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May 25, 2018

Management and the Township Board
Charter Township of Meridian
Okemos, MI

We have completed our audit of the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Meridian as of and for the year ended December 31, 2017, and have issued our report dated May 25, 2018. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The following appendices to this letter sets forth those communications as follows:

I. Auditors' Communication of Significant Matters with Those Charged with Governance

In addition, we have identified additional matters that are not required to be communicated but we believe are valuable for management:

II. Matters for Management's Consideration

We discussed these matters with various personnel in the Township during the audit and have already met with management. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Township Board, and others within the Township, and are not intended to be and should not be used by anyone other than those specified parties.

Yeo & Yeo, P.C.

Lansing, Michigan

Appendix I

Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated December 1, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 of the financial statements. The Government has adopted Governmental Accounting Standards Board Statements (GASB) No. 74, *Financial Reporting for Postemployment Plans Other Than Pensions*, effective January 1, 2017. Statement No. 74 improves the financial reporting of postemployment plans other than pensions through enhanced note disclosures and schedules of required supplementary information. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Charter Township of Meridian's financial statements were:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service.
- Net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.
- Other post-employment benefits. The estimate is based on an actuarial report.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole and free from bias.

Disclosures in the financial statements are neutral, consistent and clear.

Accounting Standards and Regulatory Updates

Accounting Standards

The Governmental Accounting Standards Board has released the following Statements:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of

employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending December 31, 2018.

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending December 31, 2019.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The criteria generally is on (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending December 31, 2020.

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending December 31, 2018.

Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. The effective date is for the fiscal year ending December 31, 2018.

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending December 31, 2020.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending December 31, 2019.

The Township is evaluating the impact the above GASB's will have on its financial reporting.

Regulatory and Other Updates

Chart of Accounts

The Michigan Department of Treasury released a new version of the uniform chart of accounts in April 2017. Significant changes were made which expanded the breadth of information now available to governmental entities. We encourage your organization to review the uniform chart of accounts to ensure the accounting records are in compliance with the guidelines set forth in the expanded version. The uniform chart of accounts is available on the Michigan Department of Treasury's website at http://www.michigan.gov/documents/uniformchart_24524_7.pdf. If questions arise from your review of this information please contact us for assistance.

Cybersecurity Posture

Cybersecurity posture, an overall measure of cybersecurity strength, is more prevalent than ever as organizations continue to face cybersecurity risks. Billions of emails are sent every day, some of which contain attachments with malicious files or malicious embedded links aimed at negatively impacting unsuspecting organizations. A recent study showed as many as four out of five US Companies have suffered from an attack. Not only can a successful attack cost thousands of dollars and put a strain on IT resources while remediation efforts are underway, but sensitive information may be breached.

Risk assessment is a first step in mitigating cybersecurity risks and improving your organization's overall cybersecurity posture. The National Institute of Standards and Technology published *Framework for Improving Critical Infrastructure Cybersecurity*, which "enables organizations, regardless of size, degree of cybersecurity risk, or cybersecurity sophistication, to apply the principles and best practices of risk management to improving the security and resilience of critical infrastructure." The framework is designed to cover five areas including identification, protection, detection, responsiveness and recovery. The publication can be found at www.nist.gov.

Placing significant emphasis on evaluating your organization's cybersecurity posture, and channeling sufficient resources towards proper risk assessment, implementation, and education will reduce the likelihood of a cybersecurity threat, and help lessen the impact of a breach.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

There were no uncorrected misstatements that were more than trivial.

Disagreements with Management

For purposes 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 auditors' report. We are pleased to report we had no disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other 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 Township'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.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Report on Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements, which includes management's discussion and analysis, retirement plan schedules, other post-employment benefit schedules, and budgetary comparison information, we applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Report on Other Supplementary Information

With respect to the supplementary information accompanying the financial statements, other than list of Elected and Appointed Officials, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

CAFR

The Township's audited financial statements are included in their comprehensive annual financial report. Our responsibility for the other information contained in the comprehensive annual financial report does not extend beyond the financial information identified in our audit report. We do not have an obligation to perform any procedures to corroborate the other information contained in the introductory section and statistical section. However, we read the other information and considered whether such information, or the manner of its presentation, was materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, was materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Appendix II Matters for Management's Consideration

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, 2017, we considered the Charter Township of Meridian's internal control over financial reporting (internal control) as a basis for designing our audit 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 organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

However, during our audit we became aware of the following matters for management's consideration that are opportunities for strengthening internal controls and financial reporting, and improving compliance. This letter does not affect our report dated May 25, 2018, on the financial statements of the Charter Township of Meridian. Our comments and recommendations regarding those matters are:

DDA Deficit

The Downtown Development Authority (DDA), a component unit of the Township, has deficit net position of \$96,845.

We recommend that the operations of the DDA be evaluated, and a plan enacted to alleviate the deficit.

Capital Assets Capitalization Policy

We noted that the Township does not have a written policy concerning which property and equipment acquisitions should be capitalized. Past practice has been to depreciate items with a value in excess of \$5,000 and a useful life over 1 year. However, this is not formally documented.

We recommend that management and governance draft and approve a capitalization policy to ensure consistency in the treatment of property and equipment.

Capital Assets Record Keeping

After applying audit procedures to capital assets we noted the following:

1. The current year depreciation was not correctly calculated for specific items.
2. The capital asset listing does not provide enough detail to identify each unique capital asset. A year is listed along with the total cost and depreciation, but no description of the item or items making up the cost.
3. There were instances where the total cost and accumulated depreciation did not tie to the financial statements. This is due to the manner in which disposals are tracked. When an asset is disposed of, the line item reflecting the total cost is not eliminated in subsequent years; therefore, the totals have to be reconciled to back out prior year disposals.
4. The spreadsheet is unnecessarily complicated.

We recommend that the Township improve the tracking of capital assets by either simplifying the spreadsheet currently being used or by using software designed to track capital assets. In addition, we recommend that the detail for lump sum costs for the given years be broken out into separately identifiable items. An improved system will lessen the time Township staff need to spend on capital asset tracking going forward, and will likely improve the accuracy of the reported figures.

Charter Township of Meridian, Michigan

**Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2017**

**Prepared by:
Department of Finance
Miriam Mattison, Director of Finance**



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Meridian Township
5151 Marsh Road
Okemos, MI 48864

P 517.853.4000

Township Board:

Ronald J. Styka
Township Supervisor

Brett Dreyfus
Township Clerk

Julie Brixie
Township Treasurer

Phil Deschaine
Township Trustee

**Patricia Herring
Jackson**
Township Trustee

Dan Opsommer
Township Trustee

Kathy Ann Sundland
Township Trustee

Frank L. Walsh
Township Manager

May 25, 2018

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

The comprehensive annual financial report of the Charter Township of Meridian (the “Township”) for the year ended December 31, 2017, 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 certified public accounting firm. 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 is 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.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Charter Township of Meridian’s MD&A can be found immediately following the report of the independent auditors.

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.

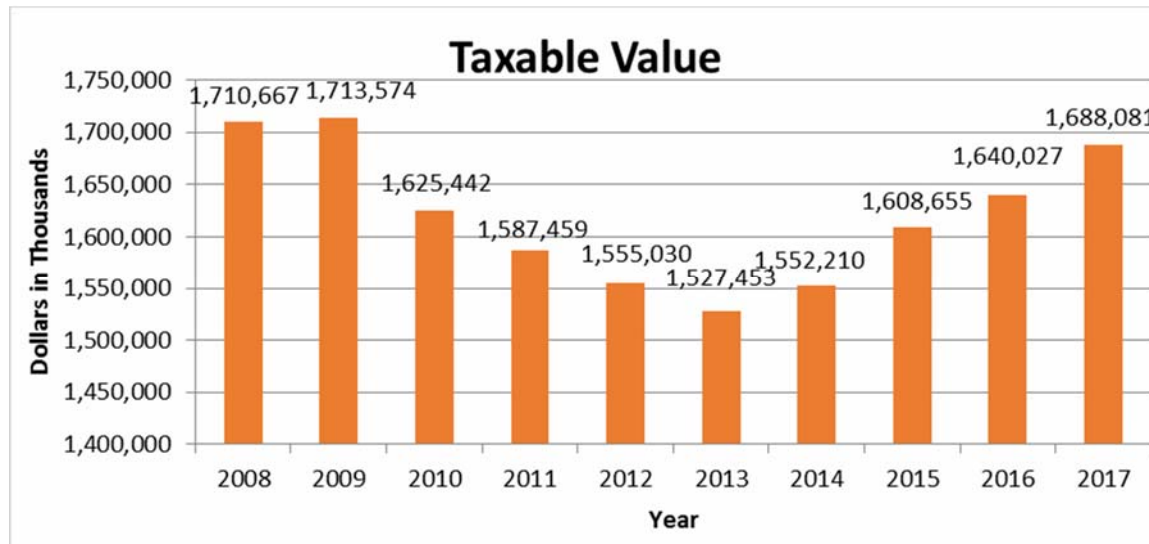
Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. 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 with a population of approximately 40,000. 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 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 full-time 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 change in Taxable Value over the last ten years. The 2017 taxable value (2018 tax revenue) increased 2.93 percent over 2016 taxable value. This is the fourth consecutive year of growth in taxable value since 2009; however, the 2017 taxable value is still 1.5 percent lower than the 2009 taxable value. The Township weathered the financial storm of the past several years by making changes to its organizational structure, increasing the usage of technology to maintain services to keep up with the demand of increased population and business activity, and monitoring and limiting discretionary spending where possible. The year ended December 31, 2017 was a very successful year and continued the growth experienced in 2013 and 2014, with many new residents and businesses moving into the Township.



The State of Michigan's economy continued to experience improvement in 2017 resulting in a 0.92% increase in State-Shared Revenue to the Township, which has been slowly increasing since 2011. Prior to that, it had been declining for five years.

Major Initiatives

The Township's staff, following specific directives from the Township Board and 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 our commitment to maintaining a quality community:

- Meridian Cares, a fundraising initiative to support the Community Resource Commission's (CRC) Emergency Needs Fund, raised over \$12,300 and provided assistance to 436 households.
- The Township celebrated its 175th anniversary in 2017. This was a year-long celebration of events that engaged the community resulting in over 200 local businesses, organizations, non-profits, volunteers and staff supporting and participating in the celebration.
- In a continuing effort to protect neighborhoods, the Township responded to more than 800 code enforcement issues in the community. It is incumbent that the Township staff do whatever it takes to protect neighborhoods.
- Meridian Township continued its efforts to upgrade our 29 Parks. In late spring of 2017, we started development on Towner Road Park located in Haslett. Construction will continue into 2018. The park will contain athletic fields, walking paths, pavilion, restrooms, pickle ball courts, and parking.
- In 2017, we received the following grants:
 - Pavilion at Harris Nature Center – Michigan Natural Resources Trust Fund \$50,000
 - Pavilion North Meridian Road Park – Michigan Natural Resources Trust Fund \$50,000
 - Ponderosa Land Preserve Acquisition (90 acres) – Michigan Natural Resources Trust Fund \$ 450,000
 - Composting Restroom System at Harris Nature Center – Land and Water Conservation Fund \$50,000
 - Phase I of MSU – Lake Lansing - Ingham County Parks and Trails Millage \$950,000
 - Farmers Market Relocation Project - Capital Region Community Foundation, Consumers Energy Foundation, Meridian EDC, Haslett-Okemos Kiwanis Club \$210,000.
- The Township passed a Police and Fire Protection Millage during the August 2017 elections. This will impose an increase of 1.483 mills for 10 years. This increase is estimated to raise \$2,497,738 per year. The additional funds will go toward two additional Police officers, two additional Fire/EMS staff, additional equipment, and additional payments into the MERS system to lower the unfunded pension debt.
- The Township EMS/Fire department continues to provide superior service to our residence with fire, rescue, and paramedic ambulance service. In 2017 they responded to 5,169 calls.
- The Township Police department provided quality service to Township residents. They received over 17,500 calls for service.

- The major commercial, office, industrial, multi-family, and institutional buildings receiving building permits in 2017 were as follows:

1.	Ingham County Health Facility	3860 Dobie Road	New Const.	\$5,965,000
2.	Marriott Courtyard Hotel	3545 Meridian	New Const.	\$7,212,529
3.	The Elevations	2398 Jolly Road	New Const.	\$2,304,468
4.	The Elevations	2398 Jolly Road	New Const.	\$2,304,468
5.	The Elevations	2398 Jolly Road	New Const.	\$2,013,702
6.	The Elevations	2398 Jolly Road	New Const.	\$2,013,702
7.	The Elevations	2398 Jolly Road	New Const.	\$2,013,702
8.	The Elevations	2398 Jolly Road	New Const.	\$1,880,203
9.	The Elevations	2398 Jolly Road	New Const.	\$1,880,203
10.	Interior Restaurant Build Out	5000 Northwind Dr.	Remodel	\$1,334,000
11.	JC Penney	1982 W. Grand River	Remodel	\$400,000
12.	Gliders	2076 Towner Rd.	New Const.	\$324,000
13.	Interior Office Space Build Out	5000 Northwind Dr.	Remodel	\$245,000
14.	The Elevations (multi-building)	2398 Jolly Rd.	New Const.	\$188,934
15.	Culver's	5140 Times Square	Remodel	\$180,700

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, depending on their nature, may be 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:

Capital Improvements Plan (CIP) – 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 that 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 change in tax base, and anticipated tax rates that 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 & Sewer Rate Model – A 10-year projection of commodity, capital, and maintenance costs, updated annually.

Pension and Retiree Health Benefits Funding – The Township continues to monitor funding of both pension plans and the retiree health insurance plan and is continuing to budget contributions to these plans.

2017 Financial Condition: The financial condition and results of operations for 2017 are discussed in the Management's Discussion & Analysis section of the CAFR. The Township continues to maintain a strong financial position and provides services from current revenues.

Relevant Financial Policies: There have been no situations that have affected the application of the Township's standard financial policies.

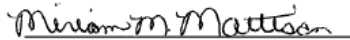
Other Information

Independent Audit. An annual audit, required by state statute, of accounts, financial records, and transactions has been completed by the independent certified public accounting firm of Yeo & Yeo. The firm was appointed by the Township through an open bid process in 2017. Bids are requested every five to seven years.

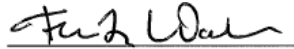
Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Meridian for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016.

Acknowledgments. The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Department staff and the Treasurer's Department.

Respectfully submitted,



Miriam M. Mattison
Director of Finance



Frank L. Walsh
Township Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

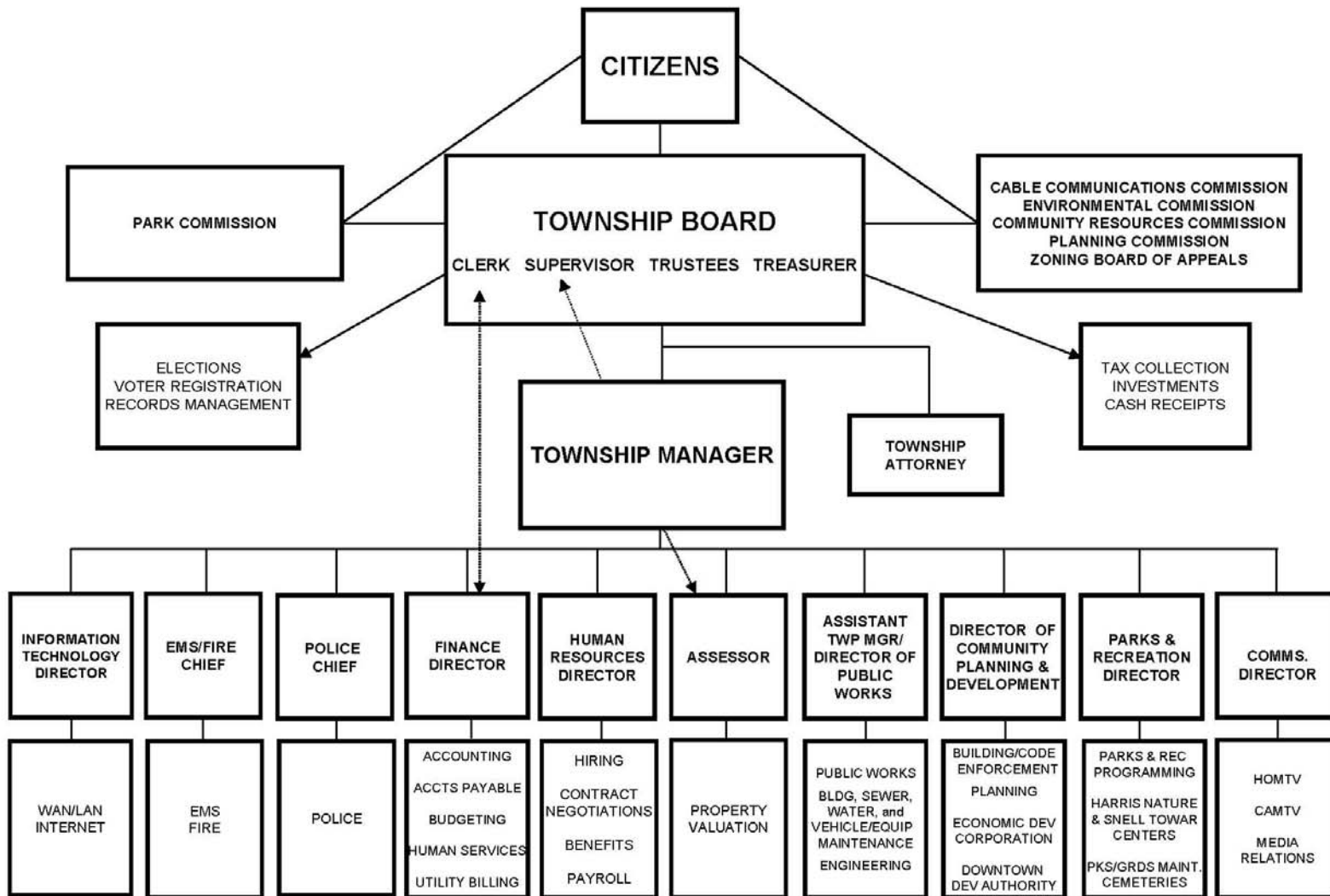
**Charter Township of Meridian
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO



Dotted Lines – Denotes Relationship defined by State Statute

Charter Township of Meridian
List of Elected and Appointed Officials
December 31, 2017

Elected Officials

Township Board

Supervisor	Ronald J. Styka
Clerk	Brett Dreyfus
Treasurer	Julie Brixie
Trustee	Philip Deschaine
Trustee	Patricia Herring Jackson
Trustee	Daniel Opsommer
Trustee	Kathy Ann Sundland

Park Commission

Chair	Michael McDonald
Vice Chair	Mark Stephens
Commissioner	Richard Baker
Commissioner	Amanda Lick
Commissioner	Annika Schaeztl

Appointed Officials

Manager	Frank Walsh
Human Resources Director	Joyce Marx
Finance Director	Miriam Mattison
Parks & Recreation Director	LuAnn Maisner
Assessor	David Lee
Community Planning and Development Director	Mark Kieselbach
Assistant Township Manager and Director of Public Works and Engineering	Derek Perry
Fire Chief	Fred Cowper
Police Chief	David Hall
Communications Director	Deborah Guthrie
Information Technology Director	Stephen Gebes



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Independent Auditors' Report

Township Board
Charter Township of Meridian
Ingham County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Meridian, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the East Lansing – Meridian Water and Sewer Authority, a joint venture, whose statements reflect total assets constituting 8.33 percent of total assets of business-type activities at December 31, 2017. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the East Lansing – Meridian Water and Sewer Authority, is based solely on the report of the other auditors. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Meridian, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended December 31, 2017, the Township adopted GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system information, other postemployment benefits information and budgetary comparison schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Meridian's basic financial statements. The introductory section, statistical section and other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other than the prior year information, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Yeo & Yeo, P.C.

Lansing, Michigan
May 25, 2018

Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2017

The Township's Comprehensive Annual Financial Report (CAFR) is presented in the format required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The 2017 annual report consists of five parts: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplementary information, (4) other supplementary 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 position includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 position and how it has changed. Net position, the difference between the Township's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is 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 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 is treated as a business-type activity.
- **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.

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 revenue and spending for particular purposes. Some funds are required by state law and bond covenants. The Township's Board establishes other funds to control and manage money for particular purposes.

Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2017

Fund Financial Statements (continued)

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 that can be readily 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.
- **Proprietary 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 (taxes collected on behalf of other agencies and retirement payments). All of the Township's fiduciary activities are reported in a separate statement of fiduciary net position. 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
Management's Discussion and Analysis
December 31, 2017**

Financial Overview

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 36,809,169	\$ 35,010,513	\$ 7,623,710	\$ 6,080,660	\$ 44,432,879	\$ 41,091,173
Capital assets	45,613,658	42,800,172	45,235,582	44,297,563	90,849,240	87,097,735
Net OPEB asset	1,411,031	1,494,235	-	-	1,411,031	1,494,235
Investment in joint venture	-	-	4,800,557	4,504,877	4,800,557	4,504,877
Total assets	83,833,858	79,304,920	57,659,849	54,883,100	141,493,707	134,188,020
Deferred outflows of resources	5,771,453	7,375,746	297,302	359,871	6,068,755	7,735,617
Liabilities						
Current liabilities	2,105,466	1,711,422	289,696	409,991	2,395,162	2,121,413
Long-term liabilities	32,960,026	35,561,276	6,809,450	6,470,176	39,769,476	42,031,452
Total liabilities	35,065,492	37,272,698	7,099,146	6,880,167	42,164,638	44,152,865
Deferred inflows of resources						
Property taxes levied for a subsequent period	15,651,259	13,232,033	-	-	15,651,259	13,232,033
Deferred Pension	607,692	293,115	20,657	13,065	628,349	306,180
Special assessments levied for a subsequent period	427,497	425,874	-	-	427,497	425,874
Total deferred inflows of resources	16,686,448	13,951,022	20,657	13,065	16,707,105	13,964,087
Net Position						
Net investment in capital assets	40,612,795	37,310,709	39,865,416	39,272,892	80,478,211	76,583,601
Restricted	9,150,359	9,756,780	-	-	9,150,359	9,756,780
Unrestricted	(11,909,783)	(11,610,543)	10,971,932	9,076,847	(937,851)	(2,533,696)
Total net position	\$ 37,853,371	\$ 35,456,946	\$ 50,837,348	\$ 48,349,739	\$ 88,690,719	\$ 83,806,685

**Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2017**

The Charter Township of Meridian had combined net position of \$88.7 million. Business-type activities comprise \$50.8 million and governmental activities make up \$37.9 million of the total net position. The net position increased in total by \$4.9 million, or 5.8%. This increase is due to the \$3.8 million increase in capital assets and \$2.0 million decrease in the total liabilities.

There was a \$0.6 million decrease in the restricted net position.

The current ratio (current assets divided by current liabilities) is still healthy at 18.6, a decrease from 19.4 in 2016. The decrease in this ratio is related to an increase in the current assets of cash and investments. This ratio shows that the Township has adequate current assets to meet its current obligations.

Long-term liabilities of \$39.8 million represent 45% of net position; however, \$28.6 million of this is the net pension liability. This is a decrease of \$2.3 million from 2016. The Township is working on reducing these pension liabilities through contract changes and additional payments.

Governmental Activities

Revenues for governmental activities totaled approximately \$23.2 million in 2017. A total of \$13.7 million was in the form of property tax collections. Revenue from other sources was very consistent with 2016.

Expenses for governmental activities totaled \$20.8 million. More than half (55%) of this expense funded public safety in the Township.

Business-type Activities

Business-type activities in the Township include water and sewer services. Revenue for business-type activities totaled \$13.3 million; \$11.5 million was collected from customers and \$1.2 million is the value of assets contributed by developers. The Township purchases water from the East Lansing-Meridian Water Sewer Authority and the Board of Water and Light, 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.

**Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2017**

The following table shows the changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue						
Program revenue:						
Charges for services	\$4,862,886	\$4,624,003	\$11,543,856	\$10,809,664	\$16,406,742	\$15,433,667
Operating grants and contributions	172,467	137,606	-	-	172,467	539,667
Capital grants and contributions	-	-	1,213,560	785,306	1,213,560	383,245
General Revenue:						
Property taxes	13,694,888	13,463,805	-	-	13,694,888	13,463,805
State sources	3,495,862	3,164,543	514,746	-	4,010,608	3,164,543
Unrestricted investment income (loss)	238,026	127,981	722	1,055	238,748	129,036
Gain on Sale of capital assets	49,344	-	-	-	49,344	-
Other miscellaneous income	673,591	694,261	-	-	673,591	694,261
Transfers - Internal activities	(23,530)	(45,200)	23,530	45,200	-	-
Total revenue	23,163,534	22,166,999	13,296,414	11,641,225	36,459,948	33,808,224
Program Expenses						
General government	4,785,412	4,346,917	-	-	4,785,412	4,346,917
Public safety	11,453,339	12,246,896	-	-	11,453,339	12,246,896
Public works	1,131,728	1,230,280	-	-	1,131,728	1,230,280
Health and welfare	180,111	158,932	-	-	180,111	158,932
Recreation and culture	3,077,698	2,484,032	-	-	3,077,698	2,484,032
Interest on long-term debt	138,821	147,725	-	-	138,821	147,725
Water and sewer	-	-	10,808,805	10,488,784	10,808,805	10,488,784
Total program expenses	20,767,109	20,614,782	10,808,805	10,488,784	31,575,914	31,103,566
Change in Net Position	2,396,425	1,552,217	2,487,609	1,152,441	4,884,034	2,704,658
Net Position – beginning of year	35,456,946	33,904,729	48,349,739	47,197,298	83,806,685	81,102,027
Net Position – end of year	\$37,853,371	\$35,456,946	\$50,837,348	\$48,349,739	\$88,690,719	\$83,806,685

**Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2017**

Current Economic Events

The Township continues to experience a relatively healthy economy in the community. This is seen in a relatively stable housing market, as well as some new construction growth. The Township saw an increase in taxable value through 2008. The 2009 taxable value and tax revenues were flat, but in 2010 through 2012 both taxable value and tax revenue experienced decreases. The 2013 taxable value decreased, however the increase of 0.05 mills kept the tax revenue flat for 2013. The 2014 taxable value decreased, however revenue increased due to the addition of 0.2 mills. In 2015, the taxable value increased for the first time since 2008. Looking forward to 2018, we see that the taxable value will continue to increase for the fourth year in a row, but will continue to lag behind 2008. This, coupled with rising costs, continues to create challenges to maintain existing services levels.

Personnel costs represent approximately 74% of the governmental operating expenses of the Township. The increasing cost of healthcare and legacy costs continue to be a concern. Changes in programs and employee cost-sharing agreements in the past couple of years have helped to contain healthcare costs; however, they continue to rise along with payroll taxes, pension, and other personnel costs. Operating efficiencies, organizational restructuring, and improved technology have helped to contain expenditures to available revenue.

Financial Analysis of Township Funds and Budgets

The General Fund ended 2017 with an unassigned fund balance of approximately \$5.6 million (compared with \$7.1 million in 2016). This represents approximately 4 months of annual expenditures, which is within the requirements of policy governance established by the Township's board. The total decrease in fund balance is approximately \$.6 million. The overall decrease is a result of an additional payment into our pension plan. The Township has continued to operate with a balanced budget. This has been accomplished with the dedicated efforts of all employees to work more efficiently, manage expenditures, and enhance revenue whenever possible.

The Land Preservation Fund continues to maintain a healthy fund balance of \$6.0 million. The fund balance decreased \$.3 million from 2016 mainly attributable to the land acquisition purchases.

The Park Millage Fund balance decreased \$0.6 million in 2017 bringing the balance to \$1.4 million. The decrease is attributable to a new park construction that started in 2017 and is expected to be completed in 2018.

Budget Variances

All funds of the Township operate with a board-approved budget. These budgets are monitored and amended as needed throughout the year. Such amendments are primarily related to projects carried over from the prior year and unanticipated projects or revenue. In addition, unexpected changes in projected revenues may result in changes to the expenditure budgets (e.g., reduction in state-shared revenue).

The actual vs. budget variances in the General Fund are the result of efforts to keep costs below budget. On the revenue side, the largest positive variances occurred in the State-shared revenue and Licenses and permits related to the Planning department. On the expenditure side, the departments with the largest variances (expenditures under budget) include Information Technology and the Fire Department.

**Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2017**

Significant budget amendments during the year were primarily to increase the budget for an additional \$1.1 million payment to the MERS pension system. This increase was partially offset with increased revenue from Building permits and Interest.

Capital Projects

The two large capital projects for the year were the removal and replacement of the underground fuel tanks at the service center and upgrades made to the Haslett library.

Additional information about capital assets is presented in Note 6 to the financial statements.

Long-term Debt Activity

The Township continued to pay off its debt and made principal payments on the outstanding governmental activities debt of approximately \$486,000 during 2017. Outstanding governmental activities debt at December 31, 2017 including compensated absences was approximately \$5.7 million. For business-type activities, the Township recorded \$.6 million of new debt for wastewater system improvements and paid down approximately \$224,000 of existing debt. Ending business-type debt was \$5.3 million.

More detailed information about long-term liabilities is presented in Note 8 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.

Charter Township of Meridian
Statement of Net Position
December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 25,000,535	\$ 5,018,947	\$ 30,019,482	\$ 144,334
Investments	3,173,529	-	3,173,529	-
Receivables				
Taxes	6,861,461	-	6,861,461	11,582
Customers	-	2,163,523	2,163,523	-
Special assessments	417,067	-	417,067	-
Other, net of allowance	486,612	-	486,612	-
Due from other units of government	560,598	-	560,598	-
Internal balances	28,744	(28,744)	-	-
Advance to component unit	149,500	-	149,500	-
Inventories	-	176,357	176,357	-
Prepaid items	131,123	293,627	424,750	-
Investment in joint venture	-	4,800,557	4,800,557	-
Capital assets not being depreciated	30,440,006	363,060	30,803,066	-
Capital assets, net of accumulated depreciation	15,173,652	44,872,522	60,046,174	-
Net other postemployment benefit asset	1,411,031	-	1,411,031	-
Total assets	<u>83,833,858</u>	<u>57,659,849</u>	<u>141,493,707</u>	<u>155,916</u>
Deferred Outflows of Resources				
Deferred amount of pension expense related to net pension liability	<u>5,771,453</u>	<u>297,302</u>	<u>6,068,755</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>89,605,311</u>	<u>57,957,151</u>	<u>147,562,462</u>	<u>155,916</u>
Liabilities				
Accounts payable	1,333,420	52,232	1,385,652	-
Accrued and other liabilities	593,291	100,997	694,288	1,176
Advance from primary government	-	-	-	149,500
Due to other units of government	709	-	709	-
Performance bonds and other deposits payable	142,476	136,467	278,943	-
Unearned revenue	35,570	-	35,570	11,218
Noncurrent liabilities				
Debt due within one year	624,825	244,925	869,750	-
Debt due in more than one year	5,121,880	5,205,216	10,327,096	-
Net pension liability	<u>27,213,321</u>	<u>1,359,309</u>	<u>28,572,630</u>	<u>-</u>
Total liabilities	<u>35,065,492</u>	<u>7,099,146</u>	<u>42,164,638</u>	<u>161,894</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Statement of Net Position
December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources				
Property taxes levied for a subsequent period	\$ 15,651,259	\$ -	\$ 15,651,259	10,123
Special assessments levied for a subsequent period	427,497	-	427,497	-
Deferred amount on net pension liability	607,692	20,657	628,349	-
Total deferred inflows of resources	<u>16,686,448</u>	<u>20,657</u>	<u>16,707,105</u>	<u>10,123</u>
Net Position				
Net investment in capital assets	40,612,795	39,865,416	80,478,211	-
Restricted for				
Land preservation	5,999,329	-	5,999,329	-
Park millage	1,382,650	-	1,382,650	-
Pedestrian/bike path millage	743,801	-	743,801	-
Fire	9,303	-	9,303	-
Police	45,005	-	45,005	-
Senior center millage	188,991	-	188,991	-
Cable TV	371,608	-	371,608	-
Community needs	15,804	-	15,804	-
Library	13,077	-	13,077	-
Grants	127,233	-	127,233	-
CATA millage	14,795	-	14,795	-
Local roads	89,297	-	89,297	-
Fire station debt service	141,772	-	141,772	-
Fire station construction	7,694	-	7,694	-
Unrestricted (deficit)	<u>(11,909,783)</u>	<u>10,971,932</u>	<u>(937,851)</u>	<u>(16,101)</u>
Total net position	<u>\$ 37,853,371</u>	<u>\$ 50,837,348</u>	<u>\$ 88,690,719</u>	<u>\$ (16,101)</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Functions/Programs								
Primary government								
Governmental activities								
General government	\$ 4,785,412	\$ 667,333	\$ 24,275	\$ -	\$ (4,093,804)	\$ -	\$ (4,093,804)	\$ -
Public safety	11,453,339	2,894,351	76,849	-	(8,482,139)	-	(8,482,139)	-
Public works	1,131,728	120,203	-	-	(1,011,525)	-	(1,011,525)	-
Health and welfare	180,111	-	12,383	-	(167,728)	-	(167,728)	-
Recreation and culture	3,077,698	1,180,999	58,960	-	(1,837,739)	-	(1,837,739)	-
Interest and fiscal charges on long-term debt	138,821	-	-	-	(138,821)	-	(138,821)	-
Total governmental activities	<u>20,767,109</u>	<u>4,862,886</u>	<u>172,467</u>	<u>-</u>	<u>(15,731,756)</u>	<u>-</u>	<u>(15,731,756)</u>	<u>-</u>
Business-type activities								
Sewer	5,199,790	5,226,538	-	339,840	-	366,588	366,588	-
Water	5,609,015	6,317,318	-	873,720	-	1,582,023	1,582,023	-
Total business-type activities	<u>10,808,805</u>	<u>11,543,856</u>	<u>-</u>	<u>1,213,560</u>	<u>-</u>	<u>1,948,611</u>	<u>1,948,611</u>	<u>-</u>
Total primary government	<u>\$ 31,575,914</u>	<u>\$ 16,406,742</u>	<u>\$ 172,467</u>	<u>\$ 1,213,560</u>	<u>(15,731,756)</u>	<u>1,948,611</u>	<u>(13,783,145)</u>	<u>-</u>
Component units								
Downtown Development Authority	\$ 9,680	\$ -	\$ -	\$ -				(9,680)
Economic Development Corporation	1,855	10,000	-	-				8,145
Total component units	<u>\$ 11,535</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(1,535)</u>
General revenues								
Property taxes					13,694,888	-	13,694,888	17,671
State-shared revenue					3,495,862	514,746	4,010,608	-
Investment income					238,026	722	238,748	101
Gain on sale of capital assets					49,344	-	49,344	-
Miscellaneous					673,591	-	673,591	17,960
Total general revenues					<u>18,151,711</u>	<u>515,468</u>	<u>18,667,179</u>	<u>35,732</u>
Transfers					(23,530)	23,530	-	-
Change in net position					2,396,425	2,487,609	4,884,034	34,197
Net position - beginning of year					<u>35,456,946</u>	<u>48,349,739</u>	<u>83,806,685</u>	<u>(50,298)</u>
Net position - end of year					<u>\$ 37,853,371</u>	<u>\$ 50,837,348</u>	<u>\$ 88,690,719</u>	<u>\$ (16,101)</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Governmental Funds
Balance Sheet
December 31, 2017

	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Land Preservation	Park Millage		
Assets					
Cash and cash equivalents	\$ 14,121,121	\$ 3,651,605	\$ 2,143,968	\$ 4,338,337	\$ 24,255,031
Investments	489,450	2,684,079	-	-	3,173,529
Receivables					
Taxes	5,346,215	242,007	488,912	784,327	6,861,461
Special assessments	116,837	-	-	300,230	417,067
Other, net of allowance	276,817	-	-	209,795	486,612
Due from other units of government	560,598	-	-	-	560,598
Due from other funds	38,040	-	-	-	38,040
Prepaid items	119,422	622	1,261	9,160	130,465
Advance to component unit	149,500	-	-	-	149,500
	<u>149,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,500</u>
Total assets	<u>\$ 21,218,000</u>	<u>\$ 6,578,313</u>	<u>\$ 2,634,141</u>	<u>\$ 5,641,849</u>	<u>\$ 36,072,303</u>
Liabilities					
Accounts payable	\$ 557,421	\$ 19,635	\$ 118,487	\$ 613,877	\$ 1,309,420
Accrued and other liabilities	465,126	2,203	16,986	15,707	500,022
Due to other funds	-	2,935	1,051	3,779	7,765
Due to other units of government	709	-	-	-	709
Performance deposits payable	142,476	-	-	-	142,476
Unearned revenue	35,570	-	-	-	35,570
	<u>35,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,570</u>
Total liabilities	<u>1,201,302</u>	<u>24,773</u>	<u>136,524</u>	<u>633,363</u>	<u>1,995,962</u>
Deferred Inflows of Resources					
Unavailable revenue - state shared revenue	560,598	-	-	-	560,598
Unavailable revenue - special assessments	-	-	-	220,230	220,230
Unavailable revenue - ambulance charges	59,000	-	-	-	59,000
Property taxes levied for a subsequent period	12,192,370	554,211	1,114,967	1,789,711	15,651,259
Special assessments levied for a subsequent period	347,497	-	-	80,000	427,497
	<u>347,497</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>427,497</u>
Total deferred inflows of resources	<u>13,159,465</u>	<u>554,211</u>	<u>1,114,967</u>	<u>2,089,941</u>	<u>16,918,584</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Governmental Funds
Balance Sheet
December 31, 2017

	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Land Preservation	Park Millage		
Fund Balances					
Non-spendable					
Prepaid items	\$ 119,422	\$ 622	\$ 1,261	\$ 9,160	\$ 130,465
Restricted for					
Land preservation	-	5,998,707	-	-	5,998,707
Park millage	-	-	1,381,389	-	1,381,389
Pedestrian/bike path millage	-	-	-	743,785	743,785
Fire	-	-	-	9,303	9,303
Police	-	-	-	45,005	45,005
Senior center millage	-	-	-	188,991	188,991
Cable TV	-	-	-	362,464	362,464
Community needs	-	-	-	15,804	15,804
Library	-	-	-	13,077	13,077
Grants	-	-	-	127,233	127,233
Capital area transportation authority millage	-	-	-	14,795	14,795
Local roads	-	-	-	89,297	89,297
Fire station debt service	-	-	-	141,772	141,772
Fire station construction	-	-	-	7,694	7,694
Assigned					
Township improvement	-	-	-	1,150,165	1,150,165
Subsequent fiscal year budget	1,110,587	-	-	-	1,110,587
Unassigned	5,627,224	-	-	-	5,627,224
Total fund balances	6,857,233	5,999,329	1,382,650	2,918,545	17,157,757
Total liabilities, deferred inflows of resources, and fund balances	\$ 21,218,000	\$ 6,578,313	\$ 2,634,141	\$ 5,641,849	\$ 36,072,303

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2017**

Total fund balances for governmental funds	\$ 17,157,757
Total net position for governmental activities in the statement of net position is different because:	
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	30,440,006
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	13,517,502
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	839,828
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(85,527)
Compensated absences	(739,676)
Net other postemployment asset	1,411,031
Deferred outflows (inflows) of resources.	
Deferred inflows of resources resulting from net pension liability	(603,205)
Deferred outflows of resources resulting from net pension liability	5,706,850
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Bonds payable and other long-term liabilities	(5,003,428)
Net pension liability	(26,917,945)
Internal service funds are included as part of governmental activities.	<u>2,130,178</u>
Net position of governmental activities	<u>\$ 37,853,371</u>

Charter Township of Meridian
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2017

	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Land Preservation	Park Millage		
Revenues					
Taxes	\$ 9,907,178	\$ 539,385	\$ 1,600,256	\$ 1,648,069	\$ 13,694,888
Licenses and permits	1,417,917	-	-	862,455	2,280,372
Federal grants	2,028	-	-	34,030	36,058
State shared revenue	3,392,949	-	-	-	3,392,949
Other state grants	91,823	-	6,500	27,417	125,740
Charges for services	3,199,664	-	-	137,374	3,337,038
Fines and forfeitures	376,874	-	-	437	377,311
Interest income	121,115	63,012	21,845	29,856	235,828
Other revenue	283,556	-	133,446	268,080	685,082
Total revenues	<u>18,793,104</u>	<u>602,397</u>	<u>1,762,047</u>	<u>3,007,718</u>	<u>24,165,266</u>
Expenditures					
Current					
General government	6,244,911	-	-	-	6,244,911
Public safety	10,929,541	-	-	112,727	11,042,268
Public works	166,359	-	-	1,276,760	1,443,119
Health and welfare	56,782	-	-	105,966	162,748
Recreation and culture	947,238	895,535	2,534,039	1,144,832	5,521,644
Debt service					
Principal retirement	271,035	-	-	215,000	486,035
Interest and fiscal charges	88,498	-	-	56,668	145,166
Total expenditures	<u>18,704,364</u>	<u>895,535</u>	<u>2,534,039</u>	<u>2,911,953</u>	<u>25,045,891</u>
Excess (deficiency) of revenues over expenditures	<u>88,740</u>	<u>(293,138)</u>	<u>(771,992)</u>	<u>95,765</u>	<u>(880,625)</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2017

	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Land Preservation	Park Millage		
Other financing sources (uses)					
Transfers in	\$ -	\$ -	\$ 140,882	\$ 310,515	\$ 451,397
Transfers out	(699,927)	-	-	-	(699,927)
Insurance recoveries	42,717	-	-	-	42,717
Sale of capital assets	-	2,700	-	-	2,700
	<u>(657,210)</u>	<u>2,700</u>	<u>140,882</u>	<u>310,515</u>	<u>(203,113)</u>
Total other financing sources and uses					
Net change in fund balance	(568,470)	(290,438)	(631,110)	406,280	(1,083,738)
Fund balance - beginning of year	<u>7,425,703</u>	<u>6,289,767</u>	<u>2,013,760</u>	<u>2,512,265</u>	<u>18,241,495</u>
Fund balance - end of year	<u>\$ 6,857,233</u>	<u>\$ 5,999,329</u>	<u>\$ 1,382,650</u>	<u>\$ 2,918,545</u>	<u>\$ 17,157,757</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ (1,083,738)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(1,271,490)
Capital outlay	4,002,683
Sale of capital assets (net book value)	(519)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
State-shared revenue	11,090
Special assessments	(17,171)
Ambulance charges	59,000
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	6,345
Compensated absences	(22,558)
Net other postemployment asset	(83,204)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	2,119,728
Net change in the deferred inflow of resources related to the net pension liability	(313,065)
Net change in the deferred outflow of resources related to the net pension liability	(1,586,929)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments of long-term debt	486,035
Internal service funds are also included as governmental activities	90,218
Change in net position of governmental activities	\$ <u>2,396,425</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Net Position
December 31, 2017

	Enterprise Funds			Internal
	Water	Sewer	Total	Service Fund Motor Pool
Assets				
Current assets				
Cash and cash equivalents	\$ 3,826,592	\$ 1,192,355	\$ 5,018,947	\$ 745,504
Receivables				
Customers	1,081,340	1,082,183	2,163,523	-
Inventories	176,357	-	176,357	-
Prepaid items	23,210	270,417	293,627	658
Total current assets	<u>5,107,499</u>	<u>2,544,955</u>	<u>7,652,454</u>	<u>746,162</u>
Noncurrent assets				
Investment in joint venture	4,800,557	-	4,800,557	-
Capital assets, net of accumulated depreciation	18,151,442	26,721,080	44,872,522	1,656,150
Capital assets not being depreciated	181,530	181,530	363,060	-
Total noncurrent assets	<u>23,133,529</u>	<u>26,902,610</u>	<u>50,036,139</u>	<u>1,656,150</u>
Total assets	<u>28,241,028</u>	<u>29,447,565</u>	<u>57,688,593</u>	<u>2,402,312</u>
Deferred Outflows of Resources				
Deferred amount of pension expense related to net pension liability	<u>175,697</u>	<u>121,605</u>	<u>297,302</u>	<u>64,603</u>
Total assets and deferred outflows of resources	<u>28,416,725</u>	<u>29,569,170</u>	<u>57,985,895</u>	<u>2,466,915</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Net Position
December 31, 2017

	Enterprise Funds			Internal
	Water	Sewer	Total	Service Fund Motor Pool
Liabilities				
Current liabilities				
Accounts payable	\$ 40,020	\$ 12,212	\$ 52,232	\$ 24,000
Accrued and other liabilities	39,068	61,929	100,997	7,742
Due to other funds	16,841	11,903	28,744	1,531
Performance bonds and other deposits payable	-	136,467	136,467	-
Current portion of noncurrent liabilities	<u>8,061</u>	<u>236,864</u>	<u>244,925</u>	<u>648</u>
Total current liabilities	<u>103,990</u>	<u>459,375</u>	<u>563,365</u>	<u>33,921</u>
Noncurrent liabilities				
Net pension liability	803,313	555,996	1,359,309	295,376
Long-term debt net of current portion	<u>36,723</u>	<u>5,168,493</u>	<u>5,205,216</u>	<u>2,953</u>
Total noncurrent liabilities	<u>840,036</u>	<u>5,724,489</u>	<u>6,564,525</u>	<u>298,329</u>
Total liabilities	<u>944,026</u>	<u>6,183,864</u>	<u>7,127,890</u>	<u>332,250</u>
Deferred Inflows of Resources				
Deferred amount of net pension liability	<u>12,206</u>	<u>8,451</u>	<u>20,657</u>	<u>4,487</u>
Net Position				
Net investment in capital assets	18,332,972	21,532,444	39,865,416	1,656,150
Unrestricted	<u>9,127,521</u>	<u>1,844,411</u>	<u>10,971,932</u>	<u>474,028</u>
Total net position	<u>\$ 27,460,493</u>	<u>\$ 23,376,855</u>	<u>\$ 50,837,348</u>	<u>\$ 2,130,178</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2017

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
Operating revenue				
Sale of water	\$ 5,287,187	\$ -	\$ 5,287,187	\$ -
Sewage disposal charges	-	4,580,184	4,580,184	-
Charges for services	690,484	644,096	1,334,580	1,074,275
Other revenue	43,967	2,258	46,225	4,305
	<u>6,021,638</u>	<u>5,226,538</u>	<u>11,248,176</u>	<u>1,078,580</u>
Operating expenses				
Cost of water purchases	2,852,028	-	2,852,028	-
Cost of sewage treatment	-	1,869,683	1,869,683	-
Operation and maintenance	325,939	1,059,120	1,385,059	405,868
General administrative	631,664	560,363	1,192,027	477,620
Personnel services	969,908	728,626	1,698,534	-
Depreciation	829,476	856,316	1,685,792	378,716
	<u>5,609,015</u>	<u>5,074,108</u>	<u>10,683,123</u>	<u>1,262,204</u>
Operating income (loss)	<u>412,623</u>	<u>152,430</u>	<u>565,053</u>	<u>(183,624)</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2017

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
Nonoperating revenue (expenses)				
State grant	\$ -	\$ 514,746	\$ 514,746	\$ -
Investment income	293	429	722	2,198
Gain from joint venture	295,680	-	295,680	-
Gain on sale of assets	-	-	-	46,644
Interest expense	-	(125,682)	(125,682)	-
	<u>295,973</u>	<u>389,493</u>	<u>685,466</u>	<u>48,842</u>
Income (loss) before contributions and transfers	708,596	541,923	1,250,519	(134,782)
Capital contributions - local	873,720	339,840	1,213,560	-
Transfers in	<u>11,765</u>	<u>11,765</u>	<u>23,530</u>	<u>225,000</u>
Change in net position	1,594,081	893,528	2,487,609	90,218
Net position - beginning of year	<u>25,866,412</u>	<u>22,483,327</u>	<u>48,349,739</u>	<u>2,039,960</u>
Net position - end of year	<u>\$ 27,460,493</u>	<u>\$ 23,376,855</u>	<u>\$ 50,837,348</u>	<u>\$ 2,130,178</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2017

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
Cash flows from operating activities				
Receipts from customers	\$ 5,867,707	\$ 5,149,440	\$ 11,017,147	\$ -
Receipts from interfund users	-	-	-	1,074,275
Payments to suppliers	(3,991,520)	(3,814,308)	(7,805,828)	(415,539)
Payments to employees	(923,006)	(686,580)	(1,609,586)	(473,663)
Other receipts	43,967	2,258	46,225	4,305
Net cash provided by operating activities	<u>997,148</u>	<u>650,810</u>	<u>1,647,958</u>	<u>189,378</u>
Cash flows from noncapital financing activities				
Transfer from other funds	11,765	11,765	23,530	225,000
State grant	<u>-</u>	<u>514,746</u>	<u>514,746</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>11,765</u>	<u>526,511</u>	<u>538,276</u>	<u>225,000</u>
Cash flows from capital and related financing activities				
Proceeds from capital debt	-	569,804	569,804	-
Purchases/construction of capital assets	(564,178)	(846,073)	(1,410,251)	(461,528)
Principal and interest paid on long-term debt	-	(342,913)	(342,913)	-
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,644</u>
Net cash used by capital and related financing activities	<u>(564,178)</u>	<u>(619,182)</u>	<u>(1,183,360)</u>	<u>(414,884)</u>
Cash flows from investing activities				
Interest received	<u>293</u>	<u>429</u>	<u>722</u>	<u>2,198</u>
Change in cash and cash equivalents	445,028	558,568	1,003,596	1,692
Cash and cash equivalents - beginning of year	<u>3,381,564</u>	<u>633,787</u>	<u>4,015,351</u>	<u>743,812</u>
Cash and cash equivalents - end of year	<u>\$ 3,826,592</u>	<u>\$ 1,192,355</u>	<u>\$ 5,018,947</u>	<u>\$ 745,504</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2017

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 412,623	\$ 152,430	\$ 565,053	\$ (183,624)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation and amortization expense	829,476	856,316	1,685,792	378,716
Changes in assets and liabilities				
Receivables (net)	(109,964)	(192,479)	(302,443)	-
Inventories	460	-	460	-
Prepaid items	1,619	(267,834)	(266,215)	3,579
Deferred outflows of resources	38,536	24,033	62,569	17,364
Accounts payable	(196,724)	(66,540)	(263,264)	(10,977)
Accrued and other liabilities	15,932	16,154	32,086	3,126
Due to other funds	12,756	9,232	21,988	(2,273)
Performance bonds and other deposits payable	-	117,639	117,639	-
Deferred inflows of resources	4,429	3,163	7,592	1,512
Net pension liability	(18,752)	(2,857)	(21,609)	(19,151)
Compensated absences	6,757	1,553	8,310	1,106
 Net cash provided by operating activities	 <u>\$ 997,148</u>	 <u>\$ 650,810</u>	 <u>\$ 1,647,958</u>	 <u>\$ 189,378</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2017

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 70,639	\$ 16,770,981
Investments		
Stocks	914,057	-
Mutual funds	8,397,018	-
Receivables		
Accrued interest	3,321	-
Total assets	9,385,035	\$ 16,770,981
Liabilities		
Accounts payable	-	3,586
Due to other units of government	-	16,767,395
Total liabilities	-	\$ 16,770,981
Net Position		
Restricted - held in trust for pension benefits and other employee benefits	\$ 9,385,035	

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2017

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions	
Contributions	
Employer	\$ 695,649
Investment earnings	
Interest and dividends	473,107
Change in fair value	527,772
Investment expenses	<u>(12,695)</u>
Net investment earnings	<u>988,184</u>
Other miscellaneous income	<u>550</u>
Total additions	<u>1,684,383</u>
Deductions	
Benefits	477,819
Other deductions	<u>60,310</u>
Total deductions	<u>538,129</u>
Change in net position	1,146,254
Net position - beginning of year	<u>8,238,781</u>
Net position - end of year	<u><u>\$ 9,385,035</u></u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Component Units
Statement of Net Position
December 31, 2017

	<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 63,535	\$ 80,799	\$ 144,334
Receivables			
Taxes	<u>11,582</u>	<u>-</u>	<u>11,582</u>
Total assets	<u>75,117</u>	<u>80,799</u>	<u>155,916</u>
Liabilities			
Accrued and other liabilities	1,121	55	1,176
Advance due to primary government	149,500	-	149,500
Unearned revenue	<u>11,218</u>	<u>-</u>	<u>11,218</u>
Total liabilities	161,839	55	161,894
Deferred Inflows of Resources			
Property taxes levied for subsequent period	<u>10,123</u>	<u>-</u>	<u>10,123</u>
Total liabilities and deferred inflows of resources	<u>171,962</u>	<u>55</u>	<u>172,017</u>
Net Position			
Unrestricted (deficit)	<u>\$ (96,845)</u>	<u>\$ 80,744</u>	<u>\$ (16,101)</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Component Units
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Economic Development Corporation	Total
Functions/Programs							
Downtown Development Authority							
Community and economic development	\$ 4,570	\$ -	\$ -	\$ -	\$ (4,570)	\$ -	\$ (4,570)
Interest and fiscal charges on long-term debt	5,110	-	-	-	(5,110)	-	(5,110)
Total Downtown Development Authority	9,680	-	-	-	(9,680)	-	(9,680)
Economic Development Corporation	1,855	10,000	-	-	-	8,145	8,145
Total component units	<u>\$ 11,535</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(9,680)</u>	<u>8,145</u>	<u>(1,535)</u>
General revenues							
Property taxes					17,671	-	17,671
Investment income					-	101	101
Miscellaneous					17,960	-	17,960
Total general revenues					<u>35,631</u>	<u>101</u>	<u>35,732</u>
Change in net position					25,951	8,246	34,197
Net position - beginning of year					<u>(122,796)</u>	<u>72,498</u>	<u>(50,298)</u>
Net position - end of year					<u>\$ (96,845)</u>	<u>\$ 80,744</u>	<u>\$ (16,101)</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Meridian, Ingham County, Michigan (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.

Downtown Development Authority – The 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 DDA's governing body includes the Township supervisor and members who are appointed by the Township supervisor and approved by the Township board. In addition, the DDA's budget is subject to approval by the Township board. The DDA does not issue separate financial statements.

Economic Development Corporation – 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 approves the individuals appointed to the Economic Development Corporation's governing body by the Township supervisor, and can impose its will. The Economic Development Corporation's financial report can be obtained at the Township clerk's office.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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 segments 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 revenues.

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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 and fiduciary fund financial statements. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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 45 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: 2016 property taxes, portions of state-shared revenue, and interest associated with the current fiscal period.

Conversely, 2017 property taxes, portions of state-shared revenue, certain grants and contracts, and special assessments do not meet the availability criterion because they were not received within the 45 day period of availability or they are levied to support the following year's operations. Receivables have been recorded for these, along with deferred inflows of resources.

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.

Amounts reported as program revenues 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 revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary and internal service fund's principal ongoing operations. The principal operating revenues of the Townships proprietary funds relates to charges to customers for sales and services. The Township also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Accounting

The Township accounts for its various activities in several different funds, in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenues were used. The various funds are aggregated into three broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds,

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For the Year Ended December 31, 2017

and capital project funds. The Township reports the following funds as “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 Funds – The Land Preservation funds are 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.

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

Proprietary funds include enterprise funds, (which provide goods or services to users in exchange for charges or fees) and the internal service fund (which provide goods or services to other funds of the Township). The Township reports the following funds as “major” enterprise 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.

The Township reports the following fund as an internal service fund:

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.

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our Township’s programs. Activities that are reported as fiduciary include:

Pension and Other Employee Benefit Trust Funds – The Pension Trust Fund accounts for the assets of the Township employees’ pension plan. The Employer Funded Retiree Health Insurance Fund accounts for the assets and expenses of the Township retirees’ other postemployment benefits (OPEB).

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.

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.

Property Tax Revenue

Property taxes are assessed as of December 31. The related property taxes are billed and become a lien 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.

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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 inflows in each respective fund as of December 31. The 2016 taxable valuation of the Township totaled approximately \$1.64 billion, on which ad valorem taxes consisted of the following mills, and resulted in the following revenue, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Purpose	Mills Levied	Ad Valorem Taxes Levied Raised (in millions)
Township operating	4.1875	\$ 6.87
Police protection	0.6061	0.99
Fire protection	0.6385	1.05
Community services	0.1495	0.25
Local roads	0.2492	0.41
Bike path	0.2765	0.45
CATA redi ride	0.1994	0.33
Park & recreation	0.9806	1.61
Land preservation	0.3290	0.54
Fire station debt	0.2000	0.33

Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or equity

Cash and cash equivalents – 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 – Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. Independent appraisals are obtained to determine the fair market value of real estate assets. 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 is representative of a lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” All trade and property tax receivables are shown net of an allowance for uncollectible amounts of \$39,000.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Township follows the consumption method, and they therefore are capitalized as prepaid items in both government-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant, equipment, intangible assets, 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 acquisition value at the date of donation, unless received in a service concession arrangement which would require acquisition value to be used rather than fair value.

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

Water and sewer mains	10 to 50 years
Drainage flow rights	50 years
Buildings, additions and improvements	10 to 30 years
Vehicles	5 to 10 years
Furniture and equipment	5 to 10 years
Machinery and equipment	5 to 10 years
Other tools and equipment	5 to 20 years
Roads and improvements	5 years

Deferred outflows of resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Due to the implementation of GASB Statement No. 68, the Township has deferred outflows of resources related to the defined benefit pension plan, made up of employer contributions made subsequent to the measurement date, the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, and changes in assumptions related to economic and demographic factors.

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 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 position. Bond premiums and discounts 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. 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pension – The Township offers a defined benefit pension plan to its employees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Township's pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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Other Postemployment Benefit (OPEB) Costs - The Township offers retiree healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any. The net OPEB obligation has generally been liquidated from the funds that the individual employee's salaries are paid.

Deferred inflows of resources – In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has several types of items that qualify for reporting in this category. The governmental funds report unavailable revenues, which arise only under the modified accrual basis of accounting, from receivables related to special assessments, state-shared revenue, and certain other revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes and special assessments levied during the year that were intended to finance future periods. Due to the implementation of GASB Statement No. 68, the Township has deferred inflows of resources related to the defined benefit pension plan, consisting of the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings and differences between projected and actual experience. The component units also report deferred inflows of resources for property taxes levied for a subsequent period.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

Committed – Amounts that have been formally set aside by the Township board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township Board.

Assigned – Intent to spend resources on specific purposes expressed by the governing body or the Township Manager, who is authorized by resolution approved by the governing body to make assignments.

Unassigned – Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Township's policy is to consider restricted funds spent first.

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When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Township's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, deferred outflows, liabilities, deferred inflows 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.

Adoption of New Accounting Standards

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year.

Upcoming Accounting and Reporting Changes

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary

information. Statement No. 75 is effective for the fiscal year ending December 31, 2018.

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending December 31, 2019.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending December 31, 2020.

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending December 31, 2018.

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Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. The effective date is for the fiscal year ending December 31, 2018.

Statement No. 87, *Leases* increases the usefulness of the Township's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the Township's leasing activities. The requirements of this Statement are effective for the fiscal year ending December 31, 2020.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the Township's financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities the Township should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings

and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending December 31, 2019.

The Township is evaluating the impact that the above GASBs will have on its financial reporting.

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:

Current year permit revenue	\$	1,092,320
Related expenses:		
Direct costs	\$ (468,173)	
Estimated indirect costs	(84,720)	(552,893)
		539,427
Current year surplus		539,427
Cumulative shortfall - beginning of year		(7,765,843)
Cumulative shortfall - end of year	\$	(7,226,416)

Deficit

The Downtown Development Authority, a component unit, has deficit net position of \$96,845.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 - Deposits and Investments

At year end the Township's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 25,000,535	\$ 3,173,529	\$ 28,174,064
Business-type activities	5,018,947	-	5,018,947
Total	30,019,482	3,173,529	33,193,011
Fiduciary funds	16,841,620	9,311,075	26,152,695
Component units	144,334	-	144,334
Total	<u>\$ 47,005,436</u>	<u>\$ 12,484,604</u>	<u>\$ 59,490,040</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Unit	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 24,601,432	\$ 16,841,620	\$ 144,334	\$ 41,587,386
Investments in securities, mutual funds and similar vehicles	8,590,029	9,311,075	-	17,901,104
Petty cash and cash on hand	1,550	-	-	1,550
	<u>\$ 33,193,011</u>	<u>\$ 26,152,695</u>	<u>\$ 144,334</u>	<u>\$ 59,490,040</u>

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; banker's 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 the agency fund's investment earnings are allocated to the General Fund.

The Township has designated 13 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 investments include the Cooperative Liquid Assets Securities System – Michigan (CLASS), which is a Michigan public sector joint investment program that is subject to oversight by the program's board of trustees. The Township's investment in this pool is recorded at cost, which approximates fair value.

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

Custodial credit risk – 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's bank balance was \$45,803,033 and \$44,138,059 of that amount was exposed to custodial credit risk because it was 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

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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.

Interest rate risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township’s investment policy does restrict certain investment maturities, other than commercial paper which can only be purchased with a maximum 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Less than One Year	1 to 5 Years	6 to 10 Years	More than 10 Years
Primary Government					
U.S. agency securities	\$ 3,173,529	\$ -	\$ 318,519	\$ 1,617,093	\$ 1,237,917
Money market mutual funds	<u>5,416,500</u>	5,416,500	N/A	N/A	N/A
	<u>8,590,029</u>				
Fiduciary Funds					
Stocks	914,059	N/A	N/A	N/A	N/A
Mutual funds	<u>8,397,016</u>	N/A	N/A	N/A	N/A
	<u>9,311,075</u>				
	<u>\$ 17,901,104</u>				

Credit risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
U.S. agency securities	\$ 3,173,529	AA+	S&P
Money market mutual funds	<u>5,416,500</u>	AAAm	S&P
	<u>8,590,029</u>		
Fiduciary Funds			
Stocks	914,059	Not rated	Not rated
Mutual funds	<u>8,397,016</u>	Not rated	Not rated
	<u>9,311,075</u>		
	<u>\$ 17,901,104</u>		

Concentration of credit risk:

Government-wide

It is the policy of the Township to invest its funds in a manner which will ensure the preservation of principal and provide the highest investment return with the maximum security while meeting the daily cash flow needs of the Township and complying with all state statutes governing the investment of public funds.

More than 5% of the Township’s government-wide investments are in:

Federal National Mortgage	\$1,308,499
Federal Farm Credit	1,865,030
Michigan Class	5,416,500

These investments are 100% of the Township’s total government-wide investments.

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Pension and Similar Trust Funds

Pension and similar trust funds are 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, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

More than 5% of the Township's pension and similar trust funds' investments are in:

Vantagepointe Milestone Retirement Fund	\$4,877,551
Western Asset Intermediate Bond Fund	1,371,569
Ishares S&P 500 Index Fund	1,035,767
PNC International Equity Fund	601,879

These investments are 85% of the Township's total fiduciary investments.

Note 4 - Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Township has the following recurring fair value measurements as of year end:

Investment	Balance at December 31, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
U.S. agency securities				
Residential mortgage backed securities	\$ 1,308,499	\$ -	\$ 1,308,499	\$ -
Agriculture loan backed securities	1,865,030	-	1,865,030	-
Money market mutual fund	<u>5,416,500</u>	<u>5,416,500</u>	<u>-</u>	<u>-</u>
	<u>8,590,029</u>	<u>5,416,500</u>	<u>3,173,529</u>	<u>-</u>
Fiduciary Funds				
Common and preferred stock	914,059	914,059	-	-
Mutual funds	<u>8,397,016</u>	<u>8,397,016</u>	<u>-</u>	<u>-</u>
	<u>9,311,075</u>	<u>9,311,075</u>	<u>-</u>	<u>-</u>
	<u>\$ 17,901,104</u>	<u>\$ 14,727,575</u>	<u>\$ 3,173,529</u>	<u>\$ -</u>

Note 5 - Unearned Revenue

Unearned revenue is reported in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue is as follows:

Primary government	
Charges for services	<u>\$ 35,570</u>
Component unit	
Personal property tax cost recovery	<u>\$ 11,218</u>

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - Capital Assets

Capital assets activity of the primary government for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land and land improvements	\$ 27,456,099	\$ 2,969,457	\$ -	\$ 30,425,556
Construction in progress	14,450	-	-	14,450
Total capital assets not being depreciated	<u>27,470,549</u>	<u>2,969,457</u>	<u>-</u>	<u>30,440,006</u>
Capital assets being depreciated				
Local roads	5,673,597	620,084	-	6,293,681
Buildings, additions and improvements	12,143,060	353,294	-	12,496,354
Furniture and equipment	8,195,110	59,848	5,192	8,249,766
Drainage flow rights	4,992,489	-	-	4,992,489
Total capital assets being depreciated	<u>31,004,256</u>	<u>1,033,226</u>	<u>5,192</u>	<u>32,032,290</u>
Less accumulated depreciation for				
Local roads	4,084,393	585,508	-	4,669,901
Buildings, additions and improvements	4,884,456	378,596	-	5,263,052
Furniture and equipment	7,362,549	206,927	4,673	7,564,803
Drainage flow rights	916,573	100,459	-	1,017,032
Total accumulated depreciation	<u>17,247,971</u>	<u>1,271,490</u>	<u>4,673</u>	<u>18,514,788</u>
Net capital assets being depreciated	<u>13,756,285</u>	<u>(238,264)</u>	<u>519</u>	<u>13,517,502</u>
Capital assets, net	<u>\$ 41,226,834</u>	<u>\$ 2,731,193</u>	<u>\$ 519</u>	<u>\$ 43,957,508</u>
Internal Service Fund:				
Capital assets being depreciated				
Machinery and equipment	\$ 289,500	\$ 4,176	\$ -	\$ 293,676
Vehicles	4,431,012	460,499	295,035	4,596,476
Total capital assets being depreciated	<u>4,720,512</u>	<u>464,675</u>	<u>295,035</u>	<u>4,890,152</u>
Less accumulated depreciation for				
Machinery and equipment	228,629	7,519	-	236,148
Vehicles	2,918,545	371,197	291,888	2,997,854
Total accumulated depreciation	<u>3,147,174</u>	<u>378,716</u>	<u>291,888</u>	<u>3,234,002</u>
Net capital assets being depreciated	<u>1,573,338</u>	<u>85,959</u>	<u>3,147</u>	<u>1,656,150</u>
Capital assets, net	<u>\$ 1,573,338</u>	<u>\$ 85,959</u>	<u>\$ 3,147</u>	<u>\$ 1,656,150</u>
Governmental capital assets not being depreciated	\$ 27,470,549	\$ 2,969,457	\$ -	\$ 30,440,006
Net governmental capital assets being depreciated	<u>15,329,623</u>	<u>(152,305)</u>	<u>3,666</u>	<u>15,173,652</u>
Net governmental activities capital assets	<u>\$ 42,800,172</u>	<u>\$ 2,817,152</u>	<u>\$ 3,666</u>	<u>\$ 45,613,658</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 363,060	\$ -	\$ -	\$ 363,060
Construction in progress	107,779	-	107,779	-
Total capital assets not being depreciated	<u>470,839</u>	<u>-</u>	<u>107,779</u>	<u>363,060</u>
Capital assets being depreciated				
Buildings and improvements	4,086,251	-	-	4,086,251
Other tools and equipment	3,198,642	133,036	57,484	3,274,194
Water and sewer mains	66,708,844	2,028,750	-	68,737,594
Participation in East Lansing Sewage System	6,802,683	569,804	-	7,372,487
Total capital assets being depreciated	<u>80,796,420</u>	<u>2,731,590</u>	<u>57,484</u>	<u>83,470,526</u>
Less accumulated depreciation for				
Buildings and improvements	3,525,674	137,049	-	3,662,723
Other tools and equipment	2,574,447	160,535	57,484	2,677,498
Water and sewer mains	30,216,514	1,246,457	-	31,462,971
Participation in East Lansing Sewage System	653,061	141,751	-	794,812
Total accumulated depreciation	<u>36,969,696</u>	<u>1,685,792</u>	<u>57,484</u>	<u>38,598,004</u>
Net capital assets being depreciated	<u>43,826,724</u>	<u>1,045,798</u>	<u>-</u>	<u>44,872,522</u>
Business-type capital assets, net	<u>\$ 44,297,563</u>	<u>\$ 1,045,798</u>	<u>\$ 107,779</u>	<u>\$ 45,235,582</u>

Depreciation expense was charged to programs of the Township as follows:

Governmental activities		
General government		\$ 215,155
Public safety		226,533
Public works		685,966
Health and welfare		15,852
Recreation and culture		127,984
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>378,716</u>
Total governmental activities		<u>1,650,206</u>
Business-type activities		
Water		829,476
Sewer		856,316
Total business-type activities		<u>1,685,792</u>
Total primary government		<u>\$ 3,335,998</u>

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due from/to other funds		
General fund	Land preservation fund	\$ 2,935
General fund	Park millage fund	1,051
General fund	Nonmajor governmental funds	3,779
General fund	Sewer fund	11,903
General fund	Water fund	16,841
General fund	Motor pool fund	1,531
		<u>\$ 38,040</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Advances due to/from primary government and component units

General fund	Component units	<u>\$ 149,500</u>
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The advance from General Fund to the component unit was made to assist in financing the acquisition and installation of twenty five historic LED lighting fixtures and poles in downtown Okemos. The repayment terms of the advance include annual installments of \$24,500 to \$25,000, plus interest payable at 3% through 2027.

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General fund	Park millage fund (1)	\$ 140,882
General fund	Nonmajor governmental funds (2)	310,515
General fund	Sewer fund (1)	11,765
General fund	Water fund (1)	11,765
General fund	Motor pool fund (1)	<u>225,000</u>
		<u>\$ 699,927</u>

(1) MERS additional payment

(2) \$295,000 was to support local roads. \$3,750 was to provide matching fund for a federal grant. The remaining amount was for the MERS additional payment.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 - 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. Compensated absences are typically satisfied by the general fund, internal service fund, water fund and sewer fund.

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds and notes payable									
General obligation bonds									
Fire Station Construction Bond	\$ 3,500,000	2028	1.25% - 2.80%	\$220,000 - \$270,000	\$ 2,865,000	\$ -	\$ 215,000	\$ 2,650,000	\$ 220,000
Special assessment obligations									
Towar Gardens	3,485,000	2026	4.98%	\$187,320	1,873,200	-	187,320	1,685,880	187,320
Towar Gardens II	183,761	2019	1.92%	\$30,626-\$30,627	91,880	-	30,627	61,253	30,627
Towar Snell	965,000	2026	5.40%	\$25,125	251,250	-	25,125	226,125	25,125
Briarwood	211,500	2026	5.33%	\$10,575	105,750	-	10,575	95,175	10,575
Kinawa	190,000	2032	4.19%	\$10,000	160,000	-	10,000	150,000	10,000
Ember Oaks	35,800	2033	5.25%	\$1,790	30,430	-	1,790	28,640	1,790
Smith Consolidated	111,953	2036	3.22%	\$5,591-\$5,598	111,953	-	5,598	106,355	5,598
					<u>5,489,463</u>	<u>-</u>	<u>486,035</u>	<u>5,003,428</u>	<u>491,035</u>
Compensated absences					<u>717,118</u>	<u>648,857</u>	<u>626,299</u>	<u>739,676</u>	<u>133,142</u>
					<u>6,206,581</u>	<u>648,857</u>	<u>1,112,334</u>	<u>5,743,104</u>	<u>624,177</u>
Internal service fund obligations									
Compensated absences									
					<u>2,495</u>	<u>7,024</u>	<u>5,918</u>	<u>3,601</u>	<u>648</u>
Total governmental activities					<u>\$ 6,209,076</u>	<u>\$ 655,881</u>	<u>\$ 1,118,252</u>	<u>\$ 5,746,705</u>	<u>\$ 624,825</u>
Business-type activities									
Bonds and notes payable									
Other governmental obligations									
2013 SRF Wastewater Optimization Bonds	\$ 681,738	2033	2.00%	\$30,550-\$41,410	\$ 594,976	\$ -	\$ 29,328	\$ 565,648	\$ 30,550
2015 SRF Wastewater Optimization Bonds	4,999,500	2036	2.50%	\$204,980-\$313,297	4,429,696	569,804	194,982	4,804,518	199,980
Total bonds payable					<u>5,024,672</u>	<u>569,804</u>	<u>224,310</u>	<u>5,370,166</u>	<u>230,530</u>
Compensated absences									
Water Fund					<u>38,027</u>	<u>17,085</u>	<u>10,328</u>	<u>44,784</u>	<u>8,061</u>
Sewer Fund					<u>26,560</u>	<u>50,401</u>	<u>41,770</u>	<u>35,191</u>	<u>6,334</u>
Total business-type activities					<u>\$ 5,089,259</u>	<u>\$ 637,290</u>	<u>\$ 276,408</u>	<u>\$ 5,450,141</u>	<u>\$ 244,925</u>

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 491,035	\$ 136,079	\$ 627,114
2019	491,034	124,328	615,362
2020	465,408	112,265	577,673
2021	470,408	100,038	570,446
2022	475,408	87,149	562,557
2023 - 2027	2,229,020	227,386	2,456,406
2028 - 2032	356,940	18,261	375,201
2033 - 2036	24,175	1,899	26,074
	<u>\$ 5,003,428</u>	<u>\$ 807,405</u>	<u>\$ 5,810,833</u>

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2018	\$ 230,530	\$ 128,926	\$ 359,456
2019	235,530	123,254	358,784
2020	243,418	117,435	360,853
2021	248,417	111,446	359,863
2022	254,639	105,331	359,970
2023 - 2027	1,367,961	429,566	1,797,527
2028 - 2032	1,541,719	252,674	1,794,393
2033 - 2036	1,247,952	62,112	1,310,064
	<u>\$ 5,370,166</u>	<u>\$ 1,330,744</u>	<u>\$ 6,700,910</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, 2017, there were three series of Limited Obligation Revenue Bonds outstanding, with an aggregate principal amount payable of \$9,630,000.

Note 9 - 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 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.

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.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 - Employee Retirement Systems

Charter Township of Meridian Employees' Retirement System

Plan Administration – The Charter Township of Meridian Pension Board is the administrator of the Meridian Township Employees' Pension Plan (Plan), a single-employer defined benefit pension plan that provides pensions to all full-time employees of the Township, excluding those included in the Municipal Employees' Retirement System of Michigan and defined contribution plan. This Plan is closed to new employees. Benefit terms have been established by contractual agreements between the Township and the various employee union representation; amendments are subject to the same process.

Management of the Plan is vested with the Pension Board, which consists of five members – the Township Treasurer, an employee representative, and three residents appointed by the Township Supervisor.

This is a single employer defined benefit plan administered by the Township. The plan does not issue a separate stand-alone financial statement.

Benefits Provided – The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Postretirement cost of living adjustments are not provided. Retirement benefits for general plan members are calculated as a percent of the member's final average compensation based on the highest five consecutive years out of the last ten years of service. The percentages used for the various groups are as follows:

1) Basic Benefit – A participant eligible for a normal retirement benefit shall be entitled to a monthly ten year certain and life pension equal to the greater of the amount listed below or his or her accrued benefit as of December 31, 1988:

- a. Non-Represented Employees – 1.0% of final average compensation not in excess of \$1,725, plus 1.4% of final average compensation in excess of \$1,725, multiplied by years of benefit credited service.
- b. Professional Supervisory and Non-Supervisory Union Employees – Effective January 1, 1988, 1.11% of final average compensation multiplied by years of benefit credited service.
- c. Firefighters Union Employees – Effective January 1, 1988, 1.5% of final average compensation multiplied by years of benefit credited service. Effective October 14, 1991, 1.6% of final average compensation multiplied by years of benefit credited service. Effective April 30, 1996, 1.8% of final average compensation multiplied by years of benefit credited service.
- d. Police Supervisory Union Employees – Effective January 1, 1988, 1.6% of final average compensation multiplied by years of benefit credited service. Effective July 1, 1994, 2.16% of final average compensation multiplied by years of benefit credited service. Effective December 31, 1996, 2.25% of final average compensation multiplied by years of benefit credited service.
- e. Police Non-Supervisory Union Employees – Effective January 1, 1987, 1.48% of final average compensation multiplied by years of benefit credited service. Effective December 31, 1991, 1.6% of final average compensation multiplied by years of benefit credited service. Effective January 1, 1995, 1.8% of final average compensation multiplied by years of benefit credited service.
- f. Public Works/Physical Plant Union Employees – 1.25% of final average compensation multiplied by years of benefit credited service.
- g. Clerical and Secretarial Union Employees – 1.05% of final average compensation multiplied by years of benefit credited service.
- h. For Any Active Participant Who is an Employee of the Township as of May 1, 2000 – 1.5% of final average

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

compensation multiplied by years of benefit credited service. Effective January 1, 2009, the benefit multiplier of 1.5% shall be increased to 1.8% for a participant who is an active non-union employee hired prior to February 1, 1980.

- 2) Additional Normal Retirement Benefit – Any participant-fireman or participant-policeman who is entitled to a retirement benefit under the Plan shall receive an additional retirement benefit during each month for which retirement benefits are payable which is prior to the month in which such participant attains age 62. This benefit shall not apply to a police supervisory union employee who terminates service on or after July 1, 1994.

The additional normal retirement benefit shall equal the amount such participant would be entitled to commencing at age 62 under Title II of the Social Security Act then in effect, multiplied by a fraction (not greater than one), the numerator of which is equal to such participant's years of benefit credited service earned while a participant-fireman or participant-policeman as of the date of his or her retirement, and the denominator of which is 25. The additional normal retirement benefit shall be payable only during the life of the retired participant, with no continuing benefits payable to such participant's spouse, joint pensioner or other beneficiary following death. In addition, the additional normal retirement benefit shall not be considered in determining the amount of any pre-retirement death benefit payable. Further, the additional normal retirement benefit described herein shall not be subject to any actuarial adjustment.

Benefit Options – In lieu of the benefit forms provided for above, a participant may elect pursuant to a qualified election made during the election period, an actuarially equivalent optional form of benefit. Such actuarially equivalent optional form of benefit may be:

- 1) A monthly benefit payable for the life of the participant with or without a period certain (five years or ten years), as specified by the participant. If a five- or ten-year period certain is specified, the

participant shall name one or more designated beneficiaries to receive payments after the participant's death. The participant shall specify shares or priority among designated beneficiaries.

- 2) A monthly benefit payable for life of the participant with a percentage (50, 66 2/3, 75, or 100%) of such monthly benefit, as specified by the participant, continued to the participant's eligible spouse until his or her death and continued to the participant's designated beneficiary after the eligible spouse's death.

Normal Retirement Date – The date on which the participant attains age 65, except that the normal retirement date for participant-firemen and participant-policemen shall be the earlier of (1) the date on which the participant attains age 65, or (2) the date on which the participant attains age 55 and completes 25 years of benefit credited service. Effective April 1, 1996, in the case of a participant fireman who terminates service between April 1, 1996 and April 15, 1996, the age requirement in clause (2) of the preceding sentence shall not apply. Effective April 30, 1996, the normal retirement date for participant-fireman shall be the earlier of (1) the date on which the participant attains age 65, or (2) the date on which the participant attains age 52 and completes 25 years of benefit credited service. Effective as of April 1, 1997, in the case of a participant-fireman who terminates service between April 1, 1997 and May 31, 1997, who, as of April 1, 1997, has attained age 50 and completed 20 or more years of benefit credited service, and the sum of whose age and years of benefit credited service was not less than 75 as of April 1, 1997, such participant's normal retirement date shall be the earlier of (1) the date determined under the preceding three sentences, or (2) the date on which the participant terminates service. Effective January 1, 1991, the normal retirement date for police supervisory union employees shall be the earlier of (1) the date on which the participant attains age 65, or (2) the date on which the participant attains age 52 and completes 25 years of benefit credited service. Effective December 31, 1991, the normal retirement date for police non-supervisory union employees shall be the earlier of (1) the date on which the participant

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

attains age 65, or (2) the date on which the participant attains age 52 and completes 25 years of benefit credited service. Effective August 19, 1997, the normal retirement date for the participant holding the position of public safety director of the employer on July 1, 1997, shall be October 31, 1997. For any active participant employed by the Township on or after May 1, 2000, the normal retirement date shall be the earlier of (1) the date on which participant attains age 65, or (2) the date on which the participant attains age 55 and completes 20 years of benefit credited service.

Effective June 1, 2003, the normal retirement date for the participant-police officer labor council – terminated vested participants, police department non-supervisory – terminated vested participants and fire department – terminated vested participants shall be the earlier of (1) the date on which the terminated vested participant attains age 65, or (2) the date on which the terminated vested participant attains age 52 and completes 25 years of benefit credited service, or (3) the date on which the terminated vested participant attains age 55 and completes 15 years of benefit credited service.

Early Retirement Benefit – The “Early Retirement Date” means the first day of the month following the month in which the participant attains age 55 and completes 15 or more years of benefit credited service. A participant eligible for an early retirement benefit hereunder shall be entitled to a monthly ten year certain and life pension equal to his or her accrued benefit, reduced by 5/9ths of one % for each of the first 60 months and 5/18ths of one % for each additional month that the date on which the participant’s early retirement benefit commences precedes his or her normal retirement date.

Death Benefit – Effective January 1, 1985, upon the death of a participant before commencement of benefits under this plan, an early survivor’s pension shall be payable to his or her eligible spouse, if any. The amount of the early survivor’s pension and the time at which it will commence shall be determined as follows:

- 1) If the participant had met the requirements for immediate commencement of any benefit under the Plan on or prior to his or her date of death, the early survivor’s pension shall be the survivor’s pension that would have been payable if the participant had retired on the day before his or her death and not elected an optional form of retirement benefit.
- 2) If the participant had not met the requirements for immediate commencement of any benefit under the Plan on or prior to his or her date of death, the early survivor’s pension shall be the survivor’s pension that would have been payable if the participant had:
 - a. separated from service on the date of his or her death;
 - b. survived until the earliest date on which he or she could elect to receive retirement benefits under the Plan and retired on said date without electing an optional form of retirement benefit; and
 - c. died on the day after his or her deemed early retirement date.
- 3) The death benefit payable shall commence not earlier than the earliest date on which the participant could have elected to receive retirement benefits under the Plan.

Disability Benefits – A participant eligible for a disability retirement benefit under the plan document shall be entitled to a monthly pension commencing as of the first day of the month coincident with or next following the participant’s normal retirement date in an amount equal to what the participant’s normal retirement benefit would be if the participant had remained in service until his or her normal retirement date (accruing years of benefit credited service until such normal retirement date) and based on the participant’s final average compensation determined as of the date on which the disability is certified.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Plan Membership – As of December 31, 2017, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	44
Inactive plan members entitled to, but not yet receiving benefits	20
Active employees*	<u>1</u>
	<u>65</u>

*The plan is closed to new members.

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year are to be funded during that year. Accordingly, the Township retains an independent actuary to determine the annual contribution, and the Township considers this during the budget process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Plan does not call for any employee contributions to the Plan. For the year ended December 31, 2017, the Township contributed \$400,000, or 392% of 2017 annual payroll.

Investment Policy – The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The Plan’s asset allocation policy is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity - large cap	40.00%
Domestic equity - small cap	13.00%
International equity	8.00%
Intermediate bonds - fixed income	32.00%
Real estate	4.00%
Cash or cash equivalents	3.00%
	<u>100.00%</u>

Concentrations – As of December 31, 2017 the Plan held the following investments that represent 5% or more of the Plan’s fiduciary net position.

Western Asset Intermediate Bond Fund	\$ 1,371,569
Ishares S&P 500 Index Fund	1,035,767
PNC International Equity Fund	601,879
PNC Multi-Factor Small Cap Core Fund	351,731

Rate of Return – For the year ended December 31, 2017, the annual money-weighted rate of return on Plan investments, net of investment expense, was 15.46%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Reserves – The Plan does not require reserves to be set aside.

Funding Policy – Historically, the Township has made periodic employer contributions at actuarially determined rates; however, this is a closed plan with only one active employee that was over 100% funded in 2008. The Township suspended contributions, so as to not overfund the Plan. The subsequent economic downturn resulted in the Plan dropping to 76% funded at the time of the January 1, 2011 actuarial valuation. Township management made the decision to resume funding the Plan in 2012. The Township once again

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

suspended contributions for 2013. The Plan was funded at 66.9% at the time of the January 1, 2014 actuarial valuation and 65.9% at the time of the January 1, 2013 actuarial valuation. The Township resumed contributions for the years ended December 31, 2014 through 2017. Administrative costs of the Plan are financed through investment earnings.

Net Pension Liability – The components of the net pension liability as of December 31, 2017 were as follows:

Total pension liability - ending	\$ 5,332,550
Plan fiduciary net position - ending	<u>4,507,484</u>
Net pension liability	<u>\$ 825,066</u>
Plan fiduciary net position as a percentage of total pension liability	84.53%

Actuarial Assumptions – The December 31, 2017 total pension liability was determined by an actuarial valuation as of December 31, 2017. The measurement date was December 31, 2017 and all census data provided to the actuary was as of December 31, 2017, therefore no update procedures to roll forward the estimated liability to December 31, 2017 were needed. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.5%
Salary increases	4.5% Average, including inflation
Investment rate of return	6.0% Net of pension plan investment expense, including inflation

Mortality rates were based on the fully generational RP-2014 Healthy Annuitant Tables after adjustment to the base year 2006 for males and females with MP-2015 mortality improvement scales.

The actuarial assumptions are generally based on past experience, modified for projected changes in conditions.

The long-term expected rate of return on pension plan investments of 6.0% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity - large cap	7.35%
Domestic equity - small cap	8.55%
International equity	8.80%
Intermediate bonds - fixed income	3.00%
Real estate	7.05%
Cash or cash equivalents	0.00%

Discount Rate – The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Changes in Net Pension Liability – The components of the change in net pension liability are summarized as follows:

Total Pension Liability	
Service cost	\$ 14,978
Interest on the total pension liability	318,040
Other changes	(86,411)
Benefit payments and refunds	<u>(414,434)</u>
Net change in total pension liability	(167,827)
Total pension liability - beginning	<u>5,500,377</u>
Total pension liability - ending (a)	<u>\$ 5,332,550</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 400,000
Pension plan net investment income	593,541
Benefit payments and refunds	(414,434)
Pension plan administrative expense	<u>(46)</u>
Net change in plan fiduciary net position	579,061
Plan fiduciary net position - beginning	<u>3,928,423</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,507,484</u>
Net pension liability (a-b)	<u>\$ 825,066</u>
Plan fiduciary net position as a percentage of total pension liability	84.53%
Covered employee payroll	\$ 102,156
Net pension liability as a percentage of covered employee payroll	807.65%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Township, calculated using the discount rate of 6.0%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.0%) or 1 percentage point higher (7.0%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 1,269,999	\$ 825,066	\$ 437,753

Pension Expense and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2017, the Township recognized pension expense of (\$34,362), all related to governmental activities. As of December 31, 2017, the Township reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings	<u>\$ (206,732)</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2018	\$ (45,743)
2019	(30,587)
2020	(58,749)
2021	<u>(71,653)</u>
	<u>\$ (206,732)</u>

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Municipal Employees' Retirement System of Michigan

Plan Description – The Township participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), which covers eligible employees of the Township. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits Provided – The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers all public works (American Federation of State, County, and Municipal Employees (AFSCME)), police nonsupervisory, clerical unit, police supervisory employees, firefighters, and Teamsters employees of the Township.

01 - AFSCME	Open Division
Benefit Multiplier	2.25% Multiplier (80% max)
Normal Retirement Age	60
Vesting	6 years
Early Retirement (Unreduced)	55/20
Early Retirement (Reduced)	50/25 or 55/15
Final Average Compensation	5 years
Employee Contributions	2.30%
Act 88	Yes (Adopted 7/10/2001)

02 - Police POAM	Open Division
Benefit Multiplier	2.75% Multiplier (80% max)
Normal Retirement Age	60
Vesting	10 years
Early Retirement (Unreduced)	50/25
Early Retirement (Reduced)	55/15
Final Average Compensation	3 years
Employee Contributions	8.29%
D-2	D-2 (25%)
Act 88	Yes (Adopted 7/10/2001)

05 - Firefighters IAFF	Open Division
Benefit Multiplier	2.75% Multiplier (80% max)
Normal Retirement Age	60
Vesting	10 years
Early Retirement (Unreduced)	50/25
Early Retirement (Reduced)	55/15
Final Average Compensation	3 years
COLA for Future Retirees	2.50% (Non-Compound)
Employee Contributions	7.76%
D-2	D-2 (25%)
Act 88	Yes (Adopted 7/10/2001)

10 - Clerical	Open Division
Benefit Multiplier	2.50% Multiplier (80% max)
Normal Retirement Age	60
Vesting	10 years
Early Retirement (Unreduced)	55/25
Early Retirement (Reduced)	50/25 or 55/15
Final Average Compensation	5 years
Employee Contributions	3.90%
Act 88	Yes (Adopted 7/10/2001)

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

11 - Teamsters	Open Division
Benefit Multiplier	2.00% Multiplier (no max)
Normal Retirement Age	60
Vesting	6 years
Early Retirement (Unreduced)	55/20
Early Retirement (Reduced)	50/25 or 55/15
Final Average Compensation	5 years
Employee Contributions	2.00%
Act 88	Yes (Adopted 7/10/2001)

20 - Police Command	Open Division
Benefit Multiplier	2.75% Multiplier (80% max)
Normal Retirement Age	60
Vesting	10 years
Early Retirement (Unreduced)	50/25
Early Retirement (Reduced)	55/15
Final Average Compensation	3 years
COLA for Future Retirees	2.50% (Non-Compound)
Employee Contributions	11.24%
D-2	D-2 (25%)
Act 88	Yes (Adopted 7/10/2001)

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Township Board.

Employees Covered by Benefit Terms – As of the December 31, 2016 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	84
Inactive plan members entitled to, but not yet receiving benefits	28
Active employees	<u>107</u>
	<u>219</u>

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. For the year ended December 31, 2017, the employee and employer contribution rates were as follows:

	<u>Percentage of Payroll</u>	
	<u>Employer Contributions</u>	<u>Employee Contributions</u>
01 - AFSCME	15.08%	2.30%
02 - Police POAM	21.59%	8.29%
05 - Firefighters IAFF	56.20%	7.76%
10 - Clerical	18.67%	3.90%
11 - Teamsters	121.95%	2.00%
02 - Police POAM	59.49%	11.24%

Net Pension Liability – The net pension liability reported as of December 31, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Actuarial Assumptions – The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%	
Salary increases	3.75%	
Investment rate of return	8.0%	Gross of pension plan investment expense, including inflation

Mortality rates were based on a 50% female/ 50% male blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; RP-2014 Juvenile Mortality Tables. The mortality table used to project the mortality experience of disabled plan members is a 50% Male – 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the most recent actuarial experience study in 2015. The asset smoothing was changed for the December 31, 2016 valuation from 10 to 5 years.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return as of December 31, 2016, the measurement date, for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	57.50%	5.02%
Global fixed income	20.00%	2.18%
Real assets	12.50%	4.23%
Diversifying strategies	10.00%	6.56%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Changes in Net Pension Liability – The components of the change in net pension liability are summarized as follows:

Total Pension Liability	
Service cost	\$ 1,000,303
Interest on the total pension liability	4,711,548
Differences between expected and actual experience	(268,400)
Benefit payments and refunds	<u>(3,064,869)</u>
 Net change in total pension liability	 2,378,582
Total pension liability - beginning	<u>59,926,624</u>
Total pension liability - ending (a)	<u>\$ 62,305,206</u>
 Plan Fiduciary Net Position	
Employer contributions	\$ 2,835,443
Employee contributions	454,938
Pension plan net investment income	3,637,926
Benefit payments and refunds	(3,064,869)
Pension plan administrative expense	<u>(71,256)</u>
 Net change in plan fiduciary net position	 3,792,182
Plan fiduciary net position - beginning	<u>30,765,460</u>
Plan fiduciary net position - ending (b)	<u>\$ 34,557,642</u>
 Net pension liability (a-b)	 <u>\$ 27,747,564</u>
 Plan fiduciary net position as a percentage of total pension liability	 55.47%
Covered employee payroll	\$ 6,197,969
Net pension liability as a percentage of covered employee payroll	447.69%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Township, calculated using the discount rate of 8.0%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 35,716,580	\$ 27,747,564	\$ 21,114,660

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2017, the Township recognized pension expense of \$262,905, of which \$214,353 is related to governmental activities and \$48,552 is related to business-type activities. As of December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount to Amortize
Difference between expected and actual experience	\$ -	\$ (421,617)	\$ (421,617)
Changes in assumptions	1,497,617	-	1,497,617
Net difference between projected and actual earnings	1,110,771	-	1,110,771
Contributions subsequent to the measurement date*	<u>3,460,367</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,068,755</u>	<u>\$ (421,617)</u>	<u>\$ 2,186,771</u>

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,			
2018	\$	862,439	
2019		862,441	
2020		749,674	
2021		(287,783)	
		\$ 2,186,771	

Financial Statement Reconciliation

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Charter Township of Meridian Employees' Retirement System	\$ 825,066	\$ -	\$ (206,732)
Municipal Employee's Retirement System of Michigan	27,747,564	6,068,755	(421,617)
	\$ 28,572,630	\$ 6,068,755	\$ (628,349)

Note 11 - Defined Contribution Plan Description

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 ICMA. The Township also provides a defined contribution Retirement Health Savings Plan (RHS) for all employees, except the police and fire union personnel, through a plan administered by Vantage Care. 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. For the pension plan, the Township contributes 8.5% of employees' gross earnings, while employees contribute 3.5%. For the healthcare plan, the Township contributes 2% of employees' gross earnings, while employees contribute 1%. Additionally, when an employee separates

or retires from the Township, 0.25% of their unused sick time is contributed to their Retirement Health Savings Plan.

In accordance with these requirements, the Township contributed \$222,375 and \$105,114 during the current year and employees contributed \$89,909 and \$43,489 for the pension and healthcare plans, respectively.

Note 12 - Other Postemployment Benefits

Plan administration – The Township, in accordance with the labor contracts, administers the Charter Township of Meridian Other Postemployment Benefits Plan - a single employer defined benefits plan used to provide postemployment health care benefits. The committee designated with oversight within the Township consists of the Township Manager, Finance Director and Township Treasurer.

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

Plan membership - At December 31, 2017, the plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	30
Inactive plan members entitled to, but not yet receiving benefits	27
Active plan members	70
	127

Benefits provided – Benefits are provided through a self-insurance plan, and half of the cost of benefits is covered by the plan. The Township, in accordance with labor contracts, has the authority to establish and amend the benefit terms.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Benefits are provided for as follows:

Retiree Coverage and Eligibility

All police and fire uniformed employees (MTFFA/POAM/FOP) receive two-person coverage after reaching age 50 with 25 years of service. The Township pays 50% of the monthly premium.

All AFSCME-DPW and Teamsters employees who are hired prior to 1981 and have at least twenty (20) years of service and are at least age 55. The Township will pay one-half (1/2) of the two (2) person rate (not to exceed \$4,000 annually) or one-half (1/2) the single subscriber rate (not to exceed \$2,000 annually).

AFSCME-Clerical, AFSCME-Non Supervisory, Professional Supervisory and Non-Union employees do not receive retiree post-retirement health coverage.

Spouse Coverage

One-half of the cost of spouse coverage is included for retirees covered by the MTFFA, POAM and FOP collective bargaining agreements. AFSCME-DPW and Teamsters employees' spouse are covered subject to the limits listed above.

Coverage for Beneficiary of Deceased Active Employee

MTFFA only – Coverage will be maintained for the firefighter and his/her family after his/her death or disability. The coverage will be maintained for the spouse until remarriage and for the children until they reach age 21 or until they marry, if marrying before age 21.

Coverage for Beneficiary of Deceased Retired Employee

One-half of the cost of the surviving spouse coverage is included for retirees covered by the MTFFA, POAM and FOP collective bargaining agreements. AFSCME-DPW and Teamsters employees' surviving spouse are covered subject to the limits listed above.

Contributions – The Township, in accordance with labor contracts, has the authority to establish and amend the contribution requirements of the Township and plan members. The Township establishes rates based on an actuarially determined rate. For the year ended December 31, 2017, the Township's average contribution rate was 46.66 percent of covered-employee payroll. Plan members are required to contribute 0 percent to the plan.

Investment policy – The Plan does not have a formal policy in regards to the allocation of invested assets. Establishing such a policy, and any subsequent amendments to the policy, would require a majority vote of the Township Board's members. It is the intention of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across the broad selection of distinct asset classes. The Plan informally discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The Plan invests in accordance with the authorizations noted in note 3 that are applicable to the Township.

The long-term expected rate of return on OPEB plan investments have not been formally determined by asset allocation class. The Plan as a whole expects the long-term expected rate to be 5%. The Plan currently has one investment which is considered a balanced fund that seeks to obtain exposure to approximately 67% fixed income/stable value investment and 33% equity investments.

Rate of return - For the year ended December 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 9.01%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Net OPEB liability - the components of the net OPEB liability as of December 31, 2017 were as follows:

Total OPEB liability	\$ 8,932,451
Plan fiduciary net position	(4,877,551)
Net OPEB liability	<u>\$ 4,054,900</u>

Plan fiduciary net position as a percentage of the total OPEB liability is 54.60%.

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Salary increases	N/A
Investment rate of return	5.00%, net of OPEB plan investment expense
Healthcare cost trend rates	Initial trend of 9.00% gradually decreasing to an ultimate trend rate of 4.50%

Mortality rates were based on the following:

Post Retirement: RPH-2014 Health Annuitant Mortality Table for males and females, adjusted backward to 2006 with MP-2017. The provision for future mortality improvement is the fully generational projection table MP-2017, beginning in 2006.

Disabled Retirement: RPH-2014 Disabled Mortality Table for males and females is used, adjusted backward to 2006 with MP-2017. The provision for future mortality improvement is the fully generational projection table MP-2017, beginning in 2006.

Pre Retirement: RPH-2014 Employee Mortality Table for males and females is used, adjusted backward to 2006 with MP-2017. The provision for future mortality improvement is the fully generational projection table MP-2017, beginning in 2006.

Discount rate - A single discount rate of 4.88% was used to measure the total OPEB liability. This single discount rate was based on a combination of the expected rate of return on OPEB plan investments of 5.00% and the municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the levels in the actuarial report. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members, which results in the use of a single discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	1% Decrease 3.88%	Current Discount Rate 4.88%	1% Increase 5.88%
Net OPEB liability	\$ 5,469,510	\$ 4,054,900	\$ 2,911,500

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Trend Rate Assumption	1% Increase
Net OPEB liability	\$ 2,837,424	\$ 4,054,900	\$ 5,584,600

Funding Policy – Retiree healthcare costs are recognized when paid by the Township on a “pay-as-you-go” basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the Township paid postemployment healthcare premiums of \$123,649, plus it contributed \$172,000 into a prefunded retiree healthcare trust fund, which is reported in these financial statements as a Pension and Other Employee Benefit Trust Fund type. It is the intention of the Township to contribute the actuarially determined required amount.

Funding Progress – For the year ended December 31, 2017, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2016. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 453,565
Interest on net OPEB obligation	(74,712)
Annual OPEB cost	378,853
Contribution made	
Payments of current premiums	(123,649)
Advance funding	(172,000)
Change in net OPEB obligation	83,204
Net OPEB asset, beginning of year	(1,494,235)
Net OPEB asset, end of year	\$ (1,411,031)

	Fiscal Year Ended December 31		
	2017	2016	2015
Actuarial valuation date	12/31/2016	1/1/2014	1/1/2014
Annual OPEB cost	\$ 378,853	\$ 297,097	\$ 295,290
Percentage contributed	78%	103%	169%
Net OPEB asset	\$ 1,411,031	\$ 1,494,235	\$ 1,484,658

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
1/1/2011	\$ 1,749,919	\$ 5,402,173	\$ 3,652,254	32.4%	\$ 4,369,008	83.6%
1/1/2014	3,163,359	4,915,374	1,752,015	64.4%	4,387,938	39.9%
12/31/2016	4,310,358	8,778,804	4,468,446	49.1%	4,220,522	105.9%

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

In the December 31, 2016 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return, calculated based on the funded level of the plan at the valuation date, and an annual wage inflation rate of 3.75%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a thirty-year period. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2017 was 30 years.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 13 - Pension and Other Employee Benefit Trust Funds Financial Statements

	Pension Trust Fund	Employer Funded Retiree Health Insurance Trust Fund	Total
Assets			
Cash and cash equivalents	\$ 70,639	\$ -	\$ 70,639
Investments			
Stocks	914,057	-	914,057
Mutual funds	3,519,467	4,877,551	8,397,018
Receivables			
Accrued interest	3,321	-	3,321
Total assets	4,507,484	4,877,551	9,385,035
Net Position			
Restricted - held in trust for pension benefits and other employee benefits	\$ 4,507,484	\$ 4,877,551	\$ 9,385,035
Additions			
Contributions			
Employer	\$ 400,000	\$ 295,649	\$ 695,649
Investment earnings			
Interest and dividends	77,914	395,193	473,107
Change in fair value	527,772	-	527,772
Investment expenses	(12,695)	-	(12,695)
Net investment earnings	592,991	395,193	988,184
Other miscellaneous income	550	-	550
Total additions	993,541	690,842	1,684,383
Deductions			
Benefits	354,170	123,649	477,819
Other deductions	60,310	-	60,310
Total deductions	414,480	123,649	538,129
Change in net position	579,061	567,193	1,146,254
Net position - beginning of year	3,928,423	4,310,358	8,238,781
Net position - end of year	\$ 4,507,484	\$ 4,877,551	\$ 9,385,035

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 14 - 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 \$2,852,028 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, 2017. Complete financial statements for the East Lansing – Meridian Water and Sewer Authority can be obtained from the administrative office at 410 Abbot Road, East Lansing, Michigan.

Total assets	\$ 8,979,063
Total liabilities	1,803,470
Total net position	7,460,676
Total operating revenue	4,271,821
Total operating expenses	3,510,258
Increase in net position	512,016

The Township’s equity in this joint venture as of December 31, 2017 is \$4,800,557, which is recorded in the Water Fund.

Note 15 - Tax Abatements

The Township receives reduced property tax revenue as a result of payment in lieu of taxes agreements (PILT) under Section 15A of the State Housing Development Authority Act of 1966 and also under MCL 211.7d Public Act 8 of 2010. The Township also has one Brownfield reduction under Michigan Public Act 381 of 1996.

For the fiscal year ended December 31, 2017, the Township’s property tax revenues were reduced by \$22,522 under these programs. These long-term agreements expire in varying years with one agreement expiring only when the property ceases to be used for the purpose specified in the abatement agreement.

There are no significant abatements made by Ingham County that affect the Township.

Required Supplementary Information

Charter Township of Meridian
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 9,853,020	\$ 9,853,020	\$ 9,907,178	\$ 54,158
Licenses and permits	1,083,200	1,333,200	1,417,917	84,717
Federal grants	-	-	2,028	2,028
State-shared revenue	3,100,000	3,100,000	3,392,949	292,949
State grants	65,000	65,000	91,823	26,823
Charges for services	3,302,500	3,345,533	3,199,664	(145,869)
Fines and forfeitures	376,250	376,250	376,874	624
Interest income	45,985	125,985	121,115	(4,870)
Other revenue				
Other miscellaneous income	221,010	275,410	283,556	8,146
Insurance recoveries	-	42,700	42,717	17
Total revenues	<u>18,046,965</u>	<u>18,517,098</u>	<u>18,835,821</u>	<u>318,723</u>
Expenditures				
General government	5,956,523	6,501,456	6,244,911	(256,545)
Public safety	11,008,095	11,145,904	10,929,541	(216,363)
Public works	110,000	176,310	166,359	(9,951)
Health and welfare	56,160	56,160	56,782	622
Recreation and culture	700,885	991,867	947,238	(44,629)
Debt service				
Principal retirement	265,440	271,040	271,035	(5)
Interest and fiscal charges	87,255	88,505	88,498	(7)
Transfers out	<u>250,000</u>	<u>699,926</u>	<u>699,927</u>	<u>1</u>
Total expenditures	<u>18,434,358</u>	<u>19,931,168</u>	<u>19,404,291</u>	<u>(526,877)</u>
Net change in fund balance	(387,393)	(1,414,070)	(568,470)	845,600
Fund balance - beginning of year	<u>7,425,703</u>	<u>7,425,703</u>	<u>7,425,703</u>	<u>-</u>
Fund balance - end of year	<u>\$ 7,038,310</u>	<u>\$ 6,011,633</u>	<u>\$ 6,857,233</u>	<u>\$ 845,600</u>

**Charter Township of Meridian
Required Supplementary Information
Budgetary Comparison Schedule
Land Preservation Fund
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 537,930	\$ 537,930	\$ 539,385	\$ 1,455
Investment income	32,000	32,000	63,012	31,012
Sale of fixed assets	-	-	2,700	2,700
 Total revenues	 569,930	 569,930	 605,097	 35,167
Expenditures				
Current				
Recreation and culture	203,905	1,878,905	895,535	(983,370)
 Net change in fund balance	 366,025	 (1,308,975)	 (290,438)	 1,018,537
 Fund balance - beginning of year	 6,289,767	 6,289,767	 6,289,767	 -
 Fund balance - end of year	 <u>\$ 6,655,792</u>	 <u>\$ 4,980,792</u>	 <u>\$ 5,999,329</u>	 <u>\$ 1,018,537</u>

Charter Township of Meridian
Required Supplementary Information
Budgetary Comparison Schedule
Park Millage Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Taxes	\$ 1,603,350	\$ 1,603,350	\$ 1,600,256	\$ (3,094)
Other state grants	50,000	56,500	6,500	(50,000)
Investment income	2,000	2,000	21,845	19,845
Other revenue	115,000	131,000	133,446	2,446
Transfers in	-	140,882	140,882	-
	<u>1,770,350</u>	<u>1,933,732</u>	<u>1,902,929</u>	<u>(30,803)</u>
Expenditures				
Current				
Recreation and culture	<u>2,923,574</u>	<u>3,085,756</u>	<u>2,534,039</u>	<u>(551,717)</u>
Net change in fund balance	(1,153,224)	(1,152,024)	(631,110)	520,914
Fund balance - beginning of year	<u>2,013,760</u>	<u>2,013,760</u>	<u>2,013,760</u>	<u>-</u>
Fund balance - end of year	<u>\$ 860,536</u>	<u>\$ 861,736</u>	<u>\$ 1,382,650</u>	<u>\$ 520,914</u>

Charter Township of Meridian
Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

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.

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. 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, 2016 is not significant. Unexpended appropriations lapse at year end.

The budgetary comparison schedules for the General Fund 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 supplementary information section is for management analysis and is more detailed than the adopted budget on a functional basis.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township incurred expenditures that were in excess of the amounts budgeted as follows:

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Health and welfare	\$ 56,160	\$ 56,782	\$ 622
Transfers out	699,926	699,927	1

The unfavorable variances were caused by unanticipated expenditures that became necessary during the year, transfers required due to fiscal year-end deferred inflow adjustments, or fiscal year-end valuation changes.

Charter Township of Meridian
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Charter Township of Meridian Employee's Retirement Pension Plan
For the Year Ended December 31, 2017

Fiscal year ended December 31, 2017	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 14,978	\$ 14,830	\$ 12,993	\$ 10,867
Interest on the total pension liability	318,040	324,025	307,223	302,325
Differences between expected and actual experience	(86,411)	(22,387)	(124,938)	131,492
Changes in assumptions	-	-	474,087	-
Benefit payments and refunds	(414,434)	(418,211)	(362,253)	(365,991)
Net change in total pension liability	(167,827)	(101,743)	307,112	78,693
Total pension liability - beginning	5,500,377	5,602,120	5,295,008	5,216,315
Total pension liability - ending (a)	<u>\$ 5,332,550</u>	<u>\$ 5,500,377</u>	<u>\$ 5,602,120</u>	<u>\$ 5,295,008</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 400,000	\$ 400,000	\$ 250,000	\$ 260,000
Net investment income	593,541	162,002	86,536	296,201
Benefit payments and refunds	(414,434)	(418,211)	(362,253)	(365,991)
Administrative expense	(46)	(25)	(69,808)	(72,944)
Net change in plan fiduciary net position	579,061	143,766	(95,525)	117,266
Plan fiduciary net position - beginning	3,928,423	3,784,657	3,880,182	3,762,916
Plan fiduciary net position - ending (b)	<u>\$ 4,507,484</u>	<u>\$ 3,928,423</u>	<u>\$ 3,784,657</u>	<u>\$ 3,880,182</u>
Net pension liability (a-b)	<u>\$ 825,066</u>	<u>\$ 1,571,954</u>	<u>\$ 1,817,463</u>	<u>\$ 1,414,826</u>
Plan fiduciary net position as a percentage of total pension liability	84.53%	71.42%	67.56%	73.28%
Covered employee payroll	\$ 102,156	\$ 100,153	\$ 99,161	\$ 97,050
Net pension liability as a percentage of covered employee payroll	807.65%	1,569.55%	1,832.84%	1,457.83%

Note: Data will be added as information is available until 10 years of such data is available.

**Charter Township of Meridian
Required Supplementary Information
Schedule of Employer Contributions
Charter Township of Meridian Employee's Retirement Pension Plan
For the Year Ended December 31, 2017**

Actuarial Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2008	*	*	*	*	*
12/31/2009	\$ 92,821	\$ -	\$ 92,821	\$ 136,602	0.00%
12/31/2010	167,461	-	167,461	137,872	0.00%
12/31/2011	311,763	-	311,763	138,975	0.00%
12/31/2012	437,567	450,808	(13,241)	138,984	324.36%
12/31/2013	457,795	-	457,795	85,570	0.00%
12/31/2014	421,346	260,000	161,346	97,050	267.90%
12/31/2015	403,377	250,000	153,377	99,161	252.12%
12/31/2016	430,449	400,000	30,449	100,153	399.39%
12/31/2017	206,057	400,000	(193,943)	102,156	391.56%

* Data will be added as information is available until 10 years of such information is available.

Notes to Schedule of Employer Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	December 31, 2016
Notes	Actuarially determined contribution rates are calculated as of December 31 each year, which is 1 day prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age normal
Amortization method	Level dollar, open
Remaining amortization period	10 years
Asset valuation method	4-year smoothed market
Inflation	4.5%
Salary increases	4.5%
Investment rate of return	6.0%
Retirement age	The final active member is assumed to retire at age 65.
Mortality	Fully generational RP-2014 Healthy Annuitant Tables after adjustment to the base year 2006 for males and females with MP-2015 mortality improvement scales.

**Charter Township of Meridian
Required Supplementary Information
Schedule of Investment Returns
Charter Township of Meridian Employee's Retirement Pension Plan
For the Year Ended December 31, 2017**

<u>Fiscal Year Ending December 31,</u>	<u>Annual Money- Weighted Rate of Return, Net of Investment Expense</u>
2014	8.01%
2015	2.23%
2016	4.35%
2017	15.46%

Note: Data will be added as information is available until 10 years of such data is available.

Charter Township of Meridian
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Municipal Employees' Retirement System of Michigan
For the Year Ended December 31, 2017

Fiscal year ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service cost	\$ 1,000,303	\$ 981,161	\$ 972,200
Interest on the total pension liability	4,711,548	4,473,927	4,260,390
Differences between expected and actual experience	(268,400)	(344,829)	-
Changes in assumptions	-	2,496,029	-
Benefit payments and refunds	<u>(3,064,869)</u>	<u>(2,837,026)</u>	<u>(2,460,442)</u>
Net change in total pension liability	2,378,582	4,769,262	2,772,148
Total pension liability - beginning	<u>59,926,624</u>	<u>55,157,362</u>	<u>52,385,214</u>
Total pension liability - ending (a)	<u>\$ 62,305,206</u>	<u>\$ 59,926,624</u>	<u>\$ 55,157,362</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 2,835,443	\$ 2,065,675	\$ 1,863,475
Employee contributions	454,938	434,297	552,292
Net investment income (loss)	3,637,926	(517,185)	1,898,696
Benefit payments and refunds	(3,064,869)	(2,837,026)	(2,460,442)
Administrative expense	<u>(71,256)</u>	<u>(70,405)</u>	<u>(69,906)</u>
Net change in plan fiduciary net position	3,792,182	(924,644)	1,784,115
Plan fiduciary net position - beginning	<u>30,765,460</u>	<u>31,690,104</u>	<u>29,905,989</u>
Plan fiduciary net position - ending (b)	<u>\$ 34,557,642</u>	<u>\$ 30,765,460</u>	<u>\$ 31,690,104</u>
Net pension liability (a-b)	<u>\$ 27,747,564</u>	<u>\$ 29,161,164</u>	<u>\$ 23,467,258</u>
Plan fiduciary net position as a percentage of total pension liability	55.47%	51.34%	57.45%
Covered employee payroll	\$ 6,197,969	\$ 6,122,164	\$ 6,100,190
Net pension liability as a percentage of covered employee payroll	447.69%	476.32%	384.70%

Note: Data will be added as information is available until 10 years of such data is available.

**Charter Township of Meridian
Required Supplementary Information
Schedule of Employer Contributions
Municipal Employees' Retirement System of Michigan
For the Year Ended December 31, 2017**

Actuarial Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2008	\$ 1,349,486	\$ 1,441,370	\$ (91,884)	\$ 6,972,586	20.67%
12/31/2009	1,417,956	1,507,669	(89,713)	6,983,958	21.59%
12/31/2010	1,646,820	1,586,436	60,384	7,235,612	21.93%
12/31/2011	1,608,084	1,909,606	(301,522)	6,469,114	29.52%
12/31/2012	1,550,208	1,684,217	(134,009)	6,268,267	26.87%
12/31/2013	1,691,100	1,724,094	(32,994)	6,166,430	27.96%
12/31/2014	1,799,256	1,863,475	(64,219)	6,444,197	28.92%
12/31/2015	1,917,900	1,852,078	65,822	6,100,190	30.36%
12/31/2016	2,001,384	3,049,113	(1,047,729)	6,122,164	49.80%
12/31/2017	1,835,443	2,835,443	(1,000,000)	6,197,969	45.75%

Notes to Schedule of Employer Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry-age

Amortization method

Level percentage of pay, open

Remaining amortization period

24 years

Asset valuation method

5 year smoothed

Inflation

2.50%

Salary increases

3.75%

Investment rate of return

7.75%

Retirement age

60 years

Mortality

50% Female/50% Male blend of RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables

Charter Township of Meridian
Required Supplementary Information
Other Post Employment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended December 31, 2017

Fiscal year ended December 31,	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 184,032
Interest	422,016
Differences between expected and actual experience	(146,888)
Changes in assumptions	49,580
Benefit payments	<u>(123,649)</u>
Net change in total OPEB liability	385,091
Total OPEB liability - beginning	<u>8,547,360</u>
Total OPEB liability - ending (a)	<u><u>\$ 8,932,451</u></u>
Plan Fiduciary Net Position	
Employer contributions	\$ 295,649
Net investment income	395,193
Benefit payments and refunds	<u>(123,649)</u>
Net change in plan fiduciary net position	567,193
Plan fiduciary net position - beginning	<u>4,310,358</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 4,877,551</u></u>
Net OPEB liability (a-b)	<u><u>\$ 4,054,900</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	54.60%
Covered employee payroll	\$ 4,220,522
Net OPEB liability as a percentage of covered employee payroll	96.08%

Note: GASB Statement No. 74 was implemented for the fiscal year ended December 31, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**Charter Township of Meridian
Required Supplementary Information
Other Post Employment Benefits
Schedule of Employer Contributions
For the Year Ended December 31, 2017**

Actuarial Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2017	\$ 453,565	\$ 295,649	\$ 157,916	\$ 4,220,522	7.01%

Notes to Schedule of Employer Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date

Actuarially determined contribution rates are calculated as of December 31 of even numbered years, which is 1 day prior to the beginning of the fiscal year biennium in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry-age normal

Amortization method

Level dollar, open

Remaining amortization period

30 years

Asset valuation method

Market value

Inflation

2.50%

Salary increases

N/A

Investment rate of return

5.00%, net of OPEB plan expenses, including inflation

Retirement age

Experience-based tables of rates that are specific to the type of eligibility condition.

Mortality

Post Retirement: RPH-2014 Health Annuitant Mortality Table for males and females, adjusted backward to 2006 with MP-2017. The provision for future mortality improvement is the fully generational projection table MP-2017, beginning in 2006.

Disabled Retirement: RPH-2014 Disabled Mortality Table for males and females is used, adjusted backward to 2006 with MP-2017. The provision for future mortality improvement is the fully generational projection table MP-2017, beginning in 2006.

Pre Retirement: RPH-2014 Employee Mortality Table for males and females is used, adjusted backward to 2006 with MP-2017. The provision for future mortality improvement is the fully generational projection table MP-2017, beginning in 2006.

Health care trend rates

Initial trend of 9.00% gradually decreasing to an ultimate trend rate of 3.75%

Aging factors

The tables used in developing the retiree premium are based on a recent Society of Actuaries study of health costs.

Expenses

Investment and administrative expenses are net of the investment returns.

**Charter Township of Meridian
Required Supplementary Information
Other Post Employment Benefits
Schedule of Investment Returns**

<u>Fiscal Year Ending December 31,</u>	<u>Annual Return % *</u>
2017	9.01%

* Annual money-weighted rate of return, net of investment expenses

GASB Statement No. 74 was implemented for the fiscal year ended December 31, 2017 and does not require retroactive implementation.
Data will be added as information is available until 10 years of such data is available.

**Charter Township of Meridian
Required Supplementary Information
Other Post Employment Benefits
For the Year Ended December 31, 2017**

Schedule of Funding Progress

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	UAAL as a Percentage of Covered Payroll
1/1/2011	\$ 1,749,919	\$ 5,402,173	\$ 3,652,254	32.4%	\$ 4,369,008	83.6%
1/1/2014	3,163,359	4,915,374	1,752,015	64.4%	4,387,938	39.9%
12/31/2016	4,310,358	8,778,804	4,468,446	49.1%	4,220,522	105.9%

Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2013	1/1/2011	\$ 461,822	101.8%
12/31/2014	1/1/2014	283,991	176.4%
12/31/2015	1/1/2014	283,991	176.1%
12/31/2016	1/1/2014	283,991	108.0%
12/31/2017	12/31/2016	453,565	65.18%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the most recent actuarial valuation date follows:

Amortization method	Level dollar, open
Amortization period (perpetual)	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions	
Investment rate of return	5.00%
Salary increases	3.75%
Cost of living adjustments	None

Other Supplementary Information

Charter Township of Meridian
Description of Funds
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.

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.

Senior Center Millage Fund – This fund is used to account for tax revenue and donations that are used to support the Meridian Senior Center.

Cable TV Fund – This fund is used to account for the operations of government access channels, which provide news and information about the Township’s government activities and the community it serves. Funds for operations are derived from cable franchise fees.

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

Library Restricted Fund – This fund is used to account for donations for improvements to the local libraries.

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.

Local Roads Fund – This fund is used to account for tax revenue that supports local road maintenance.

Fire Station Debt Service Fund – This fund is used to account for tax revenue and debt service related to the 2013 bond issuance to construct a new central fire station.

Fire Station Construction Fund – This fund is used to account for expenditures related to the 2013 bond issuance to construct a new central fire station.

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.

**Charter Township of Meridian
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

Special Revenue Funds

	Pedestrian/ Bike Path Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Senior Center Millage	Cable TV	Community Needs	Library
Assets							
Cash and cash equivalents	\$ 1,065,014	\$ 9,303	\$ 47,879	\$ 315,119	\$ 205,570	\$ 15,541	\$ 13,077
Receivables							
Taxes	245,181	-	-	61,575	-	-	-
Customers	-	-	-	-	209,532	263	-
Special assessments	-	-	-	-	-	-	-
Prepaid items	16	-	-	-	9,144	-	-
Total assets	<u>\$ 1,310,211</u>	<u>\$ 9,303</u>	<u>\$ 47,879</u>	<u>\$ 376,694</u>	<u>\$ 424,246</u>	<u>\$ 15,804</u>	<u>\$ 13,077</u>
Liabilities							
Accounts payable	\$ 4,596	\$ -	\$ -	\$ 47,107	\$ 39,382	\$ -	\$ -
Accrued and other liabilities	1,999	-	2,874	118	9,802	-	-
Due to other funds	205	-	-	-	3,454	-	-
Total liabilities	<u>6,800</u>	<u>-</u>	<u>2,874</u>	<u>47,225</u>	<u>52,638</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	-	-	-	-	-
Property taxes levied for a subsequent period	559,610	-	-	140,478	-	-	-
Special assessments levied for a subsequent period	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>559,610</u>	<u>-</u>	<u>-</u>	<u>140,478</u>	<u>-</u>	<u>-</u>	<u>-</u>

Charter Township of Meridian
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

Special Revenue Funds

	Pedestrian/ Bike Path Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Senior Center Millage	Cable TV	Community Needs	Library
Fund Balances							
Non-spendable							
Prepaid items	\$ 16	\$ -	\$ -	\$ -	\$ 9,144	\$ -	\$ -
Restricted for							
Pedestrian/bike path millage	743,785	-	-	-	-	-	-
Fire	-	9,303	-	-	-	-	-
Police	-	-	45,005	-	-	-	-
Senior center millage	-	-	-	188,991	-	-	-
Cable TV	-	-	-	-	362,464	-	-
Community needs	-	-	-	-	-	15,804	-
Library	-	-	-	-	-	-	13,077
Grants	-	-	-	-	-	-	-
Capital area transportation authority millage	-	-	-	-	-	-	-
Local roads	-	-	-	-	-	-	-
Fire station debt service	-	-	-	-	-	-	-
Fire station construction	-	-	-	-	-	-	-
Assigned - township improvement	-	-	-	-	-	-	-
Total fund balances	<u>743,801</u>	<u>9,303</u>	<u>45,005</u>	<u>188,991</u>	<u>371,608</u>	<u>15,804</u>	<u>13,077</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,310,211</u>	<u>\$ 9,303</u>	<u>\$ 47,879</u>	<u>\$ 376,694</u>	<u>\$ 424,246</u>	<u>\$ 15,804</u>	<u>\$ 13,077</u>

**Charter Township of Meridian
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Special Revenue Funds			Debt Service	Capital Projects Funds		Total Nonmajor Governmental Funds
	Grants	CATA Millage	Local Roads	Fund Fire Station Debt Service	Fire Station Construction	Township Improvement Revolving	
Assets							
Cash and cash equivalents	\$ 127,233	\$ 203,242	\$ 839,918	\$ 330,668	\$ 12,940	\$ 1,152,833	\$ 4,338,337
Receivables							
Taxes	-	146,640	183,326	147,605	-	-	784,327
Customers	-	-	-	-	-	-	209,795
Special assessments	-	-	-	-	-	300,230	300,230
Prepaid items	-	-	-	-	-	-	9,160
Total assets	<u>\$ 127,233</u>	<u>\$ 349,882</u>	<u>\$ 1,023,244</u>	<u>\$ 478,273</u>	<u>\$ 12,940</u>	<u>\$ 1,453,063</u>	<u>\$ 5,641,849</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ 514,998	\$ -	\$ 5,126	\$ 2,668	\$ 613,877
Accrued and other liabilities	-	281	351	282	-	-	15,707
Due to other funds	-	-	-	-	120	-	3,779
Total liabilities	<u>-</u>	<u>281</u>	<u>515,349</u>	<u>282</u>	<u>5,246</u>	<u>2,668</u>	<u>633,363</u>
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	-	-	-	220,230	220,230
Property taxes levied for a subsequent period	-	334,806	418,598	336,219	-	-	1,789,711
Special assessments levied for a subsequent period	-	-	-	-	-	80,000	80,000
Total deferred inflows of resources	<u>-</u>	<u>334,806</u>	<u>418,598</u>	<u>336,219</u>	<u>-</u>	<u>300,230</u>	<u>2,089,941</u>

**Charter Township of Meridian
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Special Revenue Funds			Debt Service	Capital Projects Funds		Total Nonmajor Governmental Funds
	Grants	CATA Millage	Local Roads	Fund Fire Station Debt Service	Fire Station Construction	Township Improvement Revolving	
Fund Balances							
Non-spendable							
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,160
Restricted for							
Pedestrian/bike path millage	-	-	-	-	-	-	743,785
Fire	-	-	-	-	-	-	9,303
Police	-	-	-	-	-	-	45,005
Senior center millage	-	-	-	-	-	-	188,991
Cable TV	-	-	-	-	-	-	362,464
Community needs	-	-	-	-	-	-	15,804
Library	-	-	-	-	-	-	13,077
Grants	127,233	-	-	-	-	-	127,233
Capital area transportation authority millage	-	14,795	-	-	-	-	14,795
Local roads	-	-	89,297	-	-	-	89,297
Fire station debt service	-	-	-	141,772	-	-	141,772
Fire station construction	-	-	-	-	7,694	-	7,694
Assigned - township improvement	-	-	-	-	-	1,150,165	1,150,165
Total fund balances	<u>127,233</u>	<u>14,795</u>	<u>89,297</u>	<u>141,772</u>	<u>7,694</u>	<u>1,150,165</u>	<u>2,918,545</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 127,233</u>	<u>\$ 349,882</u>	<u>\$ 1,023,244</u>	<u>\$ 478,273</u>	<u>\$ 12,940</u>	<u>\$ 1,453,063</u>	<u>\$ 5,641,849</u>

Charter Township of Meridian
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue Funds						
	Pedestrian/ Bike Path Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Senior Center Millage	Cable TV	Community Needs	Library
Revenues							
Taxes	\$ 451,938	\$ -	\$ -	\$ 136,704	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	862,455	-	-
Federal grants	-	34,030	-	-	-	-	-
Other state grants	-	-	6,673	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	437	-	-	-	-
Interest income	6,686	27	156	944	741	51	51
Other revenue	241,820	6	13,068	-	-	12,383	-
Total revenues	<u>700,444</u>	<u>34,063</u>	<u>20,334</u>	<u>137,648</u>	<u>863,196</u>	<u>12,434</u>	<u>51</u>
Expenditures							
Current							
Public safety	\$ -	\$ 34,476	\$ 17,577	\$ -	\$ -	\$ -	\$ -
Public works	552,430	-	-	-	-	-	-
Health and welfare	-	-	-	91,043	-	9,347	-
Recreation and culture	-	-	-	-	818,832	-	-
Debt service							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>552,430</u>	<u>34,476</u>	<u>17,577</u>	<u>91,043</u>	<u>818,832</u>	<u>9,347</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	148,014	(413)	2,757	46,605	44,364	3,087	51
Other financing sources (uses)							
Transfers in	-	3,750	-	-	11,765	-	-
Net change in fund balance	148,014	3,337	2,757	46,605	56,129	3,087	51
Fund balance - beginning of year	595,787	5,966	42,248	142,386	315,479	12,717	13,026
Fund balance - end of year	<u>\$ 743,801</u>	<u>\$ 9,303</u>	<u>\$ 45,005</u>	<u>\$ 188,991</u>	<u>\$ 371,608</u>	<u>\$ 15,804</u>	<u>\$ 13,077</u>

Charter Township of Meridian
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue Funds			Debt Service	Capital Projects Funds		Total Nonmajor Governmental Funds
	Grants	CATA Millage	Local Roads	Fire Station Debt Service	Fire Station Construction	Township Improvement Revolving	
Revenues							
Taxes	\$ -	\$ 325,862	\$ 407,310	\$ 326,255	\$ -	\$ -	\$ 1,648,069
Licenses and permits	-	-	-	-	-	-	862,455
Federal grants	-	-	-	-	-	-	34,030
Other state grants	20,744	-	-	-	-	-	27,417
Charges for services	-	-	-	-	-	137,374	137,374
Fines and forfeitures	-	-	-	-	-	-	437
Interest income	530	231	3,323	585	136	16,395	29,856
Other revenue	802	-	-	-	-	1	268,080
Total revenues	22,076	326,093	410,633	326,840	136	153,770	3,007,718
Expenditures							
Current							
Public safety	\$ 20,743	\$ -	\$ -	\$ -	\$ 39,931	\$ -	\$ 112,727
Public works	-	-	661,713	-	-	62,617	1,276,760
Health and welfare	5,576	-	-	-	-	-	105,966
Recreation and culture	-	326,000	-	-	-	-	1,144,832
Debt service							
Principal retirement	-	-	-	215,000	-	-	215,000
Interest and fiscal charges	-	-	-	56,668	-	-	56,668
Total expenditures	26,319	326,000	661,713	271,668	39,931	62,617	2,911,953
Excess (deficiency) of revenues over expenditures	(4,243)	93	(251,080)	55,172	(39,795)	91,153	95,765
Other financing sources (uses)							
Transfers in	-	-	295,000	-	-	-	310,515
Net change in fund balance	(4,243)	93	43,920	55,172	(39,795)	91,153	406,280
Fund balance - beginning of year	131,476	14,702	45,377	86,600	47,489	1,059,012	2,512,265
Fund balance - end of year	\$ 127,233	\$ 14,795	\$ 89,297	\$ 141,772	\$ 7,694	\$ 1,150,165	\$ 2,918,545

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Pedestrian/Bike Path Millage Fund
For the Year Ended December 31, 2017**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Taxes	\$ 452,160	\$ 452,160	\$ 451,938	\$ (222)
Investment income	100	100	6,686	6,586
Other revenue	-	237,500	241,820	4,320
	<u>452,260</u>	<u>689,760</u>	<u>700,444</u>	<u>10,684</u>
Expenditures				
Current				
Public works	<u>452,675</u>	<u>577,675</u>	<u>552,430</u>	<u>(25,245)</u>
	(415)	112,085	148,014	35,929
Fund balance - beginning of year	<u>595,787</u>	<u>595,787</u>	<u>595,787</u>	<u>-</u>
Fund balance - end of year	<u>\$ 595,372</u>	<u>\$ 707,872</u>	<u>\$ 743,801</u>	<u>\$ 35,929</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Fire Restricted / Designated Fund
For the Year Ended December 31, 2017**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Federal grants	\$ -	\$ 34,030	\$ 34,030	\$ -
Investment income	-	-	27	27
Other revenue	-	-	6	6
Transfers in	-	3,750	3,750	-
Total revenues	-	37,780	37,813	33
Expenditures				
Current				
Public safety	-	37,780	34,476	(3,304)
Net change in fund balance	-	-	3,337	3,337
Fund balance - beginning of year	5,966	5,966	5,966	-
Fund balance - end of year	<u>\$ 5,966</u>	<u>\$ 5,966</u>	<u>\$ 9,303</u>	<u>\$ 3,337</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Police Restricted/Designated Fund
For the Year Ended December 31, 2017**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Federal grants	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
Other state grants	7,000	7,000	6,673	(327)
Fines and forfeitures	8,500	8,500	437	(8,063)
Investment income	-	-	156	156
Other revenue	<u>5,100</u>	<u>5,100</u>	<u>13,068</u>	<u>7,968</u>
Total revenues	22,100	22,100	20,334	(1,766)
Expenditures				
Current				
Public safety	<u>26,000</u>	<u>26,000</u>	<u>17,577</u>	<u>(8,423)</u>
Net change in fund balance	(3,900)	(3,900)	2,757	6,657
Fund balance - beginning of year	<u>42,248</u>	<u>42,248</u>	<u>42,248</u>	<u>-</u>
Fund balance - end of year	<u>\$ 38,348</u>	<u>\$ 38,348</u>	<u>\$ 45,005</u>	<u>\$ 6,657</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Senior Center Millage Fund
For the Year Ended December 31, 2017**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Taxes	\$ 138,600	\$ 138,600	\$ 136,704	\$ (1,896)
Investment income	100	100	944	844
Total revenues	138,700	138,700	137,648	(1,052)
Expenditures				
Current				
Health and welfare	159,100	159,100	91,043	(68,057)
Net change in fund balance	(20,400)	(20,400)	46,605	67,005
Fund balance - beginning of year	142,386	142,386	142,386	-
Fund balance - end of year	<u>\$ 121,986</u>	<u>\$ 121,986</u>	<u>\$ 188,991</u>	<u>\$ 67,005</u>

Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Cable TV Fund
For the Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Licenses and permits	\$ 880,500	\$ 880,500	\$ 862,455	\$ (18,045)
Investment income	-	-	741	741
Transfers in	-	11,765	11,765	-
 Total revenues	 880,500	 892,265	 874,961	 (17,304)
Expenditures				
Current				
Recreation and culture	874,732	936,497	818,832	(117,665)
 Net change in fund balance	 5,768	 (44,232)	 56,129	 100,361
Fund balance - beginning of year	315,479	315,479	315,479	-
Fund balance - end of year	<u>\$ 321,247</u>	<u>\$ 271,247</u>	<u>\$ 371,608</u>	<u>\$ 100,361</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Community Needs Fund
For the Year Ended December 31, 2017**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Investment income	\$ -	\$ -	\$ 51	\$ 51
Other revenue	<u>7,500</u>	<u>7,500</u>	<u>12,383</u>	<u>4,883</u>
Total revenues	7,500	7,500	12,434	4,934
Expenditures				
Current				
Health and welfare	<u>7,500</u>	<u>10,500</u>	<u>9,347</u>	<u>(1,153)</u>
Net change in fund balance	-	(3,000)	3,087	6,087
Fund balance - beginning of year	<u>12,717</u>	<u>12,717</u>	<u>12,717</u>	<u>-</u>
Fund balance - end of year	<u>\$ 12,717</u>	<u>\$ 9,717</u>	<u>\$ 15,804</u>	<u>\$ 6,087</u>

**Charter Township of Meridian
 Other Supplementary Information
 Budgetary Comparison Schedule
 Nonmajor Governmental Fund
 Library Fund
 For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Amended Budget</u>
Revenues				
Investment income	\$ -	\$ -	\$ 51	\$ 51
Net change in fund balance	-	-	51	51
Fund balance - beginning of year	<u>13,026</u>	<u>13,026</u>	<u>13,026</u>	<u>-</u>
Fund balance - end of year	<u>\$ 13,026</u>	<u>\$ 13,026</u>	<u>\$ 13,077</u>	<u>\$ 51</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Grants Fund
For the Year Ended December 31, 2017**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Other state grants	\$ 21,000	\$ 21,000	\$ 20,744	\$ (256)
Investment income	-	-	530	530
Other revenue	-	-	802	802
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>22,076</u>	<u>1,076</u>
Expenditures				
Current				
Public safety	21,000	21,000	20,743	(257)
Health and welfare	<u>6,000</u>	<u>6,000</u>	<u>5,576</u>	<u>(424)</u>
Total expenditures	<u>27,000</u>	<u>27,000</u>	<u>26,319</u>	<u>(681)</u>
Net change in fund balance	(6,000)	(6,000)	(4,243)	1,757
Fund balance - beginning of year	<u>131,476</u>	<u>131,476</u>	<u>131,476</u>	<u>-</u>
Fund balance - end of year	<u>\$ 125,476</u>	<u>\$ 125,476</u>	<u>\$ 127,233</u>	<u>\$ 1,757</u>

Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
CATA Millage Fund
For the Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Taxes	\$ 326,000	\$ 326,000	\$ 325,862	\$ (138)
Investment income	-	-	231	231
Total revenues	326,000	326,000	326,093	93
Expenditures				
Current				
Recreation and culture	326,000	326,000	326,000	-
Net change in fund balance	-	-	93	93
Fund balance - beginning of year	14,702	14,702	14,702	-
Fund balance - end of year	<u>\$ 14,702</u>	<u>\$ 14,702</u>	<u>\$ 14,795</u>	<u>\$ 93</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Local Roads Fund
For the Year Ended December 31, 2017**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Taxes	\$ 407,400	\$ 407,400	\$ 407,310	\$ (90)
Investment income	100	100	3,323	3,223
Transfers in	250,000	295,000	295,000	-
Total revenues	657,500	702,500	705,633	3,133
Expenditures				
Current				
Public works	657,000	702,000	661,713	(40,287)
Net change in fund balance	500	500	43,920	43,420
Fund balance - beginning of year	45,377	45,377	45,377	-
Fund balance - end of year	<u>\$ 45,877</u>	<u>\$ 45,877</u>	<u>\$ 89,297</u>	<u>\$ 43,420</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Fire Station Debt Service Fund
For the Year Ended December 31, 2017**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Taxes	\$ 325,880	\$ 325,880	\$ 326,255	\$ 375
Investment income	-	-	585	585
Total revenues	<u>325,880</u>	<u>325,880</u>	<u>326,840</u>	<u>960</u>
Expenditures				
Debt service				
Principal retirement	215,000	215,000	215,000	-
Interest and fiscal charges	<u>56,668</u>	<u>56,668</u>	<u>56,668</u>	<u>-</u>
Total expenditures	<u>271,668</u>	<u>271,668</u>	<u>271,668</u>	<u>-</u>
Net change in fund balance	54,212	54,212	55,172	960
Fund balance - beginning of year	<u>86,600</u>	<u>86,600</u>	<u>86,600</u>	<u>-</u>
Fund balance - end of year	<u>\$ 140,812</u>	<u>\$ 140,812</u>	<u>\$ 141,772</u>	<u>\$ 960</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Fire Station Construction Fund
For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Amended Budget</u>
Revenues				
Investment income	\$ -	\$ -	\$ 136	\$ 136
Expenditures				
Current				
Public safety	-	47,489	39,931	(7,558)
Net change in fund balance	-	(47,489)	(39,795)	7,694
Fund balance - beginning of year	47,489	47,489	47,489	-
Fund balance - end of year	<u>\$ 47,489</u>	<u>\$ -</u>	<u>\$ 7,694</u>	<u>\$ 7,694</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Township Improvement Revolving Fund
For the Year Ended December 31, 2017**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Charges for services	\$ 148,000	\$ 148,000	\$ 137,374	\$ (10,626)
Investment income	15,500	15,500	16,395	895
Other revenue	-	-	1	1
	<u>163,500</u>	<u>163,500</u>	<u>153,770</u>	<u>(9,730)</u>
Expenditures				
Current				
Public works	<u>220,000</u>	<u>220,000</u>	<u>62,617</u>	<u>(157,383)</u>
Net change in fund balance	(56,500)	(56,500)	91,153	147,653
Fund balance - beginning of year	<u>1,059,012</u>	<u>1,059,012</u>	<u>1,059,012</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,002,512</u>	<u>\$ 1,002,512</u>	<u>\$ 1,150,165</u>	<u>\$ 147,653</u>

**Charter Township of Meridian
Other Supplementary Information
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017**

	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017
<u>Tax Collection Fund</u>				
Assets				
Cash and cash equivalents	\$ 7,282,643	\$ 200,391,158	\$ (190,902,820)	\$ 16,770,981
Liabilities				
Accounts payable	\$ 3,556	\$ 38,190,190	\$ (38,190,160)	\$ 3,586
Due to other units of government	7,279,087	73,418,601	(63,930,293)	16,767,395
Total liabilities	\$ 7,282,643	\$ 111,608,791	\$ (102,120,453)	\$ 16,770,981

Statistical Section

Charter Township of Meridian 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 supplementary information says about the Township's overall financial health.

The statistical section is organized into the following main categories:

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.

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

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.

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.

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.

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

Charter Township of Meridian
Net Position by Component
Last Ten Fiscal Years

	December 31									
	(in thousands of dollars)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net investment in capital assets	\$ 24,694	\$ 26,991	\$ 30,393	\$ 33,401	\$ 33,781	\$ 34,428	\$ 34,416	\$ 36,166	\$ 37,311	\$ 40,613
Restricted	5,353	6,960	6,385	5,580	5,948	6,553	7,345	8,400	9,757	9,150
Unrestricted	6,616	6,169	7,134	8,060	8,877	9,018	10,629	(10,661)	(11,611)	(11,910)
Total net position	\$ 36,663	\$ 40,120	\$ 43,912	\$ 47,041	\$ 48,606	\$ 49,999	\$ 52,390	\$ 33,905	\$ 35,457	\$ 37,853
Business-type Activities:										
Net investment in capital assets	\$ 39,220	\$ 40,006	\$ 41,805	\$ 42,339	\$ 41,380	\$ 40,589	\$ 40,452	\$ 39,764	\$ 39,273	\$ 39,865
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	11,343	9,947	7,387	6,070	7,090	7,839	8,972	7,433	9,077	10,972
Total net position	\$ 50,563	\$ 49,953	\$ 49,192	\$ 48,409	\$ 48,470	\$ 48,428	\$ 49,424	\$ 47,197	\$ 48,350	\$ 50,837
Primary Government:										
Net investment in capital assets	\$ 63,914	\$ 66,997	\$ 72,198	\$ 75,740	\$ 75,161	\$ 75,017	\$ 74,868	\$ 75,930	\$ 76,584	\$ 80,478
Restricted	5,353	6,960	6,385	5,580	5,948	6,553	7,345	8,400	9,757	9,150
Unrestricted	17,959	16,116	14,521	14,130	15,967	16,857	19,601	(3,228)	(2,534)	(938)
Total net position	\$ 87,226	\$ 90,073	\$ 93,104	\$ 95,450	\$ 97,076	\$ 98,427	\$ 101,814	\$ 81,102	\$ 83,807	\$ 88,690

Charter Township of Meridian
Changes in Governmental Net Position
Last Ten Fiscal Years

	Fiscal Year Ended December 31									
	(in thousands of dollars)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
General government	\$ 4,181	\$ 3,965	\$ 3,254	\$ 3,371	\$ 4,244	\$ 4,284	\$ 3,941	\$ 4,346	\$ 4,347	\$ 4,785
Public safety	10,549	10,583	10,416	10,048	9,901	10,922	9,799	10,937	12,247	11,454
Public works	1,139	1,292	830	708	1,072	1,072	1,277	946	1,230	1,132
Health and welfare	80	84	68	55	63	169	166	162	159	180
Recreation and culture	2,168	2,043	1,946	2,256	2,071	1,684	2,118	2,258	2,484	3,078
Interest on long-term debt	313	293	276	244	183	367	221	168	148	138
Total expenses	18,430	18,260	16,790	16,682	17,534	18,498	17,522	18,817	20,615	20,767
Program revenue:										
Charges for services:										
General government	90	50	60	55	415	391	383	416	414	667
Public safety	2,429	2,071	2,676	2,790	2,352	3,064	2,658	2,574	2,724	2,895
Public works	153	1,049	17	87	105	113	89	121	82	120
Recreation and culture	160	146	151	218	325	307	321	338	346	1,181
Total charges for services	2,832	3,316	2,904	3,150	3,197	3,875	3,451	3,449	3,566	4,863
Operating grants and contributions	104	113	367	475	163	283	175	127	137	172
Capital grants and contributions	59	-	-	-	-	-	-	-	-	-
Total program revenue	2,995	3,429	3,271	3,625	3,360	4,158	3,626	3,576	3,703	5,035
Excess of expenses over revenue	(15,435)	(14,831)	(13,519)	(13,057)	(14,174)	(14,340)	(13,896)	(15,241)	(16,912)	(15,732)
General revenue:										
Property taxes	12,964	13,580	13,365	11,981	11,488	11,464	11,710	13,005	13,464	13,695
State-shared revenue	3,469	2,541	2,495	2,819	2,891	2,960	3,085	3,087	3,165	3,496
Investment income (loss)	548	166	372	184	98	(46)	212	152	128	238
Franchise fees*	616	699	802	819	873	822	856	1,021	1,058	-
Miscellaneous income	351	333	277	383	389	533	424	562	694	723
Total general revenue	17,948	17,319	17,311	16,186	15,739	15,733	16,287	17,827	18,509	18,152
Transfers	(35)	-	-	-	-	-	-	-	(45)	(24)
Change in net position	\$ 2,478	\$ 2,488	\$ 3,792	\$ 3,129	\$ 1,565	\$ 1,393	\$ 2,391	\$ 2,586	\$ 1,552	\$ 2,396

Charter Township of Meridian
Changes in Business-type Net Position
Last Ten Fiscal Years

	Fiscal Year Ended December 31									
	(in thousands of dollars)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating revenue:										
Sale of water	\$ 3,561	\$ 3,288	\$ 3,369	\$ 3,421	\$ 4,055	\$ 4,026	\$ 4,152	\$ 4,104	\$ 5,320	\$ 5,287
Sewage disposal charge	3,074	2,931	3,052	2,993	3,479	3,587	3,800	3,833	4,185	4,580
Charges for services	669	630	956	736	974	1,150	1,061	887	979	1,335
Other	79	133	196	92	246	433	35	42	26	46
Total operating revenue	7,383	6,982	7,573	7,242	8,754	9,196	9,048	8,866	10,510	11,248
Operating expense:										
Cost of water produced/purchased	1,787	1,920	2,033	2,211	2,595	2,518	2,458	2,556	2,505	2,852
Cost of sewage treatment	1,646	1,642	1,455	1,433	1,430	1,855	1,789	2,301	2,393	1,870
Other operation and maintenance costs	2,072	2,230	2,082	2,068	2,278	2,541	2,871	2,959	2,685	3,083
Billing and administrative costs	1,179	1,177	1,167	1,160	1,161	1,076	1,082	1,101	1,160	1,192
Depreciation	1,397	1,480	1,563	1,619	1,654	1,795	1,650	1,680	1,647	1,686
Total operating expenses	8,081	8,449	8,300	8,491	9,118	9,785	9,850	10,597	10,390	10,683
Operating income (loss)	(698)	(1,467)	(727)	(1,249)	(364)	(589)	(802)	(1,731)	120	565
Nonoperating revenue (expense):										
Investment income	209	76	31	9	3	3	4	3	1	1
Gain (loss) from joint venture	(286)	(203)	(174)	(158)	179	163	234	(31)	300	296
Grant revenue	-	-	-	-	-	-	569	932	402	514
Interest expense	(2)	41	(41)	(32)	(29)	(37)	(12)	(39)	(98)	(126)
Total nonoperating revenue (expense)	(79)	(86)	(184)	(181)	153	129	795	865	605	685
Income (loss) – Before capital contributions and transfer	(777)	(1,553)	(911)	(1,430)	(211)	(460)	(7)	(866)	725	1,250
Capital contributions	2,044	510	150	647	272	418	1,003	195	383	1,213
Transfers from other funds	35	-	-	-	-	-	-	-	45	24
Transfers to other funds	-	-	-	-	-	-	-	-	-	-
Change in net position	\$ 1,302	\$ (1,043)	\$ (761)	\$ (783)	\$ 61	\$ (42)	\$ 996	\$ (671)	\$ 1,153	\$ 2,487
Change in net position – primary government	\$ 3,780	\$ 1,445	\$ 3,031	\$ 2,346	\$ 1,626	\$ 1,351	\$ 3,387	\$ 1,915	\$ 2,705	\$ 4,883

**Charter Township of Meridian
Fund Balances - Governmental Funds
Last Ten Fiscal Years**

	As of December 31									
	(in thousands of dollars)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Post-GASB No. 54:										
Nonspendable	\$ -	\$ -	\$ -	\$ 692	\$ 675	\$ 564	\$ 217	\$ 297	\$ 289	\$ 119
Assigned	-	-	-	-	-	-	-	-	-	1,111
Unassigned	-	-	-	4,901	5,281	6,280	6,896	7,307	7,137	5,627
Pre-GASB No. 54:										
Reserved	2	7	442	-	-	-	-	-	-	-
Unreserved – undesignated	4,456	3,841	4,805	-	-	-	-	-	-	-
Total general fund	<u>\$ 4,458</u>	<u>\$ 3,848</u>	<u>\$ 5,247</u>	<u>\$ 5,593</u>	<u>\$ 5,956</u>	<u>\$ 6,844</u>	<u>\$ 7,113</u>	<u>\$ 7,604</u>	<u>\$ 7,426</u>	<u>\$ 6,857</u>
All Other Governmental Funds										
Post-GASB No. 54:										
Nonspendable	\$ -	\$ -	\$ -	\$ 160	\$ 150	\$ 8	\$ 7	\$ 31	\$ 13	\$ 11
Restricted	-	-	-	5,418	5,798	9,840	10,501	8,368	9,744	9,139
Assigned	-	-	-	993	1,041	1,162	1,170	1,131	1,059	1,150
Unassigned	-	-	-	(401)	(407)	(349)	(1)	-	-	-
Pre-GASB No. 54:										
Reserved – Special Revenue Fund	309	-	190	-	-	-	-	-	-	-
Unreserved and undesignated –										
Reported in:										
Special revenue funds	5,456	6,667	5,834	-	-	-	-	-	-	-
Debt service funds	14	357	329	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 5,779</u>	<u>\$ 7,024</u>	<u>\$ 6,353</u>	<u>\$ 6,170</u>	<u>\$ 6,582</u>	<u>\$ 10,661</u>	<u>\$ 11,677</u>	<u>\$ 9,530</u>	<u>\$ 10,816</u>	<u>\$ 10,300</u>

* During the year ended December 31, 2011, the Township adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions.

Charter Township of Meridian
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

	Year Ended December 31									
	(in thousands of dollars)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue										
Property taxes	\$ 12,965	\$ 13,580	\$ 13,365	\$ 11,981	\$ 11,488	\$ 11,464	\$ 11,710	\$ 13,005	\$ 13,464	\$ 13,695
Licenses and permits	668	248	662	536	618	1,153	841	737	796	2,280
Intergovernmental revenue	3,064	2,718	2,840	3,282	3,021	3,106	3,229	3,226	3,252	3,555
Special assessments	122	144	339	195	225	238	134	163	121	137
Charges for services	2,921	2,923	3,353	3,297	3,363	3,403	3,364	3,434	3,503	3,200
Investment income (loss)	548	166	372	184	98	(46)	212	152	128	236
Other	1,157	1,229	1,302	1,561	1,514	1,727	1,640	1,902	2,160	1,062
Total revenue	21,445	21,008	22,233	21,036	20,327	21,045	21,130	22,619	23,424	24,165
Expenditures										
Current:										
General government	4,472	4,698	4,505	4,059	5,391	5,030	4,925	5,010	5,208	5,832
Public safety	10,958	10,574	10,250	10,060	9,766	10,172	10,263	10,273	11,287	11,042
Public works	1,333	269	364	265	511	328	539	287	519	823
Health and welfare	82	84	68	54	62	168	166	161	168	163
Recreation and culture	2,285	2,012	1,909	2,257	2,083	1,771	2,185	2,275	2,711	2,552
Capital outlay	1,441	1,769	3,730	2,600	1,224	1,574	1,019	5,852	1,732	4,003
Debt service:										
Principal	656	655	414	1,333	332	262	516	659	480	486
Interest	317	297	266	244	184	212	232	217	155	145
Total expenditures	21,544	20,358	21,506	20,872	19,553	19,517	19,845	24,734	22,260	25,046
Excess of revenues over (under) expenditures	(99)	650	727	164	774	1,528	1,285	(2,115)	1,164	(881)
Other financing sources (uses)										
Proceeds from issuance of long-term debt	-	-	-	-	-	3,500	-	-	-	-
Debt issuance costs	-	-	-	-	-	(62)	-	-	-	-
Transfers in	276	(651)	(272)	(1,471)	141	137	467	462	190	451
Transfers out	(310)	651	272	1,471	(141)	(137)	(467)	(462)	(247)	(700)
Insurance recoveries	-	-	-	-	-	-	-	-	-	43
Sale of capital assets	-	-	-	-	-	-	-	459	-	3
Total other financing sources (uses)	(34)	-	-	-	-	3,438	-	459	(57)	(203)
Net change in fund balance	\$ (133)	\$ 650	\$ 727	\$ 164	\$ 774	\$ 4,966	\$ 1,285	\$ (1,656)	\$ 1,107	\$ (1,084)
Debt service as a percentage of noncapital expenditures	4.84%	5.12%	3.83%	8.63%	2.82%	2.64%	3.97%	4.64%	3.09%	3.00%
Capital outlay as a percentage of total expenditures	6.69%	8.69%	17.34%	12.46%	6.26%	8.06%	5.13%	23.66%	7.78%	15.98%

Charter Township of Meridian
Taxable Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Taxable Value by Property Type (\$000s)

Tax Year	Residential	Commercial, Industrial, Agricultural, and Other	Total Value	Tax Rate (Mills)	Estimated Actual Value (\$000s)	Taxable Value as a Percent of Actual
2008	\$ 1,276,794	\$ 433,873	\$ 1,710,667	7.45%	\$ 3,883,888	44.05%
2009	1,269,416	444,158	1,713,574	7.32%	3,725,424	46.00%
2010	1,192,662	432,780	1,625,442	6.92%	3,420,119	47.53%
2011	1,166,537	420,922	1,587,459	6.92%	3,310,277	47.96%
2012	1,159,890	395,140	1,555,030	6.97%	3,198,797	48.61%
2013	1,128,124	399,329	1,527,453	7.17%	3,124,917	48.88%
2014	1,151,524	400,686	1,552,210	7.84%	3,209,695	48.36%
2015	1,182,156	426,509	1,608,665	7.84%	3,447,893	46.66%
2016	1,206,787	433,240	1,640,027	7.84%	3,642,106	45.03%
2017	1,242,176	445,905	1,688,081	7.82%	3,784,714	44.60%

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

Charter Township of Meridian
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Millage Rates - Direct Township Taxes					Overlapping Taxes										
Tax Year	General Operating	Debt	Special Purpose	Total Direct Taxes	Ingham County	Lansing Community College	Ingham Intermediate School District	Okemos School - Homestead	Okemos School - Non-Homestead	Haslett School - Homestead	Haslett School - Non-Homestead	Williamston School - Homestead	Williamston School - Non-Homestead	East Lansing School - Homestead	East Lansing School - Non-Homestead
2008	4.20	0.13	3.12	7.45	14.10	3.81	5.99	13.24	31.12	15.11	33.11	13.30	31.30	14.99	32.29
2009	4.20	-	3.12	7.32	14.08	3.81	5.99	12.99	30.99	15.11	33.10	14.05	32.05	14.99	32.29
2010	4.20	-	2.72	6.92	14.07	3.81	5.99	13.53	31.53	15.11	33.11	14.05	32.05	15.05	32.29
2011	4.20	-	2.72	6.92	14.11	3.81	5.99	13.99	31.99	15.11	33.11	14.05	32.05	14.28	32.29
2012	4.20	-	2.77	6.97	14.75	3.81	5.99	13.99	31.99	15.11	33.11	14.05	32.05	14.29	32.29
2013	4.20	0.20	2.77	7.17	14.76	3.81	5.99	13.99	31.99	16.36	34.36	15.05	33.05	15.41	33.41
2014	4.20	0.20	3.44	7.84	15.26	3.81	5.99	13.99	31.99	16.36	34.36	15.73	33.73	15.38	33.38
2015	4.20	0.20	3.44	7.84	15.09	3.81	5.99	13.99	31.99	16.36	34.36	15.59	33.59	12.74	30.74
2016	4.18	0.20	3.44	7.82	15.33	3.81	5.99	13.99	31.99	16.35	34.35	15.58	33.58	12.49	30.49
2017	4.17	0.20	4.64	9.02	15.34	3.81	5.99	13.99	31.99	16.33	34.33	15.57	33.57	14.28	32.28

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

**Charter Township of Meridian
Principal Property Taxpayers**

Taxpayer	2017 Taxable Value	Percentage of Total	2008 Taxable Value	Percentage of Total	2008 Rank
1 Meridian Mall, LP	\$ 31,283,743	1.91%	\$ 27,905,575	1.65%	2
2 Consumers Energy	20,916,977	1.28%	17,058,260	1.01%	3
3 C150 2929 Hannah Lofts, LLC	20,565,197	1.25%	8,698,433	0.52%	6
4 East Lansing I, LLC	13,799,579	0.84%			
5 East Lansing Athletic Club, Inc.	9,689,600	0.59%			
6 TEG Central, LLC	9,529,500	0.58%			
7 Michigan Properties III, LLC	9,436,685	0.58%	15,008,114	0.89%	5
8 Brandywine Creek II, LLC	8,350,755	0.51%	8,391,210	0.50%	7
9 ACC OP, LLC	7,804,492	0.48%			
10 Club Meridian Louis Eyde, LLC	7,176,660	0.44%			

Source: Charter Township of Meridian Assessor

**Charter Township of Meridian
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
2007	2008	\$ 12,736,435	\$ 12,187,602	95.69%	\$ 11,799	\$ 12,199,401	95.78%
2008	2009	12,552,432	12,064,210	96.11%	16,547	12,080,757	96.24%
2009	2010	11,242,675	10,832,317	96.35%	17,451	10,849,768	96.51%
2010	2011	10,950,422	10,579,279	96.61%	14,587	10,593,866	96.74%
2011	2012	10,779,268	10,476,566	97.19%	11,671	10,488,237	97.30%
2012	2013	10,913,178	10,494,474	96.16%	9,397	10,503,871	96.25%
2013	2014	12,158,875	11,843,345	97.40%	10,490	11,853,835	97.49%
2014	2015	12,602,616	12,309,015	97.67%	14,730	12,323,745	97.79%
2015	2016	12,797,544	12,513,915	97.78%	11,080	12,524,995	97.87%
2016	2017	15,189,137	14,838,327	97.69%	7,355	14,845,682	97.74%

Source: Charter Township of Meridian Assessor and Treasurer

Charter Township of Meridian
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
General obligation bonds	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000	\$ 3,290,000	\$ 3,080,000	\$ 2,865,000	\$ 2,650,000
Installment purchase agreements	1,959,082	1,743,895	1,518,350	372,446	264,000	225,000	184,000	-	-	-
Drain assessments	3,781,003	3,557,983	3,345,300	3,122,280	3,122,280	3,308,821	3,043,384	2,777,947	2,624,463	2,353,428
Total	5,990,085	5,301,878	4,863,650	3,494,726	3,386,280	7,033,821	6,517,384	5,857,947	5,489,463	5,003,428
Business-type Activities										
Installment purchase agreements	-	912,450	798,600	679,800	556,050	427,350	349,450	1,773,094	5,024,672	5,370,166
Total debt of the government	\$ 5,990,085	\$ 6,214,328	\$ 5,662,250	\$ 4,174,526	\$ 3,942,330	\$ 7,461,171	\$ 6,866,834	\$ 7,631,041	\$ 10,514,135	\$ 10,373,594
Total taxable value (\$000s)	\$ 1,710,667	\$ 1,713,574	\$ 1,625,442	\$ 1,587,459	\$ 1,555,030	\$ 1,527,453	\$ 1,552,210	\$ 1,608,665	\$ 1,640,027	\$ 1,688,081
Debt as a Percentage of Taxable Value	0.35%	0.36%	0.35%	0.26%	0.25%	0.49%	0.44%	0.47%	0.64%	0.61%
Total Population	39,125	39,125	39,688	39,688	39,688	39,688	39,688	39,688	39,688	39,688
Total Debt per Capita	\$ 153	\$ 159	\$ 143	\$ 105	\$ 99	\$ 188	\$ 173	\$ 192	\$ 265	\$ 261

Charter Township of Meridian
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 (\$000s)	Debt as a Percentage of Actual Taxable Value	Population	Net General Obligation Debt per Capita
2008	\$ 250,000	\$ -	\$ 250,000	\$ 1,959,082	\$ 1,959,082	\$ 1,710,667	11.45%	39,125	50
2009	-	-	-	1,743,895	1,743,895	1,713,574	10.18%	39,125	45
2010	-	-	-	1,518,350	1,518,350	1,625,442	9.34%	39,688	38
2011	-	-	-	372,446	372,446	1,587,459	2.35%	39,688	9
2012	-	-	-	264,000	264,000	1,555,030	1.70%	39,688	7
2013	-	3,500,000	-	225,000	3,725,000	1,527,453	24.39%	39,688	94
2014	-	3,290,000	-	184,000	3,474,000	1,552,210	22.38%	39,688	88
2015	-	3,080,000	-	-	3,080,000	1,608,665	19.15%	39,688	78
2016	-	2,865,000	-	-	2,865,000	1,640,027	17.47%	39,688	72
2017	-	2,650,000	-	-	2,650,000	1,688,081	15.70%	39,688	67

Charter Township of Meridian
Direct and Overlapping Governmental Activities Debt
December 31, 2017

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Ingham County	\$ 44,665,716	22.38%	\$ 9,996,187
East Lansing School District	92,248,377	15.11%	13,938,730
Okemos School District	13,732,757	89.16%	12,244,126
Williamston School District	47,424,004	7.75%	3,675,360
Haslett School District	45,275,672	67.30%	30,470,527
Ingham Intermediate School District	1,503,000	18.89%	283,917
Lansing Community College	72,875,000	15.50%	11,295,625
Total overlapping debt			<u>81,904,472</u>
Direct Township debt			<u>5,489,463</u>
Total direct and overlapping debt			<u><u>\$ 87,393,935</u></u>

Source: The overlapping debt is calculated by the Municipal Advisory Council of Michigan (MAC). MAC's method is to take the outstanding debt for all municipalities in its geographic region except for the State of Michigan and the federal government and multiply that by the estimated percent applicable, which is based on the relative taxable value in each municipality.

**Charter Township of Meridian
Pledged Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	Water and Sewer Revenue Bonds						Special Assessment Bonds			
	Gross Revenue	Applicable Expenses	Net Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2008	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-

**Charter Township of Meridian
Legal Debt Margin
Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Calculation of Debt Limit										
State equalized valuation	\$ 1,941,944,000	\$ 1,862,711,800	\$ 1,710,102,110	\$ 1,655,181,000	\$ 1,599,398,400	\$ 1,562,458,500	\$ 1,604,386,223	\$ 1,723,946,700	\$ 1,821,053,200	\$ 1,892,356,824
10% of taxable value	194,194,400	186,271,180	171,010,211	165,518,100	159,939,840	156,245,850	160,438,622	172,394,670	182,105,320	189,235,682
Calculation of debt subject to limit										
Total debt	6,914,925	7,190,267	6,625,676	5,014,421	4,770,392	8,273,557	7,637,481	8,330,658	11,298,335	11,196,846
Less debt not subject to limit:										
Special assessment bonds	3,781,003	3,557,983	3,345,300	3,122,280	3,122,280	3,308,821	3,043,384	2,777,947	2,624,463	2,353,428
Contractual adjustment	1,959,082	1,743,895	1,518,350	372,446	264,000	225,000	241,400	8,200	-	-
Employee compensated absences	924,840	975,939	963,426	839,895	828,062	812,386	770,647	699,617	784,200	823,252
Total	6,664,925	6,277,817	5,827,076	4,334,621	4,214,342	4,346,207	4,055,431	3,485,764	3,408,663	3,176,680
Net debt subject to limit	\$ 250,000	\$ 912,450	\$ 798,600	\$ 679,800	\$ 556,050	\$ 3,927,350	\$ 3,582,050	\$ 4,844,894	\$ 7,889,672	\$ 8,020,166
Legal debt margin	\$ 193,944,400	\$ 185,358,730	\$ 170,211,611	\$ 164,838,300	\$ 159,383,790	\$ 152,318,500	\$ 156,856,572	\$ 167,549,776	\$ 174,215,648	\$ 181,215,516
Net debt subject to limit as a percentage debt limit	0.13%	0.49%	0.47%	0.41%	0.35%	2.51%	2.23%	2.81%	4.33%	4.24%

Charter Township of Meridian 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%
2010	39,688	1,483,180	37,371	6.00%

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

**Charter Township of Meridian
Principal Employers**

Employer	Calendar Year 2006 Employees	Percentage of Total	Calendar Year 1997 Employees	Percentage of Total	Calendar Year 1997 Rank
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

2006 is the most current data available

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

Charter Township of Meridian
Full-time Equivalent Government Employees
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	44	38	39	39	38	39	37	37	39	32
Public safety:										
Police	57	55	49	45	45	45	45	45	45	45
Fire and EMS	42	41	40	36	35	35	34	34	34	35
Community planning and development	13	12	11	11	11	11	11	12	12	16
Public works	22	25	22	23	23	22	22	21	21	20
Parks and recreation	10	10	10	9	9	9	10	10	11	15
Total	188	181	171	162	160	160	159	158	161	163

Source: Charter Township of Meridian records

**Charter Township of Meridian
Operating Indicators
Last Ten Fiscal Years**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Election data:										
Registered voters	31,204	27,703	27,758	29,128	29,664	28,947	29,099	29,070	31,257	30,263
Voters (at polls or absentee)	22,822	6,310	16,076	3,701	21,640	5,816	16,513	8,791	22,934	5,625
Percent voting	73.1%	22.8%	57.9%	12.7%	73.0%	20.1%	56.7%	30.2%	73.4%	18.6%
Police:										
Physical arrests	1,270	1,259	932	978	975	864	855	765	700	559
Traffic violations	5,235	5,528	4,622	3,666	3,789	2,883	2,618	2,366	2,272	1,752
Investigations	442	493	490	430	305	256	208	234	366	398
Fire:										
Fire runs	605	568	612	532	600	737	714	623	925	1,181
Emergency medical runs	3,169	3,082	3,490	3,711	3,842	3,619	3,683	3,884	4,028	3,988
Inspections	333	413	233	125	348	312	275	205	158	173
Water										
Number of customers billed	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	12,310	12,300
Total gallons purchased (000s)	1,466,113	1,324,569	1,276,306	1,374,163	1,405,345	1,435,717	1,376,308	1,135,397	1,212,208	1,304,855
Average consumption per year	113	102	98	106	108	110	106	87	98	106
Sewer - Average daily sewage treatment	4,289,151	4,670,226	4,018,086	3,924,000	3,863,859	3,764,964	4,290,875	4,264,226	4,233,669	4,742,521

Source: Charter Township of Meridian records

**Charter Township of Meridian
Capital Asset Statistics
Last Ten Fiscal Years**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (number of officers and sergeants)	41	41	39	36	35	36	36	37	35	34
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	5
Pedestrian/Bicycle pathways (miles)	69.78	71.00	72.62	72.79	73.30	73.55	73.63	74.50	74.50	76.00
Parks and recreation:										
Acreage	904	904	904	904	904	904	904	911	911	911
Mowing acres	241	208	208	213	213	213	215	219	215	215
Developed parks/playgrounds	17	17	17	17	17	17	17	22	22	22
Developed fields (soccer, baseball, etc.)	10	10	10	10	10	10	13	14	14	14
Water										
Mains (miles)	158.00	163.50	164.00	165.00	165.61	166.18	167.74	168.08	168.08	171.66
Fire hydrants	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Storage capacity	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Sewer - Miles of sanitary sewers	138.00	142.60	143.00	143.00	146.18	146.34	147.18	147.18	147.35	148.87
Township vehicles/equipment	163	136	136	136	132	136	136	136	136	136

Source: Charter Township of Meridian records