collection Fund accounts for assets held by the Township in a trustee capacity. Tax collection funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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

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

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds relates to charges to customers for sales and services. The Water and Sewer Funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1. These taxes are billed on December 1 of the following year and are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue in each respective fund at December 31. The 2006 taxable valuation of the Township totaled \$1,594,088,990, on which ad valorem taxes levied consisted of 4.2049 mills for the Township's operating purposes and 3.0469 mills for special voted millages.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund using a weighted average balance for the principal.

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

Inventories and Prepaid Costs - Inventories are valued at cost, on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., bike paths and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Township has elected not to implement the retroactive reporting of infrastructure provisions of GASB Statement No. 34.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Water and sewer mains	10 to 50 years
Buildings and improvements	15 to 30 years
Vehicles	5 to 10 years
Furniture and equipment	5 to 7 years
Other tools and equipment	5 to 20 years

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

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

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

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

State Construction Code Act - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at January 1, 2007		\$ (1,334,064)
Current year building permit revenue	\$ 355,131	
Related expenses:		
Direct costs	453,687	
Estimated indirect costs	<u>897,819</u>	
Total construction code expenses	<u>1,351,506</u>	
Net shortfall for the year ended December 31, 2007		<u>(996,375)</u>
Cumulative shortfall at December 31, 2007		<u>\$ (2,330,439)</u>

Excess of Expenditures Over Appropriations in Budgeted Funds - The Township had no significant budget overruns in the current year.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. A local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. To the extent that cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool, except that Agency Funds' investment earnings are allocated to the General Fund.

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

The Township has designated 17 banks for the deposit of its funds. The investment policy adopted by the Township board in accordance with Public Act 196 of 1997 has authorized investments as allowed under state statutory authority as listed above.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$22,013,311 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. All bank deposits of the component units were insured and collateralized by federal depository insurance at year end. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will change as a result of a change in interest rates. The Township's investment policy does not include any time restrictions for investment maturities. At year end, the average maturities of investments are as follows:

Type of Investment	Fair Value	Less than One Year	1-5 Years	6-10 Years	More than 10 Years
Primary Government					
U.S. government securities	\$ 4,422,735	\$ -	\$ 99,972	\$ 1,669,382	\$ 2,653,381
Money market funds	120,012	120,012	-	-	-
Negotiable CDs	259,615	115,288	144,327	-	-
Pension					
U.S. government securities	\$ 734,168	\$ 58,477	\$ 192,401	\$ 24,874	\$ 458,416
Corporate bonds	112,518	-	40,588	55,876	16,054

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy also reflects the restrictions of Public Act 20. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
U.S. government securities	\$ 4,422,735	S&P	AAA
Money market	311,843	S&P	AAA
Money market	886,675	S&P	AAA _m
Money market	120,012	S&P	AAA _m
Money market	539,684	N/A	Not rated
Negotiable CDs	259,615	N/A	Not rated
Pension			
Money market	\$ 495,016	N/A	Not rated
U.S. government securities	287,080	Moody's	AAA
Corporate bond	20,862	Moody's	AAA
Corporate bond	31,847	Moody's	AA
Corporate bond	59,809	Moody's	A
Mutual funds	2,114,777	N/A	Not rated
U.S. government securities	447,088	N/A	Not rated

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 4 - Receivables

Receivables as of year end for the Township's individual major funds and the aggregate of the nonmajor and fiduciary funds are as follows:

	General Fund	Land Preservation Fund	Water Fund	Sewer Fund	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 6,472,432	\$ 817,719	\$ -	\$ -	\$ 1,049,459	\$ 8,339,610
Accounts	125,830	-	628,667	608,691	118,000	1,481,188
Special assessments	-	-	18,351	2,840	102,026	123,217
Interest and other	183,409	-	-	-	987	184,396
Total receivables	<u>\$ 6,781,671</u>	<u>\$ 817,719</u>	<u>\$ 647,018</u>	<u>\$ 611,531</u>	<u>\$ 1,270,472</u>	<u>\$ 10,128,411</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be 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. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned	Total
Property taxes	\$ -	\$ 12,839,176	\$ 12,839,176
Special assessments	102,026	-	102,026
Other	-	19,800	19,800
Total	<u>\$ 102,026</u>	<u>\$ 12,858,976</u>	<u>\$ 12,961,002</u>

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 5 - Capital Assets

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

	Balance January 1, 2007	Additions	Disposals and Adjustments	Balance December 31, 2007
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 19,154,300	\$ 863,213	\$ (179,135)	\$ 19,838,378
Capital assets being depreciated:				
Buildings and improvements	7,735,751	33,639	-	7,769,390
Vehicles	2,725,271	592,663	(190,821)	3,127,113
Drainage flow rights	-	4,247,955	-	4,247,955
Furniture and equipment	6,692,680	194,777	(105,000)	6,782,457
Subtotal	17,153,702	5,069,034	(295,821)	21,926,915
Accumulated depreciation:				
Buildings and improvements	3,030,483	209,304	-	3,239,787
Vehicles	1,835,170	321,605	(120,548)	2,036,227
Drainage flow rights	-	89,189	-	89,189
Furniture and equipment	5,722,707	294,581	(105,000)	5,912,288
Subtotal	10,588,360	914,679	(225,548)	11,277,491
Net capital assets being depreciated	6,565,342	4,154,355	(70,273)	10,649,424
Net capital assets	\$ 25,719,642	\$ 5,017,568	\$ (249,408)	\$ 30,487,802

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 5 - Capital Assets (Continued)

Business-type Activities	Balance	Additions	Disposals and Adjustments	Balance
	January 1, 2007			December 31, 2007
Capital assets not being depreciated -				
Land	\$ 363,060	\$ -	\$ -	\$ 363,060
Capital assets being depreciated:				
Water and sewer mains	50,314,661	2,991,405	-	53,306,066
Buildings and improvements	3,980,935	-	-	3,980,935
Other tools and equipment	2,761,867	495,071	(777,642)	2,479,296
Subtotal	57,057,463	3,486,476	(777,642)	59,766,297
Accumulated depreciation:				
Water and sewer mains	18,176,765	1,078,480	-	19,255,245
Buildings and improvements	2,120,212	120,107	-	2,240,319
Other tools and equipment	1,328,805	163,974	(777,642)	715,137
Subtotal	21,625,782	1,362,561	(777,642)	22,210,701
Net capital assets being depreciated	35,431,681	2,123,915	-	37,555,596
Net capital assets	<u>\$ 35,794,741</u>	<u>\$ 2,123,915</u>	<u>\$ -</u>	<u>\$ 37,918,656</u>

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

Governmental activities:	
General government	\$ 299,737
Public safety	165,419
Public works	115,617
Recreation and culture	12,301
Internal Service Fund depreciation is charged to the various functions based on their usage of the assets	321,605
Total governmental activities	<u>\$ 914,679</u>
Business-type activities:	
Water	\$ 748,986
Sewer	613,575
Total business-type activities	<u>\$ 1,362,561</u>

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due To/From Other Funds		
General Fund	Sewer Fund	\$ 131,250
	Water Fund	<u>131,250</u>
	Total General Fund	<u>\$ 262,500</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
Interfund Transfers		
General Fund	Sewer Fund	\$ 55,000
	Nonmajor governmental funds	<u>64,610</u>
	Total General Fund	119,610
Nonmajor governmental funds	Nonmajor governmental funds	64,610
Sewer Fund	Water Fund	<u>200,000</u>
	Total	<u>\$ 384,220</u>

Transfers provided funding for capital acquisitions and debt services.

Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Installment purchase agreements are also general obligations of the government. The majority of compensated absences are typically satisfied by the General Fund.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds -							
Public Safety Buildings Bonds:							
Amount of issue - \$2,500,000							
Maturing through 2009	5.50%	\$250,000	\$ 750,000	\$ -	\$ (250,000)	\$ 500,000	\$ 250,000
Installment purchase agreements/ land contracts:							
Okemos Road land:							
Amount of issue - \$1,409,000		\$75,922 -					
Maturing through 2020	4.39%	\$122,394	1,305,706	-	(72,695)	1,233,011	75,922
Rysberg land contract:							
Amount of issue - \$793,120							
Maturing through 2007	0.00%	\$200,000	200,000	-	(200,000)	-	-
Applegate property land contract:							
Amount of issue - \$422,355		\$63,948 -					
Maturing through 2012	6.00%	\$78,576	-	422,355	(63,948)	358,407	65,662
Activity Center Building:							
Amount of issue - \$550,000		\$30,000 -					
Maturing through 2018	4.54%	\$49,000	466,000	-	(30,000)	436,000	31,000
Vactor truck lease (Internal Service Fund):							
Amount of issue - \$173,985		\$21,894 -					
Maturing through 2011	4.64%	\$38,023 -	-	173,985	(38,023)	135,962	38,023
Other long-term obligations - Towar/ Snell/Briarwood drain assessments							
		\$223,020	-	4,247,955	(233,595)	4,014,360	223,020
Compensated absences:							
General Fund			753,794	835,150	(774,615)	814,329	162,866
Internal Service Fund			9,194	10,200	(6,848)	12,546	2,509
Nonmajor and other funds			30,740	34,100	(28,709)	36,131	7,226
Total compensated absences			793,728	879,450	(810,172)	863,006	172,601
Total governmental activities			\$ 3,515,434	\$ 5,723,745	\$ (1,698,433)	\$ 7,540,746	\$ 856,228
Business-type Activities - Water and Sewer							
Installment purchase agreement - HVAC System:							
Amount of issue - \$729,860							
Maturing through 2008	4.24%	\$56,356	\$ 141,428	\$ -	\$ (85,097)	\$ 56,331	\$ 56,331
Other long-term obligations - Compensated absences:							
Water Fund			40,112	44,400	(45,361)	39,151	7,830
Sewer Fund			37,536	41,600	(35,303)	43,833	8,767
Total compensated absences			77,648	86,000	(80,664)	82,984	16,597
Total business-type activities			\$ 219,076	\$ 86,000	\$ (165,761)	\$ 139,315	\$ 72,928

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 7 - Long-term Debt (Continued)

Annual debt service requirements (excluding compensated absences) to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 683,627	\$ 323,056	\$ 1,006,682	\$ 56,331	\$ 2,389	\$ 58,720
2009	693,043	286,926	979,969	-	-	-
2010	451,862	257,702	709,564	-	-	-
2011	445,972	233,574	679,546	-	-	-
2012	421,785	212,729	634,513	-	-	-
2013-2017	1,845,485	791,929	2,637,414	-	-	-
2018-2022	1,466,906	360,613	1,827,519	-	-	-
2023-2025	669,060	67,657	736,717	-	-	-
Total	<u>\$ 6,677,740</u>	<u>\$ 2,534,185</u>	<u>\$ 9,211,925</u>	<u>\$ 56,331</u>	<u>\$ 2,389</u>	<u>\$ 58,720</u>

Other Debt

From time to time, the Economic Development Corporation issues Limited Obligation Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed. The resulting debt of the developers is serviced directly by the financial institution. Neither the Township nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2007, there were three series of Limited Obligation Revenue Bonds outstanding, with an aggregate principal amount payable of \$17,355,000.

Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefit claims and participates in the Michigan Municipal Liability and Property Pool (risk pool) for claims relating to property loss, torts, and errors and omissions; the Township participates in the Michigan Municipal Workers' Compensation Fund (risk pool) for claims relating to employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 8 - Risk Management (Continued)

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

Note 9 - Defined Benefit Pension Plan

Charter Township of Meridian Employees' Retirement System

Plan Description - The Township contributes to the Meridian Township Employees' Pension Plan, which is the administrator of a single-employer public employees retirement system that covers all full-time employees of the Township, excluding those included in MERS and the defined contribution plan. The plan is closed to any new employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. For the plan year beginning January 1, 2007, the date of the most recent actuarial valuation, membership consisted of 78 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and two current active employees. The plan does not issue a separate financial report.

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

There is no obligation to contribute to the system. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 9 - Defined Benefit Pension Plan (Continued)

Annual Pension Cost - For the year ended December 31, 2007, the Township's annual pension cost of \$0 for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation for the plan year beginning January 1, 2007, using the entry actual age cost method. Significant actuarial assumptions used include a 7.0 percent investment rate of return, 4.5 percent salary increases, and an inflation component. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level dollar on a closed basis. The remaining amortization period is five years.

Fiscal year ended December 31:	2007	2006	2005
Annual pension cost	\$ -	\$ -	\$ -
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
Actuarial valuation as of January 1:	2007	2006	2005
Actuarial value of assets	\$ 5,129,680	\$ 5,047,273	\$ 5,236,388
Actuarial accrued liability (entry age)	\$ 5,034,259	\$ 5,042,765	\$ 5,104,160
Overfunded AAL	\$ (95,421)	\$ (4,508)	\$ (132,228)
Funded ratio	102%	100%	103%
Covered payroll	\$ 129,245	\$ 125,956	\$ 165,434
UAAL as a percentage of covered payroll	(73.8%)	(3.6%)	(79.9%)
Annual required contribution	\$ -	\$ 7,026	\$ -

Michigan Municipal Employees' Retirement System

Plan Description - The Township participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all public works (American Federation of State, County, and Municipal Employees (AFSCME)), the police nonsupervisory, clerical unit, police supervisory employees, firefighters, and Teamsters employees of the Township. MERS 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 MERS. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 9 - Defined Benefit Pension Plan (Continued)

Funding Policy - The obligation to contribute to and maintain MERS for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from the employees of 2.00 percent to 11.24 percent of gross wages for the various groups.

Annual Pension Cost - For the year ended December 31, 2007, the Township's annual pension cost was \$1,280,652 for the plan; however, the Township's actual contribution for the year was \$1,547,798. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year attributable to inflation, (c) additional projected salary increases ranging from 0 percent to 8.4 percent per year, depending on age, attributable to seniority/merit, and (d) no postretirement benefit increases. Both (a) and (b) include an inflation assumption of 4.5 percent per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 29 years.

Fiscal year ended December 31:	2007	2006	2005
Annual pension cost	\$ 1,280,652	\$ 1,201,128	\$ 1,072,747
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
Actuarial valuation as of December 31:	2005	2004	2003
Actuarial value of assets	\$ 16,753,818	\$ 15,095,171	\$ 13,321,401
Actuarial accrued liability (AAL) (entry age)	\$ 32,944,186	\$ 29,239,691	\$ 25,405,098
Unfunded AAL (UAAL)	\$ 16,190,368	\$ 14,144,520	\$ 12,083,697
Funded ratio	51%	52%	52%
Covered payroll	\$ 6,531,790	\$ 6,248,485	\$ 6,230,105
UAAL as a percentage of covered payroll	247.9%	226.4%	194.0%

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 10 - Defined Contribution Pension Plan

Meridian Charter Township Money Purchase Plan

The Township provides pension benefits to its nonunion, professional supervisory, and professional nonsupervisory employees through a defined contribution plan which is administered by an outside party. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan provisions and contribution requirements were established through negotiation with the Township's competitive bargaining units. The Township contributes 2.0 percent to 8.5 percent of employees' gross earnings.

In accordance with these requirements, the Township contributed \$293,402 during the current year and employees contributed \$156,752.

Note 11 - Postemployment Benefits

The Township provides healthcare benefits to police officers and firefighters upon retirement, in accordance with labor contracts. Currently, 20 retirees are eligible. The Township includes pre-Medicare and post-Medicare retirees and their dependents in its insured healthcare plan, with a 50 percent contribution required by the participant. Expenditures for postemployment healthcare benefits are recognized as the insurance premiums become due; during the year, this amounted to \$91,278.

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2007

Note 12 - Joint Venture

East Lansing - Meridian Water and Sewer Authority

The Township is a member of the East Lansing - Meridian Water and Sewer Authority, which provides water services to the residents of the City of East Lansing and the Charter Township of Meridian. The participating communities provide annual funding for its operations. During the current year, the Township contributed \$1,681,782 for its operations and debt. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Township appoints three members to the joint venture's governing board, which then approves the annual budget. The following financial information of the joint venture is obtained from audited financial statements as of June 30, 2007. Complete financial statements for the East Lansing - Meridian Water and Sewer Authority can be obtained from the administrative offices at 410 Abbott Road, East Lansing, Michigan.

Total assets	\$ 7,866,025
Total liabilities	573,941
Total net assets	7,292,084
Total operating revenue	2,862,956
Total operating expenses	2,630,518
Decrease in net assets	147,371

The Township's equity in this joint venture as of December 31, 2007 is \$4,482,562, which is recorded in the Water Fund.

Note 13 - Commitments

At December 31, 2007, the Township has a commitment to the City of East Lansing relating to the Township's portion of principal and interest on two sewage disposal system bonds issued by the City of East Lansing during 2001, totaling \$1,389,366, maturing through 2016.

Required Supplemental Information

Charter Township of Meridian, Ingham County, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 4,989,427	\$ 4,989,427	\$ 4,989,427	\$ -
Resources (Inflows)				
Property taxes	9,633,300	9,683,300	9,686,524	3,224
Licenses and permits	404,500	404,500	358,161	(46,339)
Intergovernmental	3,218,000	3,256,500	3,115,429	(141,071)
Charges for services	2,807,800	2,830,300	2,895,832	65,532
Interest income	465,000	480,000	560,446	80,446
Other	421,900	291,400	293,288	1,888
Total resources (inflows)	16,950,500	16,946,000	16,909,680	(36,320)
Charges to Appropriations (Outflows)				
General government	4,392,590	4,489,890	4,362,612	127,278
Legislative	119,990	130,590	124,521	6,069
Public safety	10,609,000	10,767,220	10,355,367	411,853
Public works	276,060	369,060	256,036	113,024
Health and welfare	72,560	72,560	70,272	2,288
Recreation and culture	618,370	657,790	603,779	54,011
Capital outlay	222,800	474,000	297,305	176,695
Debt service	519,520	479,520	477,772	1,748
Transfers to other funds	119,610	119,610	119,610	-
Total charges to appropriations (outflows)	16,950,500	17,560,240	16,667,274	892,966
Fund Balance - End of year	\$ 4,989,427	\$ 4,375,187	\$ 5,231,833	\$ 856,646

Fund balance is equivalent to approximately four months of actual expenditures.

Charter Township of Meridian, Ingham County, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Fund - Land Preservation Fund Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 1,525,637	\$ 1,525,637	\$ 1,525,637	\$ -
Resources (Inflows)				
Property taxes	1,163,900	1,163,900	1,163,062	(838)
Investment income	80,000	80,000	175,351	95,351
Other	11,400	11,400	8,725	(2,675)
Total resources (inflows)	1,255,300	1,255,300	1,347,138	91,838
Charges to Appropriations (Outflows)				
Recreation and culture	41,990	41,990	20,813	21,177
Public works	892,900	692,900	143,224	549,676
Debt service	-	200,000	200,000	-
Total charges to appropriations (outflows)	934,890	934,890	364,037	570,853
Fund Balance - End of year	\$ 1,846,047	\$ 1,846,047	\$ 2,508,738	\$ 662,691

Charter Township of Meridian, Ingham County, Michigan

Required Supplemental Information Defined Benefit Pension Plan Schedule of Funding Progress Charter Township of Meridian Employees' Retirement System December 31, 2007

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/00	\$ 7,618,038	\$ 5,913,886	\$ (1,704,152)	128.8	\$ 227,915	(748)
12/31/01	7,092,142	5,591,439	(1,500,703)	126.8	143,349	(1,047)
1/1/03	6,095,183	5,599,052	(496,131)	108.9	118,912	(417)
1/1/04	5,533,161	4,917,511	(615,650)	112.5	120,211	(512)
1/1/05	5,236,388	5,104,160	(132,228)	102.6	165,434	(80)
1/1/06	5,047,273	5,042,765	(4,508)	100.1	125,956	(4)
1/1/07	5,129,680	5,034,259	(95,421)	101.9	129,245	(74)

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution*	Percentage Contributed
12/31/01	12/31/01	\$ -	100.0
12/31/02	1/1/03	-	100.0
12/31/03	1/1/04	-	100.0
12/31/04	1/1/05	-	100.0
12/31/05	1/1/06	7,026	100.0
12/31/06	1/1/07	-	100.0
12/31/07	1/1/07	-	100.0

* The required contribution is expressed to the Township as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of January 1, 2008, the latest actuarial valuation, follows:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period (perpetual)	5 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases*	4.5%
*Includes inflation at	4.5%
Cost of living adjustments	None

Charter Township of Meridian, Ingham County, Michigan

Note to Required Supplemental Information December 31, 2007

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

The Township adopts a formal budget for the General Fund, Special Revenue Fund types, and Debt Service Fund types. By mid-June of each year, all department heads submit spending requests to the director of finance so that a budget may be prepared. Before September 1, the proposed budget is submitted by the Township manager to the Township board for review. Public hearings are held, and a final budget is adopted no later than November 1. The Township manager has authority to amend the budget up to \$1,500. Any budget amendments greater than \$1,500 must be approved by the Township board. The legal level of budgetary control is effectively lowered to that level. During the year, the budget was amended in a legally permissible manner, except for two Special Revenue Funds (CATA Millage Fund and Fire Restricted/Designated Fund) which adopted deficit fund budgets

The budget is adopted on a functional basis. Although spending estimates are produced for each line item, budgetary control is exercised at the department level for internal control purposes. Expenditures at the functional level in excess of budget appropriation are a violation of Michigan law. The Land Preservation Fund capital outlay and debt service expenses exceed budget due to the recording of a land contract purchase. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. Encumbrances are not included as expenditures or liabilities; the amount of encumbrances outstanding at December 31, 2007 is not significant. Unexpended appropriations lapse at year end.

The budgetary comparison schedules for the General and Major Special Revenue Funds are presented on the same basis of accounting used in preparing the adopted budgets.

A comparison of actual results of operations to all budgets shown in the other supplemental information sections is for management analysis and is more detailed than the adopted budget on a functional basis.

Other Supplemental Information

Nonmajor Governmental Funds

Pedestrian/Bike Path Millage Fund - This fund is used to account for the design and construction of the Township's millage-supported pedestrian/bicycle pathway system.

Park Millage Fund - This fund is used to account for tax revenue and donations that are used to beautify and maintain the various parks.

Fire Restricted/Designated Fund - This fund is used to account for donations that are restricted and designated for fire-related activities.

Police Restricted/Designated Fund - This fund is used to account for donations, forfeitures, and State of Michigan funds that are specifically used to aid law enforcement.

Cable TV Fund - This fund is used to account for the operations of a government access channel, which provides news and information about the Township's government activities and the community it serves. Funds for operations are derived from cable franchise fees.

Township Improvement Revolving Fund - This fund is used to account for advances from the General Fund and reimbursements from special assessments for specific public improvements.

Community Needs Fund - This fund is used to account for donations that provide emergency funds to needy Township residents.

Grants Fund - This fund is used to account for various federal grant awards.

CATA Millage Fund - This fund is used to account for tax revenue that supports increased public transportation.

Public Safety Buildings Fund - This fund accounts for general obligation bonds that were issued to defray the cost of public safety buildings.

Property Acquisition Fund - This fund accounts for a land contract that was entered into to purchase a parcel of land. The debt payments will be funded by the General Fund.

Charter Township of Meridian, Ingham County, Michigan

	Special Revenue Funds					
	Pedestrian/ Bike Path Millage	Park Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Cable TV	Township Improvement Revolving
Assets						
Cash and investments	\$ 734,420	\$ 803,333	\$ 40,353	\$ 62,584	\$ 174,426	\$ 1,069,706
Receivables - Net	310,236	354,531	-	-	118,000	102,026
Total assets	\$ 1,044,656	\$ 1,157,864	\$ 40,353	\$ 62,584	\$ 292,426	\$ 1,171,732
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 177	\$ 12,996	\$ 15,964	\$ -	\$ 18,152	\$ 80,808
Accrued and other liabilities	2,277	6,269	-	-	4,215	-
Due to other governmental units	-	-	-	-	-	-
Deferred revenue	466,894	533,556	-	-	-	102,026
Total liabilities	469,348	552,821	15,964	-	22,367	182,834
Fund Balances						
Reserved - Special Revenue Funds	160,363	-	-	-	-	-
Unreserved:						
Special Revenue Funds	414,945	605,043	24,389	62,584	270,059	988,898
Designated for CATA Millage	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-
Total fund balances	575,308	605,043	24,389	62,584	270,059	988,898
Total liabilities and fund balances	\$ 1,044,656	\$ 1,157,864	\$ 40,353	\$ 62,584	\$ 292,426	\$ 1,171,732

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007**

Special Revenue Funds			Debt Service Funds		Total Nonmajor Governmental Funds
Community Needs	Grants	CATA Millage	Public Safety Buildings	Property Acquisition	
\$ 13,337	\$ 58,916	\$ 110,508	\$ 118,426	\$ 17	\$ 3,186,026
-	982	216,951	167,746	-	1,270,472
\$ 13,337	\$ 59,898	\$ 327,459	\$ 286,172	\$ 17	\$ 4,456,498
\$ 1,891	\$ -	\$ -	\$ -	\$ -	\$ 129,988
-	-	-	74	-	12,835
-	2,001	-	-	-	2,001
-	-	326,502	252,443	-	1,681,421
1,891	2,001	326,502	252,517	-	1,826,245
-	-	-	-	-	160,363
11,446	57,897	-	-	-	2,435,261
-	-	957	-	-	957
-	-	-	33,655	17	33,672
11,446	57,897	957	33,655	17	2,630,253
\$ 13,337	\$ 59,898	\$ 327,459	\$ 286,172	\$ 17	\$ 4,456,498

Charter Township of Meridian, Ingham County, Michigan

	Special Revenue Funds					
	Pedestrian/ Bike Path		Fire Restricted/ Designated	Police Restricted/ Designated		Township Improvement
	Millage	Park Millage		Cable TV	Revolving	
Revenue						
Property taxes	\$ 441,407	\$ 504,258	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-
State sources	-	7,169	56,424	10,105	-	-
Special assessments	-	-	-	-	-	90,053
Charges for services	-	-	-	-	493,991	-
Interest income	34,161	31,675	2,509	2,966	7,458	65,307
Other	13,265	62,066	12,172	8,295	325	-
Total revenue	488,833	605,168	71,105	21,366	501,774	155,360
Expenditures						
Current:						
Public safety	-	-	-	26,781	-	-
Public works	172,366	-	-	-	-	313,000
Health and welfare	-	-	-	-	-	-
Recreation and cultural	-	487,850	-	-	390,335	-
Capital outlay	108,155	32,066	77,030	-	27,660	-
Debt service	-	85,380	-	-	-	-
Total expenditures	280,521	605,296	77,030	26,781	417,995	313,000
Excess of Revenue Over (Under)						
Expenditures	208,312	(128)	(5,925)	(5,415)	83,779	(157,640)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(64,610)
Total other financing sources (uses)	-	-	-	-	-	(64,610)
Net Change in Fund Balances	208,312	(128)	(5,925)	(5,415)	83,779	(222,250)
Fund Balances - Beginning of year	366,996	605,171	30,314	67,999	186,280	1,211,148
Fund Balances - End of year	\$ 575,308	\$ 605,043	\$ 24,389	\$ 62,584	\$ 270,059	\$ 988,898

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2007

Special Revenue Funds			Debt Service Funds		Total Nonmajor Governmental Funds
Community Needs	Grants	CATA Millage	Public Safety Buildings	Property Acquisition	
\$ -	\$ -	\$ 308,658	\$ 281,374	\$ -	\$ 1,535,697
-	26,137	-	-	-	26,137
-	-	-	-	-	73,698
-	-	-	-	-	90,053
-	-	-	-	-	493,991
489	2,865	1,500	-	-	148,930
10,375	-	-	-	-	106,498
10,864	29,002	310,158	281,374	-	2,475,004
-	9,314	-	-	-	36,095
-	-	-	-	-	485,366
8,929	-	-	-	-	8,929
-	-	320,313	-	-	1,198,498
-	1,242	-	-	-	246,153
-	-	-	284,920	129,212	499,512
8,929	10,556	320,313	284,920	129,212	2,474,553
1,935	18,446	(10,155)	(3,546)	(129,212)	451
-	-	-	-	129,220	129,220
-	-	-	-	-	(64,610)
-	-	-	-	129,220	64,610
1,935	18,446	(10,155)	(3,546)	8	65,061
9,511	39,451	11,112	37,201	9	2,565,192
\$ 11,446	\$ 57,897	\$ 957	\$ 33,655	\$ 17	\$ 2,630,253

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Pedestrian/Bike Path Millage Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 366,996	\$ 366,996	\$ 366,996	\$ -
Resources (Inflows)				
Property taxes	440,900	440,900	441,407	507
Investment income	20,000	20,000	34,161	14,161
Other	-	-	13,265	13,265
Total resources (inflows)	460,900	460,900	488,833	27,933
Charges to Appropriations (Outflows)				
Public works	180,900	180,900	172,366	8,534
Capital outlay	280,000	280,000	108,155	171,845
Total charges to appropriations (outflows)	460,900	460,900	280,521	180,379
Fund Balance - End of year	\$ 366,996	\$ 366,996	\$ 575,308	\$ 208,312

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Park Millage Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 605,171	\$ 605,171	\$ 605,171	\$ -
Resources (Inflows)				
Property taxes	504,700	504,700	504,258	(442)
State sources	-	1,000	7,169	6,169
Investment income	13,000	13,000	31,675	18,675
Other	61,000	61,800	62,066	266
Total resources (inflows)	578,700	580,500	605,168	24,668
Charges to Appropriations (Outflows)				
Recreation and culture	507,520	520,790	487,850	32,940
Capital outlay	36,000	215,000	32,066	182,934
Debt service	85,500	85,500	85,380	120
Total charges to appropriations (outflows)	629,020	821,290	605,296	215,994
Fund Balance - End of year	\$ 554,851	\$ 364,381	\$ 605,043	\$ 240,662

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Fire Restricted/Designated Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 30,314	\$ 30,314	\$ 30,314	\$ -
Resources (Inflows)				
State sources	-	62,693	56,424	(6,269)
Investment income	1,500	1,500	2,509	1,009
Other	3,500	3,500	12,172	8,672
Total resources (inflows)	5,000	67,693	71,105	3,412
Charges to Appropriations (Outflows)				
Public safety	10,000	10,000	-	10,000
Capital outlay	15,000	109,628	77,030	32,598
Total charges to appropriations	25,000	119,628	77,030	42,598
Fund Balance - End of year	\$ 10,314	\$ (21,621)	\$ 24,389	\$ 46,010

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Police Restricted/Designated Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 67,999	\$ 67,999	\$ 67,999	\$ -
Resources (Inflows)				
State sources	10,000	10,000	10,105	105
Investment income	3,000	3,000	2,966	(34)
Other	11,000	11,000	8,295	(2,705)
Total resources (inflows)	24,000	24,000	21,366	(2,634)
Charges to Appropriations (Outflows) -				
Public safety	30,000	36,520	26,781	9,739
Fund Balance - End of year	\$ 61,999	\$ 55,479	\$ 62,584	\$ 7,105

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Cable TV Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 186,280	\$ 186,280	\$ 186,280	\$ -
Resources (Inflows)				
Investment income	4,000	4,000	7,458	3,458
Charges for services	<u>405,700</u>	<u>405,700</u>	<u>494,316</u>	<u>88,616</u>
Total resources (inflows)	409,700	409,700	501,774	92,074
Charges to Appropriations (Outflows)				
Other	385,700	399,300	390,335	8,965
Capital outlay	<u>24,000</u>	<u>54,270</u>	<u>27,660</u>	<u>26,610</u>
Total charges to appropriations (outflows)	<u>409,700</u>	<u>453,570</u>	<u>417,995</u>	<u>35,575</u>
Fund Balance - End of year	<u><u>\$ 186,280</u></u>	<u><u>\$ 142,410</u></u>	<u><u>\$ 270,059</u></u>	<u><u>\$ 127,649</u></u>

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Township Improvement Revolving Fund Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 1,211,148	\$ 1,211,148	\$ 1,211,148	\$ -
Resources (Inflows)				
Special assessments	120,000	120,000	90,053	(29,947)
Investment income	50,000	50,000	65,307	15,307
Total resources (inflows)	170,000	170,000	155,360	(14,640)
Charges to Appropriations (Outflows)				
Capital outlay	-	20,000	-	20,000
Public works	100,000	715,000	313,000	402,000
Transfers to other funds	64,610	64,610	64,610	-
Total charges to appropriations (outflows)	164,610	799,610	377,610	422,000
Fund Balance - End of year	\$ 1,216,538	\$ 581,538	\$ 988,898	\$ 407,360

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Community Needs Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 9,511	\$ 9,511	\$ 9,511	\$ -
Resources (Inflows)				
Investment income	300	300	489	189
Other	<u>8,500</u>	<u>10,100</u>	<u>10,375</u>	<u>275</u>
Total resources (inflows)	8,800	10,400	10,864	464
Charges to Appropriations (Outflows) -				
Health and welfare	<u>8,800</u>	<u>10,400</u>	<u>8,929</u>	<u>1,471</u>
Fund Balance - End of year	<u><u>\$ 9,511</u></u>	<u><u>\$ 9,511</u></u>	<u><u>\$ 11,446</u></u>	<u><u>\$ 1,935</u></u>

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Grants Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 39,451	\$ 39,451	\$ 39,451	\$ -
Resources (Inflows)				
Federal sources	42,500	42,500	26,137	(16,363)
Investment income	<u>2,500</u>	<u>2,500</u>	<u>2,865</u>	<u>365</u>
Total resources (inflows)	45,000	45,000	29,002	(15,998)
Charges to Appropriations (Outflows)				
Public safety	42,500	39,000	9,314	29,686
Capital outlay	<u>-</u>	<u>3,500</u>	<u>1,242</u>	<u>2,258</u>
Total charges to appropriations (outflows)	<u>42,500</u>	<u>42,500</u>	<u>10,556</u>	<u>31,944</u>
Fund Balance - End of year	<u><u>\$ 41,951</u></u>	<u><u>\$ 41,951</u></u>	<u><u>\$ 57,897</u></u>	<u><u>\$ 15,946</u></u>

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - CATA Millage Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 11,112	\$ 11,112	\$ 11,112	\$ -
Resources (Inflows)				
Property taxes	309,000	309,000	308,658	(342)
Transfers from other funds	-	-	1,500	1,500
	309,000	309,000	310,158	1,158
Charges to Appropriations (Outflows) -				
Recreation and culture	309,000	320,320	320,313	7
	309,000	320,320	320,313	7
Fund Balance - End of year	\$ 11,112	\$ (208)	\$ 957	\$ 1,165

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Debt Service Fund - Public Safety Buildings Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 37,201	\$ 37,201	\$ 37,201	\$ -
Resources (Inflows)				
Property taxes	281,200	281,200	281,374	174
Investment income	500	500	-	(500)
Total resources (inflows)	281,700	281,700	281,374	(326)
Charges to Appropriations (Outflows) -				
Debt service	284,900	284,900	284,920	(20)
Fund Balance - End of year	\$ 34,001	\$ 34,001	\$ 33,655	\$ (346)

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Debt Service Fund - Property Acquisition Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 9	\$ 9	\$ 9	\$ -
Resources (Inflows) - Transfers from other funds	129,220	129,220	129,220	-
Charges to Appropriations (Outflows) - Debt service	<u>129,220</u>	<u>129,220</u>	<u>129,212</u>	<u>8</u>
Fund Balance - End of year	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 17</u>	<u>\$ 8</u>

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Fund Year Ended December 31, 2007

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
Assets - Cash and cash equivalents	<u>\$ 5,502,309</u>	<u>\$ 89,642,442</u>	<u>\$ (88,492,052)</u>	<u>\$ 6,652,699</u>
Liabilities				
Accounts payable	\$ 3,818	\$ 5,249	\$ (2,409)	\$ 6,658
Due to other governmental units	<u>5,498,491</u>	<u>67,959,592</u>	<u>(66,812,042)</u>	<u>6,646,041</u>
Total liabilities	<u>\$ 5,502,309</u>	<u>\$ 67,964,841</u>	<u>\$ (66,814,451)</u>	<u>\$ 6,652,699</u>

Statistical Section

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the Township's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends
- Revenue capacity
- Debt capacity
- Demographic and economic information
- Operating information

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Township implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Financial Trends

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

Charter Township of Meridian, Ingham County, Michigan

Financial Trend Information Net Assets by Component Last Four Fiscal Years

	December 31			
	(in thousands of dollars)			
	2004	2005	2006	2007
Governmental Activities				
Invested in capital assets, net of related debt	\$ 17,104	\$ 18,876	\$ 23,014	\$ 23,810
Restricted	3,542	3,463	1,563	3,723
Unrestricted	<u>6,062</u>	<u>7,148</u>	<u>7,520</u>	<u>6,652</u>
Total net assets	<u>\$ 26,708</u>	<u>\$ 29,487</u>	<u>\$ 32,097</u>	<u>\$ 34,185</u>
Business-type Activities				
Invested in capital assets, net of related debt	\$ 29,970	\$ 33,998	\$ 35,653	\$ 37,862
Unrestricted	<u>12,555</u>	<u>12,476</u>	<u>12,255</u>	<u>11,399</u>
Total net assets	<u>\$ 42,525</u>	<u>\$ 46,474</u>	<u>\$ 47,908</u>	<u>\$ 49,261</u>
Primary Government in Total				
Invested in capital assets, net of related debt	\$ 47,074	\$ 52,874	\$ 58,667	\$ 61,672
Restricted	3,542	3,463	1,563	3,723
Unrestricted	<u>18,617</u>	<u>19,624</u>	<u>19,775</u>	<u>18,051</u>
Total net assets	<u>\$ 69,233</u>	<u>\$ 75,961</u>	<u>\$ 80,005</u>	<u>\$ 83,446</u>

See independent auditor's disclaimer on the statistical section information.

Charter Township of Meridian, Ingham County, Michigan

Financial Trend Information Changes in Governmental Net Assets Last Four Fiscal Years

	Fiscal Year Ended December 31			
	(in thousands of dollars)			
	2004	2005	2006	2007
Expenses				
General government	\$ 3,489	\$ 3,738	\$ 3,920	\$ 3,681
Public safety	10,316	10,211	10,999	10,493
Public works	462	377	348	838
Health and welfare	66	70	76	82
Recreation and culture	1,614	1,700	1,852	1,856
Interest on long-term debt	175	260	182	327
Total governmental activities expenses	16,122	16,356	17,377	17,277
Program Revenues				
Charges for services:				
General government	175	185	208	81
Public safety	2,422	2,447	2,843	2,045
Public works	47	73	143	8
Recreation and culture	234	268	320	185
Total charges for services	2,878	2,973	3,514	2,319
Operating grants and contributions	67	140	76	143
Capital grants and contributions	856	444	-	23
Total program revenues	3,801	3,557	3,590	2,485
Excess of Expenses over Revenues	(12,321)	(12,799)	(13,787)	(14,792)
General Revenues				
Property taxes	10,725	11,295	11,787	12,385
State-shared revenues	3,040	3,066	3,010	2,969
Investment earnings	180	490	747	885
Franchise fees	509	537	602	643
Miscellaneous and loss on disposal of capital assets	277	244	306	53
Total general revenues	14,731	15,632	16,452	16,935
Transfers	(52)	(55)	(55)	(55)
Change in Net Assets	\$ 2,358	\$ 2,778	\$ 2,610	\$ 2,088

See independent auditor's disclaimer on the statistical section information.

Charter Township of Meridian, Ingham County, Michigan

Financial Trend Information Changes in Business-type Net Assets Last Four Fiscal Years

	Fiscal Year Ended December 31			
	(in thousands of dollars)			
	2004	2005	2006	2007
Operating Revenue				
Sale of water	\$ 3,291	\$ 3,625	\$ 3,433	\$ 3,582
Sewage disposal charges	2,945	3,027	2,943	3,058
Charges for services	770	1,244	1,041	850
Other	127	61	119	74
Total operating revenue	7,133	7,957	7,536	7,564
Operating Expenses				
Cost of water produced/purchased	1,623	1,426	1,598	1,682
Cost of sewage treatment	1,491	1,407	1,475	1,505
Other operation and maintenance costs	1,863	1,856	1,952	2,102
Billing and administrative costs	927	1,001	1,045	1,174
Depreciation	1,101	1,216	1,253	1,363
Total operating expenses	7,005	6,906	7,323	7,826
Operating Income (Loss)	128	1,051	213	(262)
Nonoperating Revenue (Expenses)				
Investment income	102	175	253	333
Loss from joint venture	(136)	(490)	(316)	(106)
Interest expense	(16)	(13)	(10)	(6)
Total nonoperating expenses	(50)	(328)	(73)	221
Income (Loss) - Before contributions and transfers	78	723	140	(41)
Capital Contributions	447	3,172	1,239	1,339
Transfers from Other Funds	52	55	455	255
Transfers to Other funds	-	-	(400)	(200)
Change in Net Assets	<u>\$ 577</u>	<u>\$ 3,950</u>	<u>\$ 1,434</u>	<u>\$ 1,353</u>

See independent auditor's disclaimer on the statistical section information.

Charter Township of Meridian, Ingham County, Michigan

Financial Trend Information Fund Balances - Governmental Funds Last Ten Fiscal Years

	As of December 31									
	(in thousands of dollars)									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102	\$ 115	\$ 108	\$ 3	\$ 4
Unreserved - Undesignated	<u>3,249</u>	<u>3,178</u>	<u>4,347</u>	<u>4,507</u>	<u>4,772</u>	<u>3,880</u>	<u>3,703</u>	<u>4,532</u>	<u>4,986</u>	<u>5,228</u>
Total General Fund	<u>\$ 3,249</u>	<u>\$ 3,178</u>	<u>\$ 4,347</u>	<u>\$ 4,507</u>	<u>\$ 4,772</u>	<u>\$ 3,982</u>	<u>\$ 3,818</u>	<u>\$ 4,640</u>	<u>\$ 4,989</u>	<u>\$ 5,232</u>
All other governmental funds:										
Reserved - Special Revenue Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160
Unreserved and undesignated, reported in:										
Special Revenue Funds	1,853	1,987	2,065	3,028	4,267	4,894	5,697	6,017	4,054	4,945
Capital Project Funds	4,258	3,504	2,803	2,733	-	-	-	-	-	-
Debt Service Funds	<u>257</u>	<u>347</u>	<u>247</u>	<u>291</u>	<u>196</u>	<u>102</u>	<u>51</u>	<u>11</u>	<u>37</u>	<u>34</u>
Total all other governmental funds	<u>\$ 6,368</u>	<u>\$ 5,838</u>	<u>\$ 5,115</u>	<u>\$ 6,052</u>	<u>\$ 4,463</u>	<u>\$ 4,996</u>	<u>\$ 5,748</u>	<u>\$ 6,028</u>	<u>\$ 4,091</u>	<u>\$ 5,139</u>

See independent auditor's disclaimer on the statistical section information.

Charter Township of Meridian, Ingham County, Michigan

Financial Trend Information Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years

	Year Ended December 31									
	(in thousands of dollars)									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Property taxes	\$ 6,873	\$ 7,394	\$ 8,026	\$ 9,046	\$ 9,660	\$ 10,373	\$ 10,733	\$ 11,294	\$ 11,787	\$ 12,385
Licenses and permits	296	269	415	415	310	303	311	352	416	358
Intergovernmental revenues	3,062	3,316	3,633	4,005	3,682	-	3,790	3,239	3,281	3,215
Special assessments	333	279	208	455	345	325	259	107	112	90
Charges for services	1,530	1,635	1,783	1,836	2,059	2,262	2,676	2,866	3,232	3,390
Interest	601	323	875	780	565	234	180	489	716	885
Other	569	345	401	486	571	519	1,218	405	554	409
Total revenue	13,264	13,561	15,341	17,023	17,192	14,016	19,167	18,752	20,098	20,732
Expenditures										
Current:										
General government	3,330	3,484	3,587	3,851	4,066	4,087	4,202	4,182	4,392	5,052
Public safety	6,744	7,789	7,803	8,391	8,597	8,871	9,183	9,328	10,079	10,391
Public works	493	338	500	757	279	1,126	350	287	295	290
Health and welfare	45	44	50	62	70	57	66	69	76	79
Recreation and culture	541	859	1,084	1,177	1,286	1,363	1,472	1,539	1,651	1,823
Capital outlay	301	119	465	1,659	850	2,378	2,138	3,643	3,661	1,000
Debt service:										
Principal	435	499	459	589	526	521	417	642	1,164	618
Interest	229	206	181	187	185	155	148	157	169	133
Total expenditures	12,118	13,338	14,129	16,673	15,859	18,558	17,976	19,847	21,487	19,386
Excess of Revenue Over (Under) Expenditures	1,146	223	1,212	350	1,333	(4,542)	1,191	(1,095)	(1,389)	1,346
Other Financing Sources (Uses)										
Proceeds from issuance of long-term debt	-	-	-	875	-	550	-	2,209	-	-
Transfers in	89	346	114	116	430	531	27	106	132	129
Transfers out	(89)	(418)	(178)	(215)	(492)	(586)	(79)	(161)	(187)	(184)
Total other financing sources (uses)	-	(72)	(64)	776	(62)	495	(52)	2,154	(55)	(55)
Net Change in Fund Balances	\$ 1,146	\$ 151	\$ 1,148	\$ 1,126	\$ 1,271	\$ (4,047)	\$ 1,139	\$ 1,059	\$ (1,444)	\$ 1,291
Debt service as a percentage of noncapital expenditures	2.05%	1.65%	1.39%	1.31%	1.29%	1.00%	0.97%	1.02%	1.02%	0.75%
Capital outlay as a percentage of total expenditures	2.48%	0.89%	3.29%	9.95%	5.36%	12.81%	11.89%	18.36%	17.04%	5.16%

See independent auditor's disclaimer on the statistical section information.

Revenue Capacity

These schedules contain information to help the reader assess the Township's most significant local revenue source, the property tax.

Charter Township of Meridian, Ingham County, Michigan

Revenue Capacity Taxable Value and Actual Value of Taxable Property Last Ten Fiscal Years

Taxable Value by Property Type (\$000s)							
Real Property							
Tax Year	Residential	Commercial, Industrial, Agricultural, and Other	Total Value	Tax Rate (Mills)	Estimated Actual Value (\$000s)	Taxable Value as a Percent of Actual	
1998	\$ 667,083	\$ 321,027	\$ 988,110	37.25	\$ 2,092,501	47.22	
1999	799,776	251,569	1,051,345	41.08	2,446,634	42.97	
2000	846,199	318,233	1,164,432	38.75	2,617,026	44.49	
2001	902,611	344,920	1,247,531	40.50	2,833,688	44.02	
2002	964,273	364,772	1,329,045	41.89	3,101,301	42.85	
2003	1,011,493	379,352	1,390,845	42.96	3,330,818	41.76	
2004	1,063,559	386,989	1,450,548	42.59	3,517,861	41.23	
2005	1,117,485	404,765	1,522,250	37.21	3,671,652	41.46	
2006	1,182,037	412,043	1,594,080	40.14	3,812,547	41.81	
2007	1,250,469	435,384	1,685,853	44.31	3,974,024	42.42	

Note: Under Michigan law, the revenue base is referred to as “taxable value.” This amount represents assessed value (50 percent of true cash value), limited for each property by the lower of 5 percent or inflation.

Taxes levied in a particular “tax year” become revenue of the subsequent fiscal year.

Source: Charter Township of Meridian Assessor

See independent auditor’s disclaimer on the statistical information.

Charter Township of Meridian, Ingham County, Michigan

Revenue Capacity Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Tax Year	Millage Rates - Direct City Taxes				Overlapping Taxes							Total Tax Rate	
	General Operating		Special Purpose	Total Direct Taxes	Ingham County	Lansing Community College	Ingham Intermediate School District	Okemos School - Homestead	Haslett School - Homestead	Williamston School - Homestead	E. Lansing School - Homestead	Homestead	Non-homestead
1998	4.38	0.27	1.91	6.55	10.19	2.94	6.20	14.80	15.82	15.65	14.60	60.86	40.47
1999	4.33	0.26	1.97	6.55	10.14	2.92	6.16	11.60	14.48	13.30	12.51	51.89	38.29
2000	4.31	0.22	2.81	7.33	10.42	2.91	6.14	11.60	14.47	13.30	15.43	54.80	42.23
2001	4.24	0.19	2.86	7.29	10.43	3.89	6.10	12.10	15.87	13.30	15.42	56.68	43.14
2002	4.27	0.15	2.91	7.33	11.68	3.87	6.07	12.20	15.15	13.30	15.35	56.00	44.31
2003	4.23	0.14	2.89	7.26	12.25	3.85	6.06	12.01	14.14	12.30	14.23	52.68	43.65
2004	4.23	0.18	2.88	7.29	12.20	3.84	6.03	5.73	9.13	13.60	15.25	43.71	44.61
2005	4.21	0.18	2.87	7.26	12.26	3.81	5.99	11.73	15.12	13.30	15.15	55.30	44.46
2006	4.21	0.18	2.87	7.26	13.17	3.81	5.99	11.73	15.12	13.30	15.08	55.23	45.31
2007	4.20	0.15	2.87	7.22	13.15	3.81	5.99	13.12	15.11	13.30	15.06	56.59	45.23

Note: The Township has multiple overlapping tax districts due to 425 agreements, additional school districts, and TIF plans. The tax rates shown above relate to the Township's tax for the Ingham, Okemos, Haslett, Williamston, and East Lansing School Districts. Information relating to other overlapping tax districts can be obtained from the finance department at Township Hall.

Source: Charter Township of Meridian Treasurer

See independent auditor's disclaimer on the statistical section information.

Charter Township of Meridian, Ingham County, Michigan

Revenue Capacity Principal Property Taxpayers

Taxpayer	2007 Taxable Value	Percentage of Total	1998 Taxable Value	Percentage of Total	1998 Rank
1 Eyde	\$ 36,902,796	2.189	\$ 14,886,499	1.51	1
2 Meridian Mall	27,196,870	1.613	12,021,234	1.22	3
3 Consumers Energy	16,699,237	0.991	14,487,380	1.47	2
4 Sparrow Development	14,834,292	0.880	10,974,469	1.11	4
5 Michigan Properties	11,009,506	0.653	-	-	-
6 Brandywine Creek LLC	8,146,778	0.483	-	-	-
7 Meijer Thrifty Acres	7,803,140	0.463	6,278,700	0.64	6
8 Federated Retail Holdings	6,932,600	0.411	-	-	-
9 Alltel/Lansing MTSO	6,835,300	0.405	-	-	-
10 Wal-Mart Stores Inc	6,787,936	0.403	-	-	-

Source: Charter Township of Meridian Assessor

See independent auditor's disclaimer on the statistical section information.

Charter Township of Meridian, Ingham County, Michigan

Revenue Capacity Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Fiscal Year Ended December 31	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
1997	1998	\$ 6,475,387	\$ 6,183,950	95.50	\$ 26,427	\$ 6,210,377	95.91
1998	1999	7,434,633	7,046,534	94.78	24,204	7,070,738	95.11
1999	2000	8,521,504	8,107,682	95.14	19,654	8,127,336	95.37
2000	2001	9,081,805	8,652,432	95.27	25,526	8,677,958	95.55
2001	2002	9,168,434	8,776,345	95.72	36,694	8,813,039	96.12
2002	2003	9,729,776	9,250,870	95.08	42,639	9,293,509	95.52
2003	2004	10,089,407	9,657,787	95.72	44,156	9,701,943	96.16
2004	2005	10,574,466	10,190,545	96.37	17,481	10,208,026	96.53
2005	2006	11,037,375	10,691,974	96.87	15,026	10,707,000	97.01
2006	2007	12,147,156	11,632,082	95.76	14,103	11,646,185	95.88

Source: Charter Township of Meridian Treasurer

See independent auditor's disclaimer on the statistical section information.

Debt Capacity

These schedules contain information to help the reader assess the affordability of the Township's current levels of outstanding debt, and the Township's ability to issue additional debt in the future.

Charter Township of Meridian, Ingham County, Michigan

Debt Capacity Ratios of Outstanding Debt Last Four Fiscal Years

	December 31			
	2004	2005	2006	2007
Governmental Activities				
General obligation bonds	\$ 1,145,000	\$ 945,000	\$ 750,000	\$ 500,000
Installment purchase agreements	<u>1,216,953</u>	<u>2,956,623</u>	<u>1,971,706</u>	<u>2,163,380</u>
Total	2,361,953	3,901,623	2,721,706	2,663,380
Business Type Activities -				
Installment purchase agreements	<u>301,317</u>	<u>233,019</u>	<u>141,428</u>	<u>56,331</u>
Total debt of the government	<u>\$ 2,663,270</u>	<u>\$ 4,134,642</u>	<u>\$ 2,863,134</u>	<u>\$ 2,719,711</u>
Total Taxable Value (\$000s)	\$ 1,522,250	\$ 1,594,080	\$ 1,594,080	\$ 1,685,853
Debt as a Percentage of Taxable Value	1.75	2.59	1.80	1.61
Total Population	39,125	39,125	39,125	39,125
Total Debt per Capita	\$ 68	\$ 106	\$ 73	\$ 70

See independent auditor's disclaimer on the statistical section information.

Charter Township of Meridian, Ingham County, Michigan

Debt Capacity Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	Tax-limited General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Other General Obligation Debt	Net General Obligation Debt	Taxable Value	Debt as a Percentage of Actual Taxable Value	Population	Net General Obligation Debt per Capita
1998	\$ 2,070,000	\$ -	\$ 2,070,000	\$ 177,812	\$ 177,812	\$ 1,051,345	16.91	35,644	\$ 5
1999	1,945,000	-	1,945,000	135,284	135,284	1,164,432	11.62	35,644	4
2000	1,775,000	-	1,775,000	110,994	110,994	1,247,531	8.90	35,644	3
2001	1,610,000	-	1,610,000	853,851	853,851	1,329,045	64.25	35,644	24
2002	1,450,000	-	1,450,000	787,201	787,201	1,390,845	56.60	35,644	22
2003	1,295,000	-	1,295,000	1,265,763	1,265,763	1,450,548	87.26	39,125	32
2004	1,145,000	-	1,145,000	1,160,548	1,160,548	1,522,250	76.24	39,125	30
2005	945,000	-	945,000	2,929,600	2,929,600	1,594,080	183.78	39,125	75
2006	750,000	-	750,000	1,971,706	1,971,706	1,594,080	123.69	39,125	50
2007	500,000	-	500,000	2,163,380	2,163,380	1,685,853	128.33	39,125	55

See independent auditor's disclaimer on the statistical section information.

Charter Township of Meridian, Ingham County, Michigan

Debt Capacity Direct and Overlapping Governmental Activities Debt

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Ingham County	\$ 30,721,403	21.24%	\$ 6,525,226
East Lansing - Meridian Water and Sewer Authority	66,305,000	15.01%	9,952,381
East Lansing School District	79,827,717	16.12%	12,868,228
Okemos School District	46,132,000	88.50%	40,826,820
Williamston School District	54,653,905	9.23%	5,044,555
Haslett School District	69,301,370	70.41%	48,795,095
Lansing Community College	71,985,000	15.08%	10,855,338
Total overlapping debt			134,867,643
Direct Township debt			2,663,380
Total direct and overlapping debt			<u>\$ 137,531,023</u>

See independent auditor's disclaimer on the statistical section information.

Charter Township of Meridian, Ingham County, Michigan

Debt Capacity Pledged Revenue Coverage

Fiscal Year	Water and Sewer Revenue Bonds						Special Assessment Bonds			
	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service			Special Assessment Collections	Debt Service		
				Principal	Interest	Coverage		Principal	Interest	Coverage
1998	\$ 5,814,661	\$ 4,843,668	\$ 970,993	\$ 500,000	\$ 40,215	179.74%	\$ 200,548	\$ 280,967	\$ 110,763	51.20%
1999	6,102,035	4,689,035	1,413,000	490,000	34,248	269.53%	204,871	280,967	95,054	54.48%
2000	-	-	-	-	-	-	160,124	297,534	78,781	42.55%
2001	-	-	-	-	-	-	281,214	297,534	61,630	78.30%
2002	-	-	-	-	-	-	168,847	297,534	43,985	49.44%
2003	-	-	-	-	-	-	142,836	292,534	25,583	44.90%
2004	-	-	-	-	-	-	131,377	160,000	8,400	78.01%
2005	-	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-

See independent auditor's disclaimer on the statistical information.

Charter Township of Meridian, Ingham County, Michigan

Debt Capacity Legal Debt Margin Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Calculation of Debt Limit -										
State equalized valuation	<u>\$ 1,046,250,500</u>	<u>\$ 1,223,317,000</u>	<u>\$ 1,308,513,000</u>	<u>\$ 1,416,844,000</u>	<u>\$ 1,550,650,500</u>	<u>\$ 1,665,409,000</u>	<u>\$ 1,758,930,500</u>	<u>\$ 1,835,826,000</u>	<u>\$ 1,906,273,500</u>	<u>\$ 1,973,511,800</u>
10% of taxable value	\$ 104,625,050	\$ 122,331,700	\$ 130,851,300	\$ 141,684,400	\$ 155,065,050	\$ 166,540,900	\$ 175,893,050	\$ 183,582,600	\$ 190,627,350	\$ 197,351,180
Calculation of Debt Subject to Limit										
Total debt	4,304,969	3,912,875	3,433,653	3,702,673	3,171,022	3,356,181	2,994,442	4,622,242	3,515,434	3,665,701
Less debt not subject to limit:										
Special assessment debt	1,626,103	1,345,136	1,047,602	750,068	452,534	160,000	-	-	-	-
Contractual adjustment	177,812	135,411	110,994	853,851	787,201	1,265,763	1,160,548	2,929,600	1,971,706	2,219,711
Employee compensated absences	431,054	487,328	500,057	488,754	481,287	635,418	688,894	747,642	793,728	945,990
Total	<u>2,234,969</u>	<u>1,967,875</u>	<u>1,658,653</u>	<u>2,092,673</u>	<u>1,721,022</u>	<u>2,061,181</u>	<u>1,849,442</u>	<u>3,677,242</u>	<u>2,765,434</u>	<u>3,165,701</u>
Net debt subject to limit	<u>2,070,000</u>	<u>1,945,000</u>	<u>1,775,000</u>	<u>1,610,000</u>	<u>1,450,000</u>	<u>1,295,000</u>	<u>1,145,000</u>	<u>945,000</u>	<u>750,000</u>	<u>500,000</u>
Legal Debt Margin	<u>\$ 102,555,050</u>	<u>\$ 120,386,700</u>	<u>\$ 129,076,300</u>	<u>\$ 140,074,400</u>	<u>\$ 153,615,050</u>	<u>\$ 165,245,900</u>	<u>\$ 174,748,050</u>	<u>\$ 182,637,600</u>	<u>\$ 189,877,350</u>	<u>\$ 196,851,180</u>
Net debt subject to limit as a percentage of debt limit	1.98	1.59	1.36	1.14	0.94	0.78	0.65	0.51	0.39	0.25

See independent auditor's disclaimer on the statistical information.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

Charter Township of Meridian, Ingham County, Michigan

Demographic and Economic Information Demographic and Economic Statistics

Calendar Year	Population	Personal Income (in Thousands)	Per Capita Personal Income	Township's Unemployment Rate
1970	23,827	\$ 103,933	\$ 4,362	5.70%
1980	28,735	308,815	10,747	6.20%
1990	35,644	594,506	16,679	3.10%
2000	39,125	1,259,434	32,190	1.80%

Sources: Regional Economic Information System, Bureau of Economic Analysis,
U.S. Department of Commerce, and U.S. Census Bureau, and
Charter Township of Meridian Department of Planning and Community Development

See independent auditor's disclaimer on the statistical information.

Charter Township of Meridian, Ingham County, Michigan

Demographic and Economic Information Principal Employers

Taxpayer	Calendar Year 2005		Calendar Year 1996		Calendar Year 1996 Rank
	Employees	Percentage of Total	Employees	Percentage of Total	
1 State of Michigan	14,041	25.05	N/A	N/A	N/A
2 General Motors	11,000	19.63	N/A	N/A	N/A
3 Michigan State University	10,000	17.84	N/A	N/A	N/A
4 Sparrow Health System	8,000	14.27	N/A	N/A	N/A
5 Lansing School District	3,500	6.25	N/A	N/A	N/A
6 Ingham Regional Medical	2,450	4.37	N/A	N/A	N/A
7 Lansing Community College	2,200	3.93	N/A	N/A	N/A
8 Meijer, Inc	2,175	3.88	N/A	N/A	N/A
9 Jackson National Life	1,385	2.47	N/A	N/A	N/A
10 City of Lansing	1,292	2.31	N/A	N/A	N/A

N/A = Information is not available

Source: Regional Economic Information System, Bureau of Economic Analysis, and U.S. Department of Commerce

See independent auditor's disclaimer on the statistical information.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the Township provides and the activities it performs.

Charter Township of Meridian, Ingham County, Michigan

Operating Information Full-time Equivalent Government Employees Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government	46.9	42.1	45.1	41.8	38.7	39.5	40.2	39.2	42.0	42.2
Public safety:										
Police	57.5	56.5	56.5	58.5	59.5	57.5	57.5	57.0	56.5	56.5
Fire and EMS	34.0	40.0	41.0	43.0	43.0	42.0	42.0	42.0	42.0	42.0
Community planning and development	12.5	12.5	12.5	12.5	12.5	13.3	13.3	13.3	13.3	13.3
Public works	26.6	27.5	27.9	27.8	25.3	26.2	22.2	22.2	21.3	21.7
Parks and recreation	3.3	6.4	7.8	8.2	8.2	8.7	8.7	8.9	9.2	10.1
Total	<u>180.8</u>	<u>185.0</u>	<u>190.8</u>	<u>191.8</u>	<u>187.2</u>	<u>187.2</u>	<u>183.9</u>	<u>182.6</u>	<u>184.3</u>	<u>185.8</u>

See independent auditor's disclaimer on the statistical information.

Charter Township of Meridian, Ingham County, Michigan

Operating Information Operating Indicators Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Election data:										
Registered voters	30,600	29,400	31,200	30,200	29,500	29,200	30,600	30,500	30,140	29,743
Voters (at the polls or absentee)	16,470	6,030	20,800	3,150	16,600	6,260	22,300	20,000	18,190	5,800
Percent voting	53.8	20.5	66.7	10.4	56.3	21.4	72.9	65.6	60.4	19.5
Police:										
Physical arrests	1,551	1,315	1,300	1,366	1,472	1,561	1,526	1,579	1,564	1,398
Traffic violations	5,352	5,482	6,131	7,548	7,634	7,652	7,473	7,661	9,770	6,918
Investigations	541	430	511	408	469	446	431	342	317	442
Fire:										
Fire runs	641	649	778	940	1,066	1,034	974	982	970	1,112
Emergency medical runs	2,274	2,320	2,150	2,693	2,639	2,513	2,615	2,752	2,811	3,236
Inspections	315	348	372	389	319	331	338	305	310	323
Parks and recreation - Recreation and arts programs registrants										
	N/A									
Water:										
Number of customers billed	12,250	12,250	12,500	12,500	12,500	13,000	13,000	13,000	13,000	13,000
Total gallons purchased (\$000s)	1,480,121	1,400,000	1,367,270	1,400,426	1,367,270	1,550,064	1,433,120	1,391,084	1,355,983	1,324,171
Average consumption per user	121	114	109	112	109	119	110	107	104	102
Sewer - Average daily sewage treatment	-	-	-	-	4,632,800	4,027,400	9,308,260	4,525,900	4,443,800	4,365,867

N/A = Information is not available

See independent auditor's disclaimer on the statistical information.

Charter Township of Meridian, Ingham County, Michigan

Operating Information Capital Asset Statistics Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (number of officers and sergeants)	37	39	39	41	42	41	41	41	41	41
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	4	4	4	4	4	4	4	4	4	4
Emergency response vehicles	4	4	4	4	4	4	4	4	4	4
Pedestrian/Bicycle pathways (miles)	56.49	58.49	60.10	61.93	63.70	64.89	66.17	68.29	69.03	69.78
Parks and recreation:										
Acreage	830	833	833	833	835	877	877	885	904	963
Mowing acres	143	143	143	143	179	179	200	224	229	241
Developed parks/playgrounds	20	20	20	20	22	22	22	22	22	22
Developed fields (soccer, baseball, etc.)	8	10	10	10	10	10	10	10	10	10
Water:										
Mains (miles)	137.82	138.00	142.51	138.00	138.00	138.00	138.00	138.00	158.00	158.00
Fire hydrants	1,532	1,532	1,532	1,532	1,753	1,800	1,900	1,900	1,900	1,900
Storage capacity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Sewer:										
Miles of sanitary sewers	124.70	125.00	127.40	130.00	130.00	130.00	130.00	130.00	138.00	138.00
Township vehicles/equipment	188	195	180	180	180	180	180	180	180	180

Source: Township of Meridian Records

See independent auditor's disclaimer on the statistical information.

Charter Township of Meridian

**Report to the Township Board of Trustees
December 31, 2007**



Plante & Moran, PLLC
1111 Michigan Ave.
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Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

To the Board of Trustees
Charter Township of Meridian

We have recently completed our audit of the basic financial statements of Charter Township of Meridian (the "Township") for the year ended December 31, 2007. In addition to our audit report, we are providing the following letter of increased audit communications, required audit communication, summary of unrecorded possible adjustments, recommendations, and informational comments.

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We are grateful for the opportunity to be of service to the Charter Township of Meridian. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

April 25, 2008



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Report on Internal Control
April 25, 2008

To the Board of Trustees
Charter Township of Meridian

Dear Board Members:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the Township's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the Charter Township of Meridian as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township'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. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

Administrative Transactions

The Township records administrative revenue in the General Fund and the corresponding expenses in the Water and Sewer Funds on a quarterly basis. The administrative revenue account decreased significantly from the prior year and, as a result, it was determined the fourth quarter entry had not been recorded during the year. The administrative transaction was recorded by the Township after it was discovered. The absence of this transaction would have caused a significant understatement of expenses in the Water and Sewer Funds. We recommend that the revenue and expense accounts are reviewed analytically on a regular basis for proper recording of interfund transactions.

Intangible Asset and Long-term Debt

During the testing of the long-term debt, we noted that the Township was assessed by the county drain commission for the Towar, Snell, and Briarwood drain projects. These items should, on the full accrual level, be recorded as intangible assets and long-term debt. The Township did record the payments to the drain commissioner as expense in the general ledger. Plante & Moran, PLLC proposed an entry to record the asset and debt in the GASB 34 fund, which resulted in an increase in the intangible asset and long-term debt in the government-wide financial statements. We recommend that the Township evaluate billings from the drain commissioner to determine whether or not it is necessary to record future drain projects as intangible assets and long-term debt.

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.

Downtown Development Authority and Economic Development Corporation

The Township has two component units, the Downtown Development Authority (DDA) and the Economic Development Corporation (EDC), which are separate legal entities from the Township, and governed by their own legislative boards. The activity for the DDA and EDC funds has been tracked through spreadsheets and respective check books, and has been monitored by Township staff; however, the transactions are not included in the general ledger. In a typical government, component units would be tracked by the primary government on the primary government's general ledger, even though they are operating separately from the Township. This allows for better controls to be put in place over financial reporting, allows for more efficient and complete reporting throughout the year, and mitigates the risk of transactions not being recorded and included in the financial statements. Furthermore, the DDA activity was recorded on a cash basis which excluded transactions for deferred revenue, receivables, and transfers between the DDA and the Township. We recommend that the DDA and EDC fund be recorded in the general ledger system.

On a related topic, we also noticed that the Township does not maintain the GASB 34 Fund or the Pension Fund on the general ledger. We recommend that the Township consider recording the activity of these funds in the general ledger.

We also have the following recommendations:

Purchases

During our control testing, one sample transaction selected for review did not have a purchase order or check requisition form or documentation of the bidding process, which is required by the Township's purchasing policy. The purchasing policy as written is a good internal control on the budget process. It is difficult to manage expenses that have already occurred versus evaluating the expenses to determine they are properly budgeted prior to expending.

We recommend that a review process is put into place by the Township to ensure that all purchases are following the policies of the Township. Additionally, we recommend that a formal process for maintaining bidding documentation for purchases be instituted.

Budget

The Fire Restricted and CATA Special Revenue Funds had budget amendments that effectively resulted in a negative fund balance, resulting in a technical noncompliance with Public Act 2. The expenditures in these funds did not exceed the budget. It was determined that the design of the system for budget amendments to expenditures is coded to revenue as the offsetting credit in the Township's general ledger system. We would encourage management to review the funds for this activity before the board approves budget amendments.

Internal Control Review (SAS 70)

Any time a third party is handling transactions on behalf of the Township, consideration should be given to the internal controls of the third party. If the third party has issued a SAS 70 letter, it would be the most efficient manner for the Township to evaluate the third party's controls. Since the Township does rely on National City for the pension activity and National City does issue a SAS 70 letter, it would be appropriate for the Township to obtain this document on an annual basis and review the controls addressed in the letter.

Information Technology Control Review

A much more in-depth review of the Township's information technology system occurred during the current year due to the new audit standards that were effective for December 31, 2007 year-end audits. Because of this increased scrutiny, more items for improvement have been brought to your attention than in the past. We have attached the observations to this letter for your review.

Miscellaneous Items

Journal Entries - Through our journal entry testing, we noted that there is no review of journal entries that are prepared by the finance director. There is a review process by the finance director for any journal entries recorded by the financing staff. We recommend that someone independent review and initial journal entries made by the finance director.

Accrued Interest on Certificates of Deposit - The Township currently does not accrue interest on the certificates of deposit as it is earned but rather at the time the certificates mature. Depending on the maturity dates, this can lead to the income being recorded in different periods. We recommend that the interest earned on certificates is accrued at year end to recognize income appropriately.

We are grateful for the opportunity to be of service to the Township. Should you wish to discuss any of the items included in the report, we would be happy to do so.

Very truly yours,

Plante & Moran, PLLC



Mary J. Schafer, CPA
Partner



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Results of the Audit

April 25, 2008

To Gerald Richards, Township Manager
and the Board of Trustees
Charter Township of Meridian

We have audited the financial statements of the Charter Township of Meridian for the year ended December 31, 2007 and have issued our report thereon dated April 25, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated December 10, 2007, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Charter Township of Meridian. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

To Gerald Richards, Township Manager
and the Board of Trustees
Charter Township of Meridian

April 25, 2008

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Charter Township of Meridian are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007.

We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. There were no particularly sensitive estimates on the Township financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. No financial statement disclosures are particularly sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

To Gerald Richards, Township Manager
and the Board of Trustees
Charter Township of Meridian

April 25, 2008

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition there were several misstatements detected as a result of audit procedures and corrected by management which were material, either individually or in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management:

- GASB 34 entries to record intangible assets, long-term debt, and compensated absences
- Sewer Fund - entries to record the fourth quarter administrative expenses
- DDA Fund - entries to record the activity on the general ledger

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated April 25, 2008.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To Gerald Richards, Township Manager
and the Board of Trustees
Charter Township of Meridian

April 25, 2008

Other Audit Findings or Issues

There were no other audit findings or issues.

In the normal course of our professional association with the Township, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Township, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Township's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility relates to the Township's financial statements and other information as identified in the auditor's report. We have no responsibility for any other information that may be included in documents containing those audited statements. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. We have read and applied certain limited procedures to the management's discussion and analysis and retirement system schedules of funding progress, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

This information is intended solely for the use of those charged with governance and management of the Charter Township of Meridian and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



Mary J. Schafer, CPA
Partner

To Gerald Richards, Township Manager
and the Board of Trustees
Charter Township of Meridian

April 25, 2008

Client: **Charter Township of Meridian**
Y/E: **December 31, 2007**

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

		Increases (Decreases)				
Fund	Description of Misstatement	Assets	Liabilities	Net Assets	Revenue	Expenses
Known Misstatements:						
General Fund and Governmental Activities	To record accrued interest receivable on CD investments	\$ 49,450			\$ 49,450	
Aggregate units	To record accrued interest receivable on CD investments	2,005			2,005	
Sewer Fund Governmental Activities	To record accrued interest receivable on CD investments	8,588			8,588	
	To record the GASB 34 adjustment for state- shared revenue	38,311			38,311	
Estimate Adjustments:						
NONE						
Implied Adjustments:						
NONE						
		-	\$ -	\$ -	-	\$ -
Combined effect		\$ 98,354	\$ -	\$ -	\$ 98,354	\$ -

Informational

Revenue Sharing

It is unclear what the outcome will be regarding the short-term and long-term funding of statutory revenue sharing. Decisions still remain on the ultimate funding level for revenue sharing for the State's fiscal year 2007/2008. Local governments may need to react with budget amendments when these final decisions are made by the State.

With the appropriation reductions to revenue sharing since 2001 (including more than \$550 million in fiscal year 2006/2007 over amounts calculated by the statutory formula), a number of townships are no longer receiving any statutory revenue sharing. To accomplish the appropriation reductions mandated in the State's budget, the State is required to reduce the statutory portion of a local unit's revenue sharing (remember that the constitutional portion cannot be adjusted). Many townships no longer have any statutory revenue sharing remaining as a result. For those communities, because sales tax collections have increased since 2001, their revenue sharing is actually increasing because they are now only receiving constitutional revenue sharing.

New Michigan Business Tax

The new Michigan business tax (MBT) was approved by the Legislature in June 2007 and replaces the single business tax (SBT) which expired December 31, 2007. According to the State, the new MBT is intended to generate about the same \$1.9 billion generated by the expiring SBT

While the MBT intended to simplify the old SBT, the MBT is a very lengthy and complicated new law. The new MBT imposes two taxes - a modified gross receipts tax and a business income tax. The modified gross receipts tax is imposed at .8 percent on a tax base composed of gross receipts less certain purchases. The business income tax will be imposed at a rate of less than 5 percent on business income. The MBT provides for new investment, compensation, and research and development credits to businesses. The MBT also allows certain qualified small businesses to opt out of the MBT and pay a straight 1.8 percent tax on adjusted business income.

More personal property tax relief is also part of the new MBT. Business personal property classified as "industrial" or "commercial" will be exempt from certain personal property taxes - specifically from the state education tax (SET) and local school operating mills. "Industrial" personal property will receive exemptions from the six SET mills and the 18 school operating mills (for a total 24 mill exemption). "Commercial" personal property will be exempt from 12 of the 18 school operating mills.

These newly enacted personal property tax exemptions will mean that local governments will collect less school taxes on these properties. For local governments that have enacted an administrative fee on tax collections, they will likely see a decrease in the administration fees that have traditionally been collected.

Also, for those local governments with tax increment financing authorities that continue to have existing eligible obligations outstanding and are, therefore, allowed to capture school taxes (to the extent of these eligible obligations), the personal property tax exemptions on school millages will likely decrease the amount of school taxes available to capture. Given the favorable tax treatment of industrial versus commercial personal property, it is expected that businesses will be reviewing the classification of their personal property. Your assessor will likely receive more frequent inquiries and requests to change classification of personal property to take the most advantage of the tax break afforded to industrial property and commercial property and the additional relief available for industrial property.

As we understand it now, these are the areas at the local governmental level (i.e., impact on administrative fees, impact on school dollars available for capture for certain tax increment financing authorities, and property classifications) that are the most directly impacted by the new MBT. We will keep you updated as we continue to explore these and other issues regarding the impact of the MBT on local units of government.

Bonding to Fund Liability for Other Postemployment Benefits

The day quickly approaches when local governments will measure the liability for non-pension benefits granted to government employees at retirement (most notably retiree health care). Once these benefits are measured, local governments will face the tough choice of advance funding these benefits (which some are doing now), remain on a pay-as-you go plan (which is the path for most local governments), or a combination thereof. To provide local governments with additional funding options, legislation was introduced in 2006 which would allow for bonding as a funding tool. The legislation was passed by the Michigan Legislature and vetoed by the governor.

ATTACHMENT

1. New User Access

Currently, requests for new access are either initiated by HR, the end-user's department, or the end-user. All requests are run through HR to obtain proper employee information and a network connection use form is signed by the end-user. Management should consider formalizing the process with a new user access form. The network connection use form can be used for this, but should include the user's name, department, access required, and start date. The form should be retained for the duration of the user's employment.

2. Access Termination

When IT is notified of a termination, a change is made immediately. However, IT is not immediately notified of terminations. Management should consider formalizing the process with a termination form that documents the terminated user's name and termination date, and send it to IT either immediately following, (or proceeding, when possible) a users termination.

This does not need to be a new form; the network connection use form can be used. However, the form should provide a simple and quick way to verify that all of the access has been removed.

3. Access Changes

Currently, change requests are reviewed with the end-user's department and modified as required. Management should consider establishing a formal process through a paper or electronic form that documents access changes and necessary approvals. The forms should be retained by IT or HR for the duration of user's employment. A formalized process will ensure that an employee's access is commensurate with the employee's job function and does not allow for conflicting access.

4. User Access Review

Currently, IT provides access reports at the request of the supervisor, or if specific exceptions are noted during the routine monitoring of system access. Most departments, but not all, request and review these reports on a regular basis; however, documentation of the reviews is not retained. Management should consider establishing a formal process where access reports are provided to supervisors regularly, access is reviewed and documented at least annually by all departments, and the results of the review are retained for the duration of the audit period.

5. Firewall Logs

Currently, firewall logs are reviewed daily; however, there is no documentation to confirm the reviews are taking place. Management should consider performing and documenting the review of the logs. Any observations and actions taken as a result should be documented and retained for management's monitoring and review. This lessens the risk of unauthorized access and injection of malicious codes to network resources by outsiders. Review of logs assists management in detecting changing patterns and access attempts which may allow management to proactively avoid a future successful breach.

6. Authentication Controls - Network

During our review, we noted that many of the authentication parameters used to control security on the network are not being enforced. The length of passwords is currently set to five characters, and should be a minimum of seven. The number of unsuccessful logon attempts is set to five and should be a maximum of three. In addition, the length of time for inactive timeouts is not set. The combination of these issues creates a situation where passwords can easily be guessed or cracked by brute force. This increases the opportunity for unauthorized users to gain access to the network.

7. Authentication Controls - Financial Applications

Currently, the parameters used to enforce security for the financial applications are not being enforced. Not all users have unique IDs, users are not required to reset their password, there are no restrictions on minimum password length or number of unsuccessful timeouts, and there is no enforcement of complex passwords or length of time for inactive timeouts. These issues create a situation where passwords can be easy to guess or cracked by brute force and access to the financial applications can be obtained by unauthorized users, thereby compromising the integrity of the financial statements.

8. Information Security Program

Currently, there is a formal network connection use policy. Management should consider expanding this to an information security program, with the inclusion of formally documented procedures on virus updated, physical security, logical security, password policies, incident response, hardware/software disposal, and customer data privacy. This document should document and communicate the policies and procedures that end-users need to follow and adhere to when using the Township's information systems. In addition, all third-parties with access to the network should be required to sign an acknowledgement that they have read and understand the program.

9. Change Management

Currently, changes to the system are approved either verbally or by an e-mail. Management should consider establishing a formal process through a paper or electronic form to document all requests for system changes. The form should verify that all the proper controls are in place surrounding the change (proper approval, testing, back-out plan, end-user testing, etc.). This will help to ensure successful changes, while minimizing the impact on the production environment.

10. Backup Procedures

Currently, backup tapes are not being rotated to an off-site location at least five miles away. Management should consider moving the tapes off-site, at least five miles away, to protect the backup tapes from any disaster at the primary location. The tapes should be clearly marked as to date/version and the off-site tapes rotation clearly documented to show which tapes are at the off-site location. In addition, restores should be performed at least annually so that in the event that important data is lost, the restore process occurs as quickly and easily as possible.

11. Environmental Controls

Currently, there are no smoke detectors in the computer room. Management should consider raising the servers to a height of three feet or putting them in racks to get them off of the floor. In addition, installing smoke detectors will help to protect the servers from environmental damage.