

**Charter Township of Meridian, Michigan**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2018**

**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 22, 2019

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, 2018, 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.

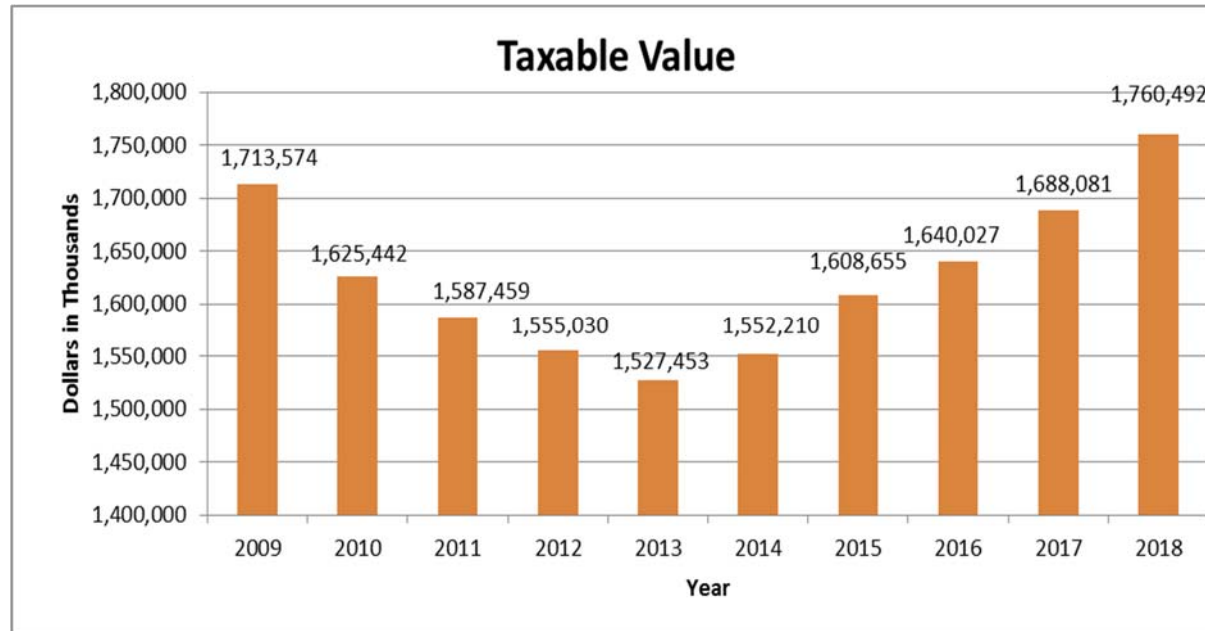
Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. 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 2018 taxable value (2019 tax revenue) increased 4.29 percent over 2017 taxable value. This is the fifth consecutive year of growth in taxable value since 2009; the 2018 taxable value is finally 2.7 percent higher 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, 2018 was a very successful year and continued the growth experienced in 2016 and 2017, with many new residents and businesses moving into the Township.



The State of Michigan's economy continued to experience improvement in 2018 resulting in a 2.12% 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, provided assistance to 509 households.
- In a continuing effort to protect neighborhoods, the Township responded to more than 1,071 code enforcement issues in the community. It is incumbent that the Township staff do whatever it takes to protect neighborhoods.
- The Township Board adopted a MUPUD zoning amendment for building height and density for specific target areas in the Okemos and Haslett PICAs which allows for the development types outlined in the Master Plan.
- The Township also formally adopted the Redevelopment Fund for defined Okemos and Haslett districts. This fund can be applied for by developers to assist in the viability of their development project.
- The establishment of the Township's Brownfield Redevelopment Authority should allow for more speed and less expensive approvals for projects throughout the Township.
- The Downtown Development Authority's (DDA) Tax Increment Financing (TIF) Plan has been updated. The DDA hired a consulting team to assist with this process. The Plan is complete and was approved for final adoption on December 4, 2018. The Capital Area Transportation Authority (CATA), the Capital Region Airport Authority (CRAA), Lansing Community College (LCC) and Ingham County have agreed to participate. Overall, we feel this DDA TIF Plan update will be the bridge, along with involvement of the Department of Environmental Quality (DEQ), to make the Village of Okemos contamination and infrastructure clean up possible. The goal is vertical construction in 2019.
- The Michigan Department of Economic Development (MEDC) recognized Meridian Township as a Redevelopment Ready Certified Community in October 2018 with a ceremony held on November 16, 2018. Meridian is the 29th community in Michigan to become certified and the first Township to do so. Being a certified community will allow developers, land and business owners and Township entities to compete for state funding for project which would not otherwise be available to Meridian-based development initiatives.
- CBS Solar completed the installation of the \$53,000 solar panel array in the fall of 2018. The 20 KW panel will generate up to 8% of the Municipal Buildings electric needs each year.
- Towner Road Park construction was completed in 2018 with amenities, including two full size soccer/lacrosse fields, two ball diamonds, six pickleball courts, 1/3 mile paved looped walking trail, restroom, pavilion and parking lot.
- The Township EMS/Fire department continues to provide superior service to our residence with fire, rescue, and paramedic ambulance service. In 2018 they responded to 5,217 calls.
- As of November 2018, the Meridian Township Fire Insurance Rating from the Insurance Services Organization (ISO) was officially lowered from 4 to 3 rating. This will support the possibility of lower insurance in the Township.
- In June of 2018 we received our 2017 MERS Actuarial Study. We were pleased to note our funding position grew from 58% to 64%. Our goal is to be 100% funded by 2027.



- The Township Police department provided quality service to Township residents. They received over 18,588 calls for service.
- The major residential, commercial, office, industrial, multi-family, and institutional buildings receiving building permits in 2018 were as follows:

1.	East Lansing School	2961 Lake Lansing Rd.	New Const.	\$12,500,000
2.	New Hope Church	6322 Newton Rd.	New Const.	\$4,500,000
3.	Red Cedar Flats LLC	5000 Northwind Dr.	New Const.	\$2,247,750
4.	Lansing Mart LLC	2020 Grand River Ave.	Remodel	\$900,000
5.	Meridian Mall (Launch)	1982 Grand River Ave.	Remodel	\$860,240
6.	Schnelker, Courtney	270 Victorian Hills Dr.	New Const.	\$850,000
7.	Lansing Mart LLC	2020 Grand River Ave.	Remodel	\$805,700
8.	Lansing Mart LLC	2020 Grand River Ave.	Remodel	\$770,000
9.	Madireddy, Srinivas	3668 Bandera Lane	New Const.	\$755,261
10.	Affinity 9 Investment	2080 Grand River Ave.	New Const.	\$750,000
11.	Panera	2080 Grand River Ave.	New Const.	\$750,000
12.	Lansing Mart Association	2020 Grand River Ave.	Remodel	\$650,000
13.	Potterpin Investments	1792 Hamilton Rd.	Remodel	\$618,000
14.	Houthoofd Jr, James	60 Chimney Oaks Dr.	New Const.	\$585,000
15.	Whiddon, Darcie	4090 Wabaningo Rd.	New Const.	\$525,000

## 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.

**2018 Financial Condition:** The financial condition and results of operations for 2018 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.

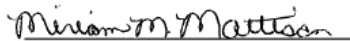
## Other Information

**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.

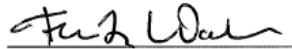
**Certificate of Achievement.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Meridian for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017.

**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

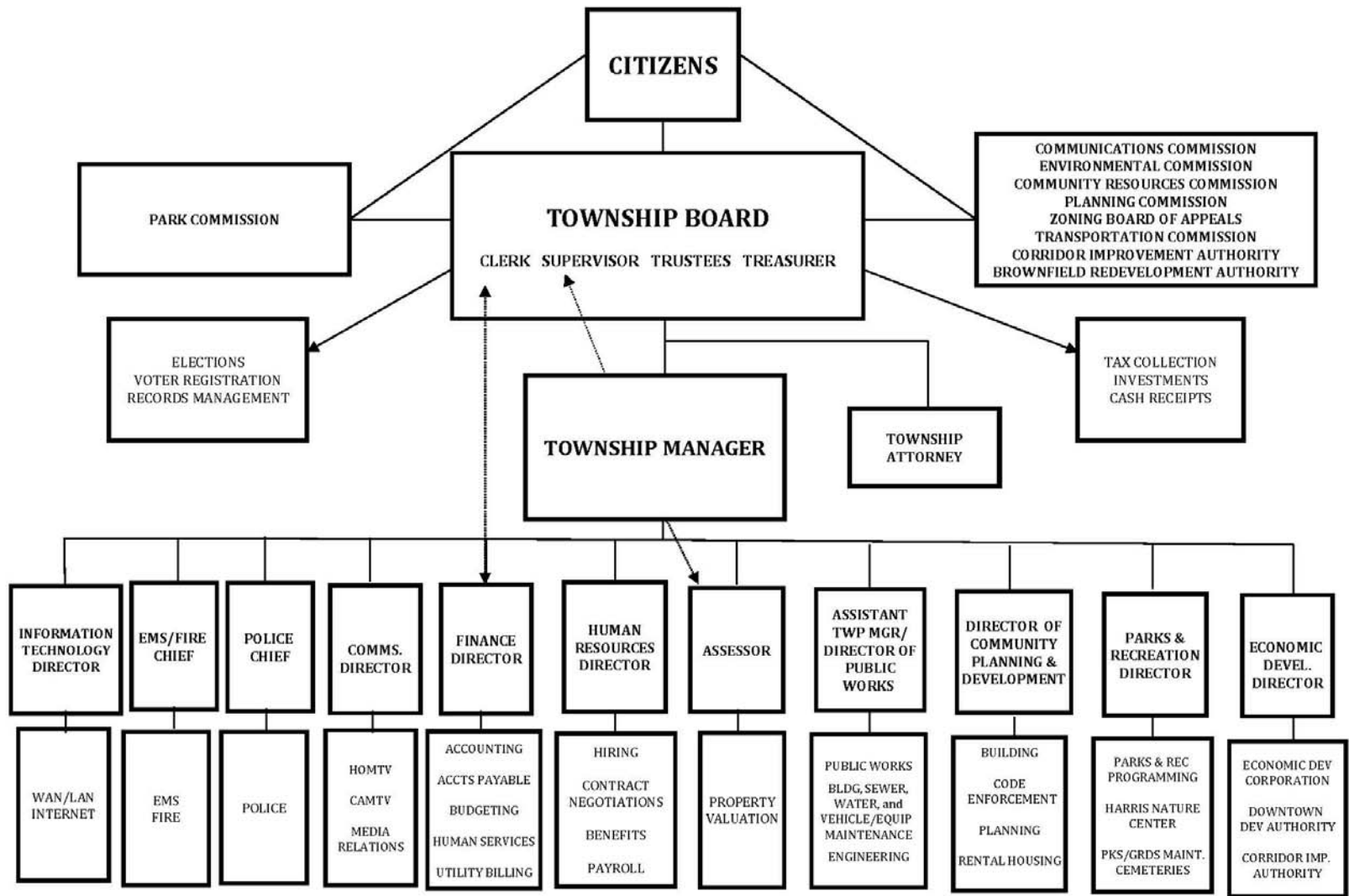
**Charter Township of Meridian  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*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, 2018**

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**Elected Officials**

Township Board

Supervisor	Ronald J. Styka
Clerk	Brett Dreyfus
Treasurer	Philip Deschaine
Trustee	Courtney Wisinski
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	Mike Hamel
Police Chief	Ken Plaga
Communications Director	Deborah Guthrie
Information Technology Director	Stephen Gebes
Economic Development Director	Chris Buck



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## Independent Auditors' Report

Township Board  
Charter Township of Meridian  
Ingham County, Michigan

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, 2018, 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 7.77 percent of total assets of business-type activities at December 31, 2018. 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, 2018, 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, 2018, the Township adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

## **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 22, 2019

## **Charter Township of Meridian Management's Discussion and Analysis December 31, 2018**

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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 2018 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, 2018**

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**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, 2018**

**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	
	2018	Restated 2017	2018	2017	2018	Restated 2017
<b>Assets</b>						
Current assets	\$ 39,792,132	\$ 36,809,169	\$ 10,346,597	\$ 7,623,710	\$ 50,138,729	\$ 44,432,879
Capital assets	47,468,980	45,613,658	50,658,810	45,235,582	98,127,790	90,849,240
Investment in joint venture	-	-	5,138,263	4,800,557	5,138,263	4,800,557
Total assets	87,261,112	82,422,827	66,143,670	57,659,849	153,404,782	140,082,676
<b>Deferred outflows of resources</b>						
Deferred OPEB	371,837	-	-	-	371,837	-
Deferred pension	4,856,966	5,771,453	171,047	297,302	5,028,013	6,068,755
Current liabilities	5,228,803	5,771,453	171,047	297,302	5,399,850	6,068,755
<b>Liabilities</b>						
Current liabilities	1,392,200	2,105,466	2,029,739	289,696	3,421,939	2,395,162
Long-term liabilities	33,681,520	37,014,926	11,715,535	6,809,450	45,397,055	43,824,376
Total liabilities	35,073,720	39,120,392	13,745,274	7,099,146	48,818,994	46,219,538
<b>Deferred inflows of resources</b>						
Property taxes levied for a subsequent period	16,257,985	15,651,259	-	-	16,257,985	15,651,259
Deferred OPEB	181,962	-	-	-	181,962	-
Deferred pension	1,836,644	607,692	67,851	20,657	1,904,495	628,349
Special assessments levied for a subsequent period	1,161,412	427,497	-	-	1,161,412	427,497
Total deferred inflows of resources	19,438,003	16,686,448	67,851	20,657	19,505,854	16,707,105
<b>Net Position</b>						
Net investment in capital assets	42,956,586	40,612,795	39,886,989	39,865,416	82,843,575	80,478,211
Restricted	10,204,660	9,150,359	-	-	10,204,660	9,150,359
Unrestricted	(15,183,054)	(17,375,714)	12,614,603	10,971,932	(2,568,451)	(6,403,782)
Total net position	\$ 37,978,192	\$ 32,387,440	\$ 52,501,592	\$ 50,837,348	\$ 90,479,784	\$ 83,224,788

**Charter Township of Meridian  
Management's Discussion and Analysis  
December 31, 2018**

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The Charter Township of Meridian had combined net position of \$90.5 million. Business-type activities comprise \$52.5 million and governmental activities make up \$38.0 million of the total net position. The net position increased in total by \$7.3 million, or 8.7%. This increase is due to the \$7.3 million increase in capital assets. Net position of the governmental activities was restated due to the implementation of GASB Statement No. 75.

There was a \$1.1 million increase in the restricted net position.

The current ratio (current assets divided by current liabilities) is still healthy at 14.7, a decrease from 18.6 in 2017. The decrease in this ratio is related to an increase in the current assets of cash and investments offset by an increase in current liabilities. This ratio shows that the Township has adequate current assets to meet its current obligations.

Long-term liabilities of \$45.4 million represent 50% of net position; however, \$29.3 million of this is the net pension and OPEB liability. This is a decrease of \$3.4 million from 2017. The Township is working on reducing these pension and OPEB liabilities through contract changes and additional payments.

**Governmental Activities**

Revenues for governmental activities totaled approximately \$26.5 million in 2018. A total of \$16.1 million was in the form of property tax collections. Revenue from other sources was very consistent with 2017.

Expenses for governmental activities totaled \$20.9 million. More than half (60%) 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 \$12.5 million; \$12.0 million was collected from customers and \$0.5 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, 2018**

The following table shows the changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenue</b>						
Program revenue:						
Charges for services	\$4,769,179	\$4,862,886	\$12,013,521	\$11,543,856	\$16,782,700	\$16,406,742
Operating grants and contributions	120,965	172,467	-	-	120,965	172,467
Capital grants and contributions	589,374	-	525,759	1,213,560	1,115,133	1,213,560
General Revenue:						
Property taxes	16,141,656	13,694,888	-	-	16,141,656	13,694,888
State sources	3,578,798	3,495,862	-	514,746	3,578,798	4,010,608
Unrestricted investment income (loss)	485,922	238,026	564	722	486,486	238,748
Gain on Sale of capital assets	15,659	49,344	7,648	-	23,307	49,344
Other miscellaneous income	777,535	673,591	-	-	777,535	673,591
Transfers - Internal activities	-	(23,530)	-	23,530	-	-
Total revenue	26,479,088	23,163,534	12,547,492	13,296,414	39,026,580	36,459,948
<b>Program Expenses</b>						
General government	4,238,836	4,785,412	-	-	4,238,836	4,785,412
Public safety	12,450,009	11,453,339	-	-	12,450,009	11,453,339
Public works	1,414,793	1,131,728	-	-	1,414,793	1,131,728
Health and welfare	143,106	180,111	-	-	143,106	180,111
Recreation and culture	2,514,076	3,077,698	-	-	2,514,076	3,077,698
Interest on long-term debt	127,516	138,821	-	-	127,516	138,821
Water and sewer	-	-	10,883,248	10,808,805	10,883,248	10,808,805
Total program expenses	20,888,336	20,767,109	10,883,248	10,808,805	31,771,584	31,575,914
<b>Change in Net Position</b>	5,590,752	2,396,425	1,664,244	2,487,609	7,254,996	4,884,034
Net Position – beginning of year (restated)	32,387,440	29,991,015	50,837,348	48,349,739	83,224,788	78,340,754
<b>Net Position – end of year</b>	\$37,978,192	\$32,387,440	\$52,501,592	\$50,837,348	\$90,479,784	\$83,224,788

**Charter Township of Meridian  
Management's Discussion and Analysis  
December 31, 2018**

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**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 2019, we see that the taxable value will continue to increase for the fifth year in a row, bringing us 2.7% above 2008. This, coupled with rising costs, continues to create challenges to maintain existing services levels.

Personnel costs represent approximately 77% 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 2018 with an unassigned fund balance of approximately \$7.2 million (compared with \$5.6 million in 2017). This represents approximately 4 months of annual expenditures, which is within the requirements of policy governance established by the Township's board. The total increase in fund balance is approximately \$1.1 million. The overall increase is a result of \$.6 million of redevelopment funds available to spend and an increase of \$.3 million in State-shared revenue. 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 \$5.9 million. The fund balance decreased \$.1 million from 2017 mainly attributable to the land acquisition purchases.

**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 charges for services related to the Planning department. On the expenditure side, the departments with the largest variances (expenditures under budget) include Police Department, Fire Department, and Meridian Redevelopment. The General fund had no significant budget amendments during the year.

**Charter Township of Meridian  
Management's Discussion and Analysis  
December 31, 2018**

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**Capital Assets Activity**

The two large capital projects for the year were the new phone system and new workstations.

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 \$491,000 during 2018. Outstanding governmental activities debt at December 31, 2018 including compensated absences was approximately \$5.3 million. For business-type activities, the Township recorded \$5.6 million of new debt for wastewater system improvements and paid down approximately \$230,000 of existing debt. Ending business-type debt was \$10.9 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, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 25,402,177	\$ 7,733,412	\$ 33,135,589	\$ 187,307
Investments	3,161,802	-	3,161,802	-
Receivables				
Taxes	8,697,669	-	8,697,669	19,225
Customers	-	2,052,211	2,052,211	-
Special assessments	1,218,889	-	1,218,889	-
Other, net of allowance	494,197	-	494,197	10,000
Due from other units of government	588,267	-	588,267	-
Internal balances	(68,162)	68,162	-	-
Advance to component unit	149,500	-	149,500	-
Inventories	-	201,887	201,887	-
Prepaid items	147,793	290,925	438,718	-
Investment in joint venture	-	5,138,263	5,138,263	-
Capital assets not being depreciated	32,817,582	363,060	33,180,642	-
Capital assets, net of accumulated depreciation	14,651,398	50,295,750	64,947,148	-
Total assets	<u>87,261,112</u>	<u>66,143,670</u>	<u>153,404,782</u>	<u>216,532</u>
<b>Deferred Outflows of Resources</b>				
Deferred amount related to net OPEB liability	371,837	-	371,837	-
Deferred amount related to net pension liability	4,856,966	171,047	5,028,013	-
Total deferred outflows of resources	<u>5,228,803</u>	<u>171,047</u>	<u>5,399,850</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable	678,781	1,764,335	2,443,116	71,086
Accrued and other liabilities	552,270	129,974	682,244	1,121
Advance from primary government	-	-	-	149,500
Due to other units of government	879	-	879	904
Performance bonds and other deposits payable	124,954	135,430	260,384	-
Unearned revenue	35,316	-	35,316	12,764
Long-term debt				
Due within one year	627,194	627,702	1,254,896	-
Due in more than one year	4,641,644	10,234,388	14,876,032	-
Net OPEB liability (due in more than one year)	4,226,138	-	4,226,138	-
Net pension liability (due in more than one year)	24,186,544	853,445	25,039,989	-
Total liabilities	<u>35,073,720</u>	<u>13,745,274</u>	<u>48,818,994</u>	<u>235,375</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian**  
**Statement of Net Position**  
**December 31, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Deferred Inflows of Resources</b>				
Property taxes levied for a subsequent period	\$ 16,257,985	\$ -	\$ 16,257,985	18,963
Special assessments levied for a subsequent period	1,161,412	-	1,161,412	-
Deferred amount related to net OPEB liability	181,962	-	181,962	-
Deferred amount related to net pension liability	1,836,644	67,851	1,904,495	-
Total deferred inflows of resources	<u>19,438,003</u>	<u>67,851</u>	<u>19,505,854</u>	<u>18,963</u>
<b>Net Position</b>				
Net investment in capital assets	42,956,586	39,886,989	82,843,575	-
Restricted for				
Land preservation	5,897,972	-	5,897,972	-
Pedestrian/bike path millage	1,089,087	-	1,089,087	-
Fire	9,667	-	9,667	-
Police	73,486	-	73,486	-
Senior center millage	281,316	-	281,316	-
Cable TV	296,959	-	296,959	-
Community needs	18,796	-	18,796	-
Library	13,244	-	13,244	-
Grants	129,034	-	129,034	-
CATA millage	15,990	-	15,990	-
Local roads	880,888	-	880,888	-
Park millage	1,292,018	-	1,292,018	-
Fire station debt service	206,187	-	206,187	-
Fire station construction	16	-	16	-
Unrestricted (deficit)	<u>(15,183,054)</u>	<u>12,614,603</u>	<u>(2,568,451)</u>	<u>(37,806)</u>
Total net position	<u>\$ 37,978,192</u>	<u>\$ 52,501,592</u>	<u>\$ 90,479,784</u>	<u>\$ (37,806)</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

	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	
<b>Functions/Programs</b>								
<b>Primary government</b>								
Governmental activities								
General government	\$ 4,238,836	\$ 698,817	\$ 21,153	\$ -	\$ (3,518,866)	\$ -	\$ (3,518,866)	\$ -
Public safety	12,450,009	2,685,181	70,606	-	(9,694,222)	-	(9,694,222)	-
Public works	1,414,793	203,955	-	-	(1,210,838)	-	(1,210,838)	-
Health and welfare	143,106	-	16,087	-	(127,019)	-	(127,019)	-
Recreation and culture	2,514,076	1,181,226	13,119	589,374	(730,357)	-	(730,357)	-
Interest and fiscal charges on long-term debt	127,516	-	-	-	(127,516)	-	(127,516)	-
Total governmental activities	<u>20,888,336</u>	<u>4,769,179</u>	<u>120,965</u>	<u>589,374</u>	<u>(15,408,818)</u>	<u>-</u>	<u>(15,408,818)</u>	<u>-</u>
Business-type activities								
Sewer	5,292,546	5,626,005	-	95,560	-	429,019	429,019	-
Water	5,590,702	6,387,516	-	430,199	-	1,227,013	1,227,013	-
Total business-type activities	<u>10,883,248</u>	<u>12,013,521</u>	<u>-</u>	<u>525,759</u>	<u>-</u>	<u>1,656,032</u>	<u>1,656,032</u>	<u>-</u>
Total primary government	<u>\$ 31,771,584</u>	<u>\$ 16,782,700</u>	<u>\$ 120,965</u>	<u>\$ 1,115,133</u>	<u>(15,408,818)</u>	<u>1,656,032</u>	<u>(13,752,786)</u>	<u>-</u>
<b>Component units</b>								
Downtown Development Authority	\$ 78,550	\$ -	\$ -	\$ -				(78,550)
Economic Development Corporation	1,001	10,000	-	-				8,999
Total component units	<u>\$ 79,551</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(69,551)</u>
General revenues								
Property taxes					16,141,656	-	16,141,656	29,632
State-shared revenue					3,578,798	-	3,578,798	-
Investment income					485,922	564	486,486	272
Gain on sale of capital assets					15,659	7,648	23,307	-
Miscellaneous					777,535	-	777,535	17,942
Total general revenues					<u>20,999,570</u>	<u>8,212</u>	<u>21,007,782</u>	<u>47,846</u>
Change in net position					5,590,752	1,664,244	7,254,996	(21,705)
Net position - beginning of year, as restated					<u>32,387,440</u>	<u>50,837,348</u>	<u>83,224,788</u>	<u>(16,101)</u>
Net position - end of year					<u>\$ 37,978,192</u>	<u>\$ 52,501,592</u>	<u>\$ 90,479,784</u>	<u>\$ (37,806)</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2018**

	General	Special Revenue Fund Land Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 14,031,276	\$ 3,505,536	\$ 6,764,504	\$ 24,301,316
Investments	489,280	2,672,522	-	3,161,802
Receivables				
Taxes	6,775,858	306,912	1,614,899	8,697,669
Special assessments	156,767	-	1,062,122	1,218,889
Other, net of allowance	287,872	-	206,325	494,197
Due from other units of government	588,267	-	-	588,267
Due from other funds	33,485	-	27	33,512
Prepaid items	140,186	1,386	6,221	147,793
Advance to component unit	149,500	-	-	149,500
	<u>\$ 22,652,491</u>	<u>\$ 6,486,356</u>	<u>\$ 9,654,098</u>	<u>\$ 38,792,945</u>
<b>Liabilities</b>				
Accounts payable	\$ 469,072	\$ 8,849	\$ 178,596	\$ 656,517
Accrued and other liabilities	417,661	3,872	44,973	466,506
Due to other funds	-	360	89,434	89,794
Due to other units of government	879	-	-	879
Performance deposits payable	124,954	-	-	124,954
Unearned revenue	35,316	-	-	35,316
	<u>1,047,882</u>	<u>13,081</u>	<u>313,003</u>	<u>1,373,966</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - state shared revenue	587,363	-	-	587,363
Unavailable revenue - special assessments	-	-	252,122	252,122
Unavailable revenue - ambulance charges	38,000	-	-	38,000
Property taxes levied for a subsequent period	12,666,537	575,303	3,016,145	16,257,985
Special assessments levied for a subsequent period	351,412	-	810,000	1,161,412
	<u>13,643,312</u>	<u>575,303</u>	<u>4,078,267</u>	<u>18,296,882</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2018**

	General	Special Revenue Fund Land Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>				
Non-spendable				
Prepaid items	\$ 140,186	\$ 1,386	\$ 6,221	\$ 147,793
Restricted for				
Land preservation	-	5,896,586	-	5,896,586
Pedestrian/bike path millage	-	-	1,089,087	1,089,087
Fire	-	-	9,667	9,667
Police	-	-	73,486	73,486
Senior center millage	-	-	281,316	281,316
Cable TV	-	-	291,293	291,293
Community needs	-	-	18,796	18,796
Library	-	-	13,244	13,244
Grants	-	-	129,034	129,034
Capital area transportation authority millage	-	-	15,990	15,990
Local roads	-	-	880,888	880,888
Park millage	-	-	1,292,018	1,292,018
Fire station debt service	-	-	206,187	206,187
Fire station construction	-	-	16	16
Assigned				
Township improvement	-	-	955,585	955,585
Subsequent fiscal year budget	591,660	-	-	591,660
Unassigned	7,229,451	-	-	7,229,451
Total fund balances	<u>7,961,297</u>	<u>5,897,972</u>	<u>5,262,828</u>	<u>19,122,097</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,652,491</u>	<u>\$ 6,486,356</u>	<u>\$ 9,654,098</u>	<u>\$ 38,792,945</u>

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, 2018**

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<b>Total fund balances for governmental funds</b>	<b>\$ 19,122,097</b>
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.	32,817,582
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	12,899,259
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	877,485
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(76,964)
Compensated absences	(752,390)
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net OPEB liability	371,837
Deferred inflows of resources resulting from net OPEB liability	(181,962)
Deferred outflows of resources resulting from net pension liability	4,506,600
Deferred inflows of resources resulting from net pension liability	(1,697,664)
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	(4,512,394)
Net OPEB liability	(4,226,138)
Net pension liability	(22,438,344)
Internal service funds are included as part of governmental activities.	<u>1,269,188</u>
<b>Net position of governmental activities</b>	<b><u>\$ 37,978,192</u></b>

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, 2018**

	General	Special Revenue Fund Land Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 12,692,499	\$ 552,757	\$ 2,896,400	\$ 16,141,656
Licenses and permits	1,114,098	-	831,590	1,945,688
Federal grants	807	-	32,637	33,444
State shared revenue	3,479,465	-	-	3,479,465
Other state grants	72,568	514,374	24,510	611,452
Local contributions	-	-	75,000	75,000
Charges for services	3,483,460	-	172,063	3,655,523
Fines and forfeitures	357,585	-	30,660	388,245
Interest income	267,516	109,641	98,802	475,959
Other revenue	299,642	-	460,931	760,573
<b>Total revenues</b>	<u>21,767,640</u>	<u>1,176,772</u>	<u>4,622,593</u>	<u>27,567,005</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	5,866,535	-	-	5,866,535
Public safety	12,815,152	-	80,299	12,895,451
Public works	121,511	-	1,083,149	1,204,660
Health and welfare	57,829	-	65,280	123,109
Recreation and culture	609,654	1,278,129	2,708,014	4,595,797
<b>Debt service</b>				
Principal retirement	271,034	-	220,000	491,034
Interest and fiscal charges	81,861	-	54,218	136,079
<b>Total expenditures</b>	<u>19,823,576</u>	<u>1,278,129</u>	<u>4,210,960</u>	<u>25,312,665</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,944,064</u>	<u>(101,357)</u>	<u>411,633</u>	<u>2,254,340</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, 2018**

	General	Special Revenue Fund Land Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other financing sources (uses)</b>				
Transfers in	\$ -	\$ -	\$ 550,000	\$ 550,000
Transfers out	(840,000)	-	-	(840,000)
Total other financing sources and uses	(840,000)	-	550,000	(290,000)
Net change in fund balance	1,104,064	(101,357)	961,633	1,964,340
Fund balance - beginning of year	6,857,233	5,999,329	4,301,195	17,157,757
Fund balance - end of year	<u>\$ 7,961,297</u>	<u>\$ 5,897,972</u>	<u>\$ 5,262,828</u>	<u>\$ 19,122,097</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, 2018**

<b>Net change in fund balances - total governmental funds</b>	\$	1,964,340
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		(1,281,897)
Capital outlay		3,041,230
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
State-shared revenue		26,765
Special assessments		31,892
Ambulance charges		(21,000)
Expenses are recorded when incurred in the statement of activities.		
Accrued interest		8,563
Compensated absences		(12,714)
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		4,479,601
Net change in the deferred outflow of resources related to the net pension liability		(1,200,250)
Net change in the deferred inflow of resources related to the net pension liability		(1,094,459)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.		
Net change in net OPEB liability		(171,238)
Net change in the deferred outflow of resources related to the net OPEB liability		371,837
Net change in the deferred inflow of resources related to the net OPEB liability		(181,962)
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		491,034
Internal service funds are also included as governmental activities		(860,990)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>5,590,752</b>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian**  
**Proprietary Funds**  
**Statement of Net Position**  
**December 31, 2018**

	Enterprise Funds			Internal
	Water	Sewer	Total	Service Fund Motor Pool
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 4,448,704	\$ 3,284,708	\$ 7,733,412	\$ 1,100,861
Receivables				
Customers	998,061	1,054,150	2,052,211	-
Due from other funds	57,339	14,051	71,390	-
Inventories	201,887	-	201,887	-
Prepaid items	22,421	268,504	290,925	-
Total current assets	<u>5,728,412</u>	<u>4,621,413</u>	<u>10,349,825</u>	<u>1,100,861</u>
Noncurrent assets				
Investment in joint venture	5,138,263	-	5,138,263	-
Capital assets, net of accumulated depreciation	18,226,431	32,069,319	50,295,750	1,752,139
Capital assets not being depreciated	181,530	181,530	363,060	-
Total noncurrent assets	<u>23,546,224</u>	<u>32,250,849</u>	<u>55,797,073</u>	<u>1,752,139</u>
Total assets	29,274,636	36,872,262	66,146,898	2,853,000
<b>Deferred Outflows of Resources</b>				
Deferred amount related to net pension liability	<u>100,192</u>	<u>70,855</u>	<u>171,047</u>	<u>350,366</u>
Total assets and deferred outflows of resources	<u>29,374,828</u>	<u>36,943,117</u>	<u>66,317,945</u>	<u>3,203,366</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian**  
**Proprietary Funds**  
**Statement of Net Position**  
**December 31, 2018**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 54,300	\$ 1,710,035	\$ 1,764,335	\$ 22,264
Accrued and other liabilities	35,711	94,263	129,974	8,800
Due to other funds	2,571	657	3,228	11,880
Performance bonds and other deposits payable	-	135,430	135,430	-
Current portion of noncurrent liabilities	<u>9,180</u>	<u>618,522</u>	<u>627,702</u>	<u>730</u>
Total current liabilities	<u>101,762</u>	<u>2,558,907</u>	<u>2,660,669</u>	<u>43,674</u>
Noncurrent liabilities				
Net pension liability	499,911	353,534	853,445	1,748,200
Long-term debt net of current portion	<u>41,821</u>	<u>10,192,567</u>	<u>10,234,388</u>	<u>3,324</u>
Total noncurrent liabilities	<u>541,732</u>	<u>10,546,101</u>	<u>11,087,833</u>	<u>1,751,524</u>
Total liabilities	<u>643,494</u>	<u>13,105,008</u>	<u>13,748,502</u>	<u>1,795,198</u>
<b>Deferred Inflows of Resources</b>				
Deferred amount related to net pension liability	<u>39,742</u>	<u>28,109</u>	<u>67,851</u>	<u>138,980</u>
<b>Net Position</b>				
Net investment in capital assets	18,407,961	21,479,028	39,886,989	1,752,139
Unrestricted (deficit)	<u>10,283,631</u>	<u>2,330,972</u>	<u>12,614,603</u>	<u>(482,951)</u>
Total net position	<u>\$ 28,691,592</u>	<u>\$ 23,810,000</u>	<u>\$ 52,501,592</u>	<u>\$ 1,269,188</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, 2018**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
<b>Operating revenue</b>				
Sale of water	\$ 5,390,770	\$ -	\$ 5,390,770	\$ -
Sewage disposal charges	-	5,239,675	5,239,675	-
Charges for services	611,570	385,855	997,425	1,174,275
Other revenue	47,470	475	47,945	3,630
	<u>6,049,810</u>	<u>5,626,005</u>	<u>11,675,815</u>	<u>1,177,905</u>
Total operating revenue				
<b>Operating expenses</b>				
Cost of water purchases	3,091,081	-	3,091,081	-
Cost of sewage treatment	-	2,650,678	2,650,678	-
Operation and maintenance	391,503	360,904	752,407	464,155
General administrative	625,891	603,073	1,228,964	1,514,003
Personnel services	763,294	586,504	1,349,798	-
Depreciation	718,933	881,205	1,600,138	376,359
	<u>5,590,702</u>	<u>5,082,364</u>	<u>10,673,066</u>	<u>2,354,517</u>
Total operating expenses				
Operating income (loss)	<u>459,108</u>	<u>543,641</u>	<u>1,002,749</u>	<u>(1,176,612)</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, 2018**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
<b>Nonoperating revenue (expenses)</b>				
Investment income	\$ 262	\$ 302	\$ 564	\$ 9,963
Gain from joint venture	337,706	-	337,706	-
Gain on sale of assets	3,824	3,824	7,648	15,659
Interest expense	-	(210,182)	(210,182)	-
 Total nonoperating revenues (expenses)	 <u>341,792</u>	 <u>(206,056)</u>	 <u>135,736</u>	 <u>25,622</u>
 Income (loss) before contributions and transfers	 800,900	 337,585	 1,138,485	 (1,150,990)
Capital contributions - local	430,199	95,560	525,759	-
Transfers in	-	-	-	290,000
 Change in net position	 1,231,099	 433,145	 1,664,244	 (860,990)
Net position - beginning of year	<u>27,460,493</u>	<u>23,376,855</u>	<u>50,837,348</u>	<u>2,130,178</u>
Net position - end of year	<u>\$ 28,691,592</u>	<u>\$ 23,810,000</u>	<u>\$ 52,501,592</u>	<u>\$ 1,269,188</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 6,085,619	\$ 5,652,526	\$ 11,738,145	\$ -
Receipts from interfund users	-	-	-	1,174,275
Payments to suppliers	(4,190,545)	(1,940,216)	(6,130,761)	(454,884)
Payments to employees	(960,795)	(714,538)	(1,675,333)	(210,938)
Other receipts	47,470	475	47,945	3,630
Net cash provided by operating activities	<u>981,749</u>	<u>2,998,247</u>	<u>3,979,996</u>	<u>512,083</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other funds	-	-	-	290,000
<b>Cash flows from capital and related financing activities</b>				
Proceeds from capital debt	-	5,632,185	5,632,185	-
Purchases/construction of capital assets	(372,897)	(6,143,058)	(6,515,955)	(472,348)
Principal and interest paid on long-term debt	-	(408,321)	(408,321)	-
Proceeds from sale of capital assets	12,998	12,998	25,996	15,659
Net cash used by capital and related financing activities	<u>(359,899)</u>	<u>(906,196)</u>	<u>(1,266,095)</u>	<u>(456,689)</u>
<b>Cash flows from investing activities</b>				
Interest received	<u>262</u>	<u>302</u>	<u>564</u>	<u>9,963</u>
Change in cash and cash equivalents	622,112	2,092,353	2,714,465	355,357
Cash and cash equivalents - beginning of year	<u>3,826,592</u>	<u>1,192,355</u>	<u>5,018,947</u>	<u>745,504</u>
Cash and cash equivalents - end of year	<u>\$ 4,448,704</u>	<u>\$ 3,284,708</u>	<u>\$ 7,733,412</u>	<u>\$ 1,100,861</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income (loss)	\$ 459,108	\$ 543,641	\$ 1,002,749	\$ (1,176,612)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation and amortization expense	718,933	881,205	1,600,138	376,359
Changes in assets and liabilities				
Receivables (net)	83,279	28,033	111,312	-
Due from other funds	(57,339)	(14,051)	(71,390)	-
Inventories	(25,530)	-	(25,530)	-
Prepaid items	789	1,913	2,702	658
Deferred outflows of resources	75,505	50,750	126,255	(285,763)
Accounts payable	14,280	1,697,823	1,712,103	(1,736)
Accrued and other liabilities	(3,357)	(57)	(3,414)	1,058
Due to other funds	(14,270)	(11,246)	(25,516)	10,349
Performance bonds and other deposits payable	-	(1,037)	(1,037)	-
Deferred inflows of resources	27,536	19,658	47,194	134,493
Net pension liability	(303,402)	(202,462)	(505,864)	1,452,824
Compensated absences	6,217	4,077	10,294	453
Net cash provided by operating activities	<u>\$ 981,749</u>	<u>\$ 2,998,247</u>	<u>\$ 3,979,996</u>	<u>\$ 512,083</u>
<b>Noncash Capital Financing Activities</b>				
Capital assets acquired through contributions from taxpayers	<u>\$ 430,199</u>	<u>\$ 95,560</u>	<u>\$ 525,759</u>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian  
Fiduciary Funds  
Statement of Fiduciary Net Position  
December 31, 2018**

	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 63,515	\$ 12,770,178
Investments		
Stocks	792,684	-
Mutual funds	8,283,670	-
Receivables		
Accrued interest	<u>19,402</u>	<u>-</u>
Total assets	<u>9,159,271</u>	<u>\$ 12,770,178</u>
<b>Liabilities</b>		
Accounts payable	-	3,696
Due to other units of government	<u>-</u>	<u>12,766,482</u>
Total liabilities	<u>-</u>	<u>\$ 12,770,178</u>
<b>Net Position</b>		
Restricted		
Pension benefits	4,170,538	
Other postemployment benefits	<u>4,988,733</u>	
Total net position	<u>\$ 9,159,271</u>	

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, 2018**

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	<u>Pension and Other Employee Benefit Trust Funds</u>
<b>Additions</b>	
Contributions	
Employer	\$ 749,931
Investment earnings	
Interest and dividends	185,612
Change in fair value	(598,555)
Investment expenses	<u>(17,736)</u>
Net investment loss	<u>(430,679)</u>
Other miscellaneous income	<u>351</u>
Total additions	<u>319,603</u>
<b>Deductions</b>	
Benefits	490,855
Other deductions	<u>54,512</u>
Total deductions	<u>545,367</u>
Change in net position	(225,764)
Net position - beginning of year	<u>9,385,035</u>
Net position - end of year	<u><u>\$ 9,159,271</u></u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian**  
**Component Units**  
**Statement of Net Position**  
**December 31, 2018**

	Downtown Development Authority	Economic Development Corporation	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 107,313	\$ 79,994	\$ 187,307
Receivables			
Taxes	<u>19,225</u>	<u>-</u>	<u>19,225</u>
Total assets	<u>126,538</u>	<u>89,994</u>	<u>216,532</u>
<b>Liabilities</b>			
Accounts payable	71,086	-	71,086
Accrued and other liabilities	1,121	-	1,121
Advance due to primary government	149,500	-	149,500
Due to other units of government	904	-	904
Unearned revenue	<u>12,764</u>	<u>-</u>	<u>12,764</u>
Total liabilities	235,375	-	235,375
<b>Deferred Inflows of Resources</b>			
Property taxes levied for subsequent period	<u>18,963</u>	<u>-</u>	<u>18,963</u>
Total liabilities and deferred inflows of resources	<u>254,338</u>	<u>-</u>	<u>254,338</u>
<b>Net Position</b>			
Unrestricted (deficit)	<u>\$ (127,800)</u>	<u>\$ 89,994</u>	<u>\$ (37,806)</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian**  
**Component Units**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

	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
<b>Functions/Programs</b>							
Downtown Development Authority							
Community and economic development	\$ 74,065	\$ -	\$ -	\$ -	\$ (74,065)	\$ -	\$ (74,065)
Interest and fiscal charges on long-term debt	4,485	-	-	-	(4,485)	-	(4,485)
Total Downtown Development Authority	78,550	-	-	-	(78,550)	-	(78,550)
Economic Development Corporation	1,001	10,000	-	-	-	8,999	8,999
Total component units	<u>\$ 79,551</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(78,550)</u>	<u>8,999</u>	<u>(69,551)</u>
General revenues							
Property taxes					29,632	-	29,632
Investment income					21	251	272
Miscellaneous					17,942	-	17,942
Total general revenues					<u>47,595</u>	<u>251</u>	<u>47,846</u>
Change in net position					(30,955)	9,250	(21,705)
Net position - beginning of year					<u>(96,845)</u>	<u>80,744</u>	<u>(16,101)</u>
Net position - end of year					<u>\$ (127,800)</u>	<u>\$ 89,994</u>	<u>\$ (37,806)</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**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.

**Charter Township of Meridian**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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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: 2017 property taxes, portions of state-shared revenue, and interest associated with the current fiscal period.

Conversely, 2018 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:

**Charter Township of Meridian**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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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, 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.

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.

**Charter Township of Meridian**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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 2017 taxable valuation of the Township totaled approximately \$1.69 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	4.1741	\$ 7.05
Police protection	0.6041	1.02
Fire protection	0.6364	1.07
Police and fire protection	1.4830	2.50
Community services	0.1490	0.25
Local roads	0.2484	0.42
Bike path	0.3322	0.56
CATA redi ride	0.1987	0.34
Park & recreation	0.6624	1.12
Land preservation	0.3290	0.55
Fire station debt	0.2000	0.34

**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 \$25,000.

**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.

**Charter Township of Meridian**  
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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. The Township has deferred outflows of resources related to the defined benefit pension and OPEB plans, 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.



**Charter Township of Meridian**  
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Other Postemployment Benefit (OPEB) Costs – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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. The Township has deferred inflows of resources related to the defined benefit pension and OPEB plans, 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, changes in assumptions and experience differences. 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.

**Charter Township of Meridian**  
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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. 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. 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).

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.

**Upcoming Accounting and Reporting Changes**

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. 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

**Charter Township of Meridian**  
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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.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a

capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending December 31, 2021.

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components. This statement is effective for the year ending December 31, 2020.

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	\$	782,466
Related expenses:		
Direct costs	\$	(475,436)
Estimated indirect costs		(87,011)
		(562,447)
Current year surplus		220,019
Cumulative shortfall - beginning of year		(7,226,416)
Cumulative shortfall - end of year	\$	(7,006,397)

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**Deficit**

The Motor Pool Fund, an internal service fund, has deficit unrestricted net position of \$482,951.

The Downtown Development Authority, a component unit, has deficit net position of \$127,800.

**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	\$ 25,402,177	\$ 3,161,802	\$ 28,563,979
Business-type activities	<u>7,733,412</u>	-	<u>7,733,412</u>
Total	33,135,589	3,161,802	36,297,391
Fiduciary funds	12,833,693	9,076,354	21,910,047
Component units	<u>187,307</u>	-	<u>187,307</u>
Total	<u>\$ 46,156,589</u>	<u>\$ 12,238,156</u>	<u>\$ 58,394,745</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)	\$ 29,409,624	\$ 12,833,693	\$ 187,307	\$ 42,430,624
Investments in securities, mutual funds and similar vehicles	6,886,217	9,076,354	-	15,962,571
Petty cash and cash on hand	<u>1,550</u>	-	-	<u>1,550</u>
	<u>\$ 36,297,391</u>	<u>\$ 21,910,047</u>	<u>\$ 187,307</u>	<u>\$ 58,394,745</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.

**Charter Township of Meridian**  
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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 \$45,226,917 and \$43,562,191 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 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	\$ 3,161,802	\$ -	\$ 314,873	\$ 1,614,124	\$ 1,232,805
Money market mutual funds	<u>3,724,415</u>	3,724,415	N/A	N/A	N/A
	<u>6,886,217</u>				
Fiduciary Funds					
Stocks	792,684	N/A	N/A	N/A	N/A
Mutual funds	<u>8,283,670</u>	N/A	N/A	N/A	N/A
	<u>9,076,354</u>				
	<u>\$ 15,962,571</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	\$ 3,161,802	AA+	S&P
Money market mutual funds	<u>3,724,415</u>	AAAm	S&P
	<u>6,886,217</u>		
Fiduciary Funds			
Stocks	792,684	Not rated	Not rated
Mutual funds	<u>8,283,670</u>	Not rated	Not rated
	<u>9,076,354</u>		
	<u>\$ 15,962,571</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	\$1,302,323
Federal Farm Credit	1,859,479
Michigan Class	3,724,415

**Charter Township of Meridian**  
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These investments are 100% of the Township's total government-wide investments.

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 Model Portfolio	
Conservative Growth Fund	\$4,988,733
Western Asset Intermediate Bond Fund	1,173,435
Ishares S&P 500 Index Fund	630,430
PNC International Equity Fund	547,644
Principal Mid Cap Fund	541,603

These investments are 81% 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.

Debt securities are valued by the Township's investment custodian using independent pricing services based on the type of asset. The pricing services may use valuation models or matrix pricing, which consider: (a) benchmark yields, (b) reported trades, (c) broker/dealer quotes, (d) benchmark securities, (e) bids or offers, and (f) reference data. The Township's level 2 investments as noted in the table below are valued using significant other observable inputs of the underlying securities.

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

Investment	Balance at December 31, 2018	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)
<b>Primary Government</b>				
U.S. agency securities				
Residential mortgage backed securities	\$ 1,302,323	\$ -	\$ 1,302,323	\$ -
Agriculture loan backed securities	1,859,479	-	1,859,479	-
Money market mutual fund	<u>3,724,415</u>	<u>3,724,415</u>	<u>-</u>	<u>-</u>
	<u>6,886,217</u>	<u>3,724,415</u>	<u>3,161,802</u>	<u>-</u>
<b>Fiduciary Funds</b>				
Common and preferred stock	792,684	792,684	-	-
Mutual funds	<u>8,283,670</u>	<u>8,283,670</u>	<u>-</u>	<u>-</u>
	<u>9,076,354</u>	<u>9,076,354</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,962,571</u>	<u>\$ 12,800,769</u>	<u>\$ 3,161,802</u>	<u>\$ -</u>

**Charter Township of Meridian**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**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 \$ 35,316

**Component unit**

Personal property tax cost recovery \$ 12,764

**Note 6 - Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land and land improvements	\$ 30,425,556	\$ 2,377,576	\$ -	\$ 32,803,132
Construction in progress	14,450	-	-	14,450
Total capital assets not being depreciated	<u>30,440,006</u>	<u>2,377,576</u>	<u>-</u>	<u>32,817,582</u>
Capital assets being depreciated				
Local roads	6,293,681	170,313	-	6,463,994
Buildings, additions and improvements	12,496,354	279,170	-	12,775,524
Furniture and equipment	8,249,766	214,171	-	8,463,937
Drainage flow rights	4,992,489	-	-	4,992,489
Total capital assets being depreciated	<u>32,032,290</u>	<u>663,654</u>	<u>-</u>	<u>32,695,944</u>
Less accumulated depreciation for				
Local roads	4,669,901	563,103	-	5,233,004
Buildings, additions and improvements	5,263,052	399,606	-	5,662,658
Furniture and equipment	7,564,803	218,730	-	7,783,533
Drainage flow rights	1,017,032	100,458	-	1,117,490
Total accumulated depreciation	<u>18,514,788</u>	<u>1,281,897</u>	<u>-</u>	<u>19,796,685</u>
Net capital assets being depreciated	<u>13,517,502</u>	<u>(618,243)</u>	<u>-</u>	<u>12,899,259</u>
Capital assets, net	<u>\$ 43,957,508</u>	<u>\$ 1,759,333</u>	<u>\$ -</u>	<u>\$ 45,716,841</u>
<b>Internal Service Fund:</b>				
Capital assets being depreciated				
Machinery and equipment	\$ 293,676	\$ 24,414	\$ -	\$ 318,090
Vehicles	4,596,476	447,934	89,946	4,954,464
Total capital assets being depreciated	<u>4,890,152</u>	<u>472,348</u>	<u>89,946</u>	<u>5,272,554</u>
Less accumulated depreciation for				
Machinery and equipment	236,148	9,248	-	245,396
Vehicles	2,997,854	367,111	89,946	3,275,019
Total accumulated depreciation	<u>3,234,002</u>	<u>376,359</u>	<u>89,946</u>	<u>3,520,415</u>
Net capital assets being depreciated	<u>1,656,150</u>	<u>95,989</u>	<u>-</u>	<u>1,752,139</u>
Capital assets, net	<u>\$ 1,656,150</u>	<u>\$ 95,989</u>	<u>\$ -</u>	<u>\$ 1,752,139</u>
Governmental capital assets not being depreciated	\$ 30,440,006	\$ 2,377,576	\$ -	\$ 32,817,582
Net governmental capital assets being depreciated	<u>15,173,652</u>	<u>(522,254)</u>	<u>-</u>	<u>14,651,398</u>
Net governmental activities capital assets	<u>\$ 45,613,658</u>	<u>\$ 1,855,322</u>	<u>\$ -</u>	<u>\$ 47,468,980</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 363,060	\$ -	\$ -	\$ 363,060
Capital assets being depreciated				
Buildings and improvements	4,086,251	-	-	4,086,251
Other tools and equipment	3,274,194	260,085	30,580	3,503,699
Water and sewer mains	68,737,594	1,149,444	-	69,887,038
Participation in East Lansing Sewage System	7,372,487	5,632,185	-	13,004,672
Total capital assets being depreciated	<u>83,470,526</u>	<u>7,041,714</u>	<u>30,580</u>	<u>90,481,660</u>
Less accumulated depreciation for				
Buildings and improvements	3,662,723	34,142	-	3,696,865
Other tools and equipment	2,677,498	84,568	12,232	2,749,834
Water and sewer mains	31,462,971	1,277,656	-	32,740,627
Participation in East Lansing Sewage System	794,812	203,772	-	998,584
Total accumulated depreciation	<u>38,598,004</u>	<u>1,600,138</u>	<u>12,232</u>	<u>40,185,910</u>
Net capital assets being depreciated	<u>44,872,522</u>	<u>5,441,576</u>	<u>18,348</u>	<u>50,295,750</u>
Business-type capital assets, net	<u>\$ 45,235,582</u>	<u>\$ 5,441,576</u>	<u>\$ 18,348</u>	<u>\$ 50,658,810</u>

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

**Governmental activities**

General government	\$ 220,003
Public safety	236,391
Public works	663,560
Health and welfare	15,853
Recreation and culture	146,090
	<u>1,281,897</u>

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets

Total governmental activities	<u>376,359</u>
	<u>1,658,256</u>

**Business-type activities**

Water	718,933
Sewer	881,205
Total business-type activities	<u>1,600,138</u>

Total primary government	<u>\$ 3,258,394</u>
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**Note 7 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due from/to other funds</b>		
General fund	Land preservation fund	\$ 360
General fund	Nonmajor governmental funds	18,017
General fund	Sewer fund	657
General fund	Water fund	2,571
General fund	Motor pool fund	11,880
Sewer fund	Nonmajor governmental funds	14,051
Water fund	Nonmajor governmental funds	57,339
Nonmajor governmental funds	Nonmajor governmental funds	27
		<u>\$ 104,902</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	Nonmajor governmental funds (1)	\$ 550,000
General fund	Motor pool fund (2)	290,000
		<u>\$ 840,000</u>

(1) To support local roads.

(2) To support purchase of public safety vehicles.



**Charter Township of Meridian**  
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**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
<b>Governmental activities</b>									
Bonds and notes payable									
General obligation bonds									
Fire Station Construction Bond	\$ 3,500,000	2028	1.25% - 2.80%	\$220,000 - \$270,000	\$ 2,650,000	\$ -	\$ 220,000	\$ 2,430,000	\$ 220,000
Special assessment obligations									
Towar Gardens	3,485,000	2026	4.98%	\$187,320	1,685,880	-	187,320	1,498,560	187,320
Towar Gardens II	183,761	2019	1.92%	\$30,626	61,253	-	30,627	30,626	30,626
Towar Snell	965,000	2026	5.40%	\$25,125	226,125	-	25,125	201,000	25,125
Briarwood	211,500	2026	5.33%	\$10,575	95,175	-	10,575	84,600	10,575
Kinawa	190,000	2032	4.19%	\$10,000	150,000	-	10,000	140,000	10,000
Ember Oaks	35,800	2033	5.25%	\$1,790	28,640	-	1,790	26,850	1,790
Smith Consolidated	111,953	2036	3.22%	\$5,592-\$5,598	106,355	-	5,597	100,758	5,598
					<u>5,003,428</u>	-	491,034	4,512,394	491,034
Compensated absences					<u>739,676</u>	<u>676,255</u>	<u>663,541</u>	<u>752,390</u>	<u>135,430</u>
					<u>5,743,104</u>	<u>676,255</u>	<u>1,154,575</u>	<u>5,264,784</u>	<u>626,464</u>
Internal service fund obligations									
Compensated absences									
					<u>3,601</u>	<u>6,627</u>	<u>6,174</u>	<u>4,054</u>	<u>730</u>
Total governmental activities					<u>\$ 5,746,705</u>	<u>\$ 682,882</u>	<u>\$ 1,160,749</u>	<u>\$ 5,268,838</u>	<u>\$ 627,194</u>
<b>Business-type activities</b>									
Bonds and notes payable									
Other governmental obligations									
2013 SRF Wastewater Optimization Bonds	\$ 681,738	2033	2.00%	\$30,550-\$41,410	\$ 565,648	\$ -	\$ 30,550	\$ 535,098	\$ 30,550
2015 SRF Wastewater Optimization Bonds	4,999,500	2036	2.50%	\$204,980-\$313,297	4,804,518	-	199,980	4,604,538	204,980
2017 SRF Wastewater Optimization Bonds	5,632,185	2038	2.50%	\$375,924-\$495,238	-	5,632,185	-	5,632,185	375,924
Total bonds payable					<u>5,370,166</u>	<u>5,632,185</u>	<u>230,530</u>	<u>10,771,821</u>	<u>611,454</u>
Compensated absences									
Water Fund					44,784	20,231	14,014	51,001	9,180
Sewer Fund					<u>35,191</u>	<u>47,875</u>	<u>43,798</u>	<u>39,268</u>	<u>7,068</u>
Total business-type activities					<u>\$ 5,450,141</u>	<u>\$ 5,700,291</u>	<u>\$ 288,342</u>	<u>\$ 10,862,090</u>	<u>\$ 627,702</u>

**Charter Township of Meridian**  
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Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
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	480,408	73,867	554,275
2024 - 2028	2,036,000	161,582	2,197,582
2029 - 2033	76,940	11,014	87,954
2034 - 2036	16,788	1,083	17,871
	<u>\$ 4,512,394</u>	<u>\$ 671,326</u>	<u>\$ 5,183,720</u>

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2019	\$ 611,454	\$ 261,242	\$ 872,696
2020	629,148	248,841	877,989
2021	643,954	233,210	877,164
2022	659,983	217,205	877,188
2023	674,788	200,809	875,597
2024 - 2028	3,644,089	743,290	4,387,379
2029 - 2033	2,991,834	284,004	3,275,838
2034 - 2036	916,571	34,745	951,316
	<u>\$ 10,771,821</u>	<u>\$ 2,223,346</u>	<u>\$ 12,995,167</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, 2018, there were three series of Limited Obligation Revenue Bonds outstanding, with an aggregate principal amount payable of \$8,540,000.

**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**  
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**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**  
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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, 2018**

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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**  
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Plan Membership – As of December 31, 2018, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	46
Inactive plan members entitled to, but not yet receiving benefits	18
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, 2018, the Township contributed \$300,000, or 287% of 2018 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, 2018 the Plan held the following investments that represent 5% or more of the Plan’s fiduciary net position.

Vantagepoint Model Portfolio Conservative Growth Fund	\$ 4,988,733
Western Asset Intermediate Bond Fund	1,173,435
Ishares S&P 500 Index Fund	630,430
PNC International Equity Fund	547,644
Principal Mid Cap Fund	541,603

Rate of Return – For the year ended December 31, 2018, the annual money-weighted rate of return on Plan investments, net of investment expense, was (5.34%). 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

**Charter Township of Meridian**  
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resume funding the Plan in 2012. The Township once again 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 2018. Administrative costs of the Plan are financed through investment earnings.

**Net Pension Liability** – The components of the net pension liability as of December 31, 2018 were as follows:

Total pension liability - ending	\$ 5,254,450
Plan fiduciary net position - ending	<u>4,170,538</u>
Net pension liability	<u>\$ 1,083,912</u>
 Plan fiduciary net position as a percentage of total pension liability	 79.37%

**Actuarial Assumptions** – The December 31, 2018 total pension liability was determined by an actuarial valuation as of December 31, 2018. The measurement date was December 31, 2018 and all census data provided to the actuary was as of December 31, 2018, therefore no update procedures to roll forward the estimated liability to December 31, 2018 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 expenses, 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**  
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Changes in Net Pension Liability – The components of the change in net pension liability are summarized as follows:

<b>Total Pension Liability</b>	
Service cost	\$ 7,751
Interest on the total pension liability	307,616
Other changes	25,530
Benefit payments and refunds	<u>(418,997)</u>
Net change in total pension liability	(78,100)
Total pension liability - beginning	<u>5,332,550</u>
Total pension liability - ending (a)	<u>\$ 5,254,450</u>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 300,000
Pension plan net investment loss	(217,924)
Benefit payments and refunds	(418,997)
Pension plan administrative expense	<u>(25)</u>
Net change in plan fiduciary net position	(336,946)
Plan fiduciary net position - beginning	<u>4,507,484</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,170,538</u>
<b>Net pension liability (a-b)</b>	<u>\$ 1,083,912</u>
Plan fiduciary net position as a percentage of total pension liability	79.37%
Covered payroll	\$ 104,560
Net pension liability as a percentage of covered payroll	1,036.64%

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	\$ 1,509,874	\$ 1,083,912	\$ 711,966

Pension Expense and Deferred Outflows of Resources Related to Pensions – For the year ended December 31, 2018, the Township recognized pension expense of \$125,261, all related to governmental activities. As of December 31, 2018, the Township reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings	<u>\$ 226,853</u>

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

<u>Year Ending December 31,</u>	
2019	\$ 66,373
2020	38,211
2021	25,307
2022	<u>96,962</u>
	<u>\$ 226,853</u>



**Charter Township of Meridian**  
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**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](http://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.

<b>01 - AFSCME</b>	<b>Open Division</b>
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)

<b>02 - Police POAM</b>	<b>Open Division</b>
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)

<b>05 - Firefighters IAFF</b>	<b>Open Division</b>
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)

<b>10 - Clerical</b>	<b>Open Division</b>
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**  
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<b>11 - Teamsters</b>	<b>Open Division</b>
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)

<b>20 - Police Command</b>	<b>Open Division</b>
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, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	86
Inactive plan members entitled to, but not yet receiving benefits	28
Active employees	110
	224

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, 2018, the employee and employer contribution rates were as follows:

	Percentage of Payroll	
	Employer Contributions	Employee Contributions
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, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 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, 2018**

Actuarial Assumptions – The total pension liability in the December 31, 2017 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	7.75%	Gross of pension plan investment expenses, 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, 2017 valuation were based on the results of the most recent actuarial experience study in 2015.

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, 2017, 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	55.50%	8.65%
Global fixed income	18.50%	3.76%
Real assets	13.50%	9.72%
Diversifying strategies	12.50%	7.50%
	<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, 2018**

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

<b>Total Pension Liability</b>	
Service cost	\$ 1,010,514
Interest on the total pension liability	4,901,121
Differences between expected and actual experience	(948,982)
Changes in benefits	(201,785)
Other changes	(9,031)
Benefit payments and refunds	<u>(3,092,898)</u>
Net change in total pension liability	1,658,939
Total pension liability - beginning	<u>62,305,206</u>
Total pension liability - ending (a)	<u>\$ 63,964,145</u>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 3,460,367
Employee contributions	519,853
Pension plan net investment income	4,636,217
Benefit payments and refunds	(3,092,898)
Pension plan administrative expense	<u>(73,113)</u>
Net change in plan fiduciary net position	5,450,426
Plan fiduciary net position - beginning	<u>34,557,642</u>
Plan fiduciary net position - ending (b)	<u>\$ 40,008,068</u>
<b>Net pension liability (a-b)</b>	<u>\$ 23,956,077</u>
Plan fiduciary net position as a percentage of total pension liability	62.55%
Covered payroll	\$ 6,324,075
Net pension liability as a percentage of covered payroll	378.81%

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	\$ 32,057,110	\$ 23,956,077	\$ 17,207,121

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2018, the Township recognized pension expense of (\$1,041,014), of which (\$708,599) is related to governmental activities and (\$332,415) is related to business-type activities. As of December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Amount to Amortize</u>
Difference between expected and actual experience	\$ -	\$ (1,058,157)	\$ (1,058,157)
Changes in assumptions	998,411	-	998,411
Net difference between projected and actual earnings	-	(846,338)	(846,338)
Contributions subsequent to the measurement date*	<u>3,802,749</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,801,160</u>	<u>\$ (1,904,495)</u>	<u>\$ (906,084)</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2019.

**Charter Township of Meridian**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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

<u>Year Ending December 31,</u>	
2019	\$ 304,838
2020	192,071
2021	(845,386)
2022	(557,607)
	<u>\$ (906,084)</u>

**Financial Statement Reconciliation**

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Charter Township of Meridian Employees' Retirement System	\$ 1,083,912	\$ 226,853	\$ -
Municipal Employee's Retirement System of Michigan	23,956,077	4,801,160	(1,904,495)
	<u>\$ 25,039,989</u>	<u>\$ 5,028,013</u>	<u>\$ (1,904,495)</u>

**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 \$224,614 and \$134,652 during the current year and employees contributed \$90,728 and \$44,022 for the pension and healthcare plans, respectively.

**Note 12 - Other Postemployment Benefits**

Plan description – 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.

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. 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

**Charter Township of Meridian**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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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 MTTFA, 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 MTTFA, POAM and FOP collective bargaining agreements. AFSCME-DPW and Teamsters employees' surviving spouse are covered subject to the limits listed above.

Employees covered by benefit terms - At December 31, 2018, 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
	<u>127</u>

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, 2018, the Township's contributed \$450,136. 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, 2018, the annual money-weighted rate of return on investments, net of investment expense, was (5.34%). 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, 2018**

Net OPEB liability – The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability as of December 31, 2018 were as follows:

Total OPEB liability	\$ 9,214,871
Plan fiduciary net position	(4,988,733)
Net OPEB liability	<u>\$ 4,226,138</u>

Plan fiduciary net position as a percentage of the total OPEB liability is 54.14%.

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 3.75%

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 4.91% 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 3.71%. 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.

**Changes in Net OPEB Liability**

<b>Total OPEB Liability</b>	
Service cost	\$ 190,743
Interest on the total OPEB liability	433,155
Differences between expected and actual experience	(177,273)
Changes in assumptions	(38,069)
Benefit payments and refunds	<u>(126,136)</u>
Net change in total OPEB liability	282,420
Total OPEB liability - beginning	<u>8,932,451</u>
Total OPEB liability - ending (a)	<u>\$ 9,214,871</u>

**Charter Township of Meridian**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**Plan Fiduciary Net Position**

Employer contributions	\$ 450,136
OPEB plan net investment loss	(212,818)
Benefit payments and refunds	<u>(126,136)</u>
Net change in plan fiduciary net position	111,182
Plan fiduciary net position - beginning	<u>4,877,551</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,988,733</u>

**Net OPEB liability (a-b)**

	<u>\$ 4,226,138</u>
Plan fiduciary net position as a percentage of total OPEB liability	54.14%
Covered payroll	N/A
Net OPEB liability as a percentage of covered payroll	N/A

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	Current Discount Rate	1% Increase
	3.91%	4.91%	5.91%
Net OPEB liability	\$ 5,637,601	\$ 4,226,138	\$ 3,015,310

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	\$ 2,939,532	\$ 4,226,138	\$ 5,755,410

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended December 31, 2018 the employer recognized OPEB expense of \$18,637. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount to Amortize
Difference between expected and actual experience	\$ -	\$ (149,794)	\$ (149,794)
Changes in assumptions	-	(32,168)	(32,168)
Net difference between projected and actual earnings	<u>371,837</u>	<u>-</u>	<u>371,837</u>
Total	<u>\$ 371,837</u>	<u>\$ (181,962)</u>	<u>\$ 189,875</u>

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

Year Ending December 31,	
2019	\$ 59,579
2020	59,579
2021	59,579
2022	59,580
2023	(33,380)
Thereafter	<u>(15,062)</u>
	<u>\$ 189,875</u>



**Charter Township of Meridian**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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

	Pension Trust Fund	Employer Funded Retiree Health Insurance Trust Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 63,515	\$ -	\$ 63,515
Investments			
Stocks	792,684	-	792,684
Mutual funds	3,294,937	4,988,733	8,283,670
Receivables			
Accrued interest	19,402	-	19,402
Total assets	<u>4,170,538</u>	<u>4,988,733</u>	<u>9,159,271</u>
<b>Net Position</b>			
Restricted - held in trust for pension benefits and other employee benefits	<u>\$ 4,170,538</u>	<u>\$ 4,988,733</u>	<u>\$ 9,159,271</u>
<b>Additions</b>			
Contributions			
Employer	<u>\$ 300,000</u>	<u>\$ 449,931</u>	<u>\$ 749,931</u>
Investment earnings			
Interest and dividends	185,612	-	185,612
Change in fair value	(386,150)	(212,405)	(598,555)
Investment expenses	(17,736)	-	(17,736)
Net investment loss	<u>(218,274)</u>	<u>(212,405)</u>	<u>(430,679)</u>
Other miscellaneous income	<u>351</u>	<u>-</u>	<u>351</u>
Total additions	<u>82,077</u>	<u>237,526</u>	<u>319,603</u>
<b>Deductions</b>			
Benefits	364,925	125,930	490,855
Other deductions	54,098	414	54,512
Total deductions	<u>419,023</u>	<u>126,344</u>	<u>545,367</u>
Change in net position	(336,946)	111,182	(225,764)
Net position - beginning of year	<u>4,507,484</u>	<u>4,877,551</u>	<u>9,385,035</u>
Net position - end of year	<u>\$ 4,170,538</u>	<u>\$ 4,988,733</u>	<u>\$ 9,159,271</u>

**Charter Township of Meridian**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**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 \$3,091,081 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, 2018. 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	\$ 9,371,811
Total deferred outflows of resources	190,997
Total liabilities	1,419,183
Total deferred inflows of resources	103,131
Total net position	8,040,494
Total operating revenue	4,614,773
Total operating expenses	3,543,848
Total nonoperating revenue (expense)	(301,260)
Change in net position	769,665

The Township’s equity in this joint venture as of December 31, 2018 is \$5,138,263, 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, 2018, the Township’s property tax revenues were reduced by \$29,031 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.

**Note 16 - Property Tax Appeals**

The Township is defending various property tax appeal cases in the Michigan Tax Tribunal. In each case, the Township assessor is required to determine whether to litigate or settle. The property tax values relate to multiple tax years, and the outcome of these cases may effect property tax revenue.

**Note 17 - Change in Accounting Principle**

As indicated in Note 1, Governmental Accounting Standards Board Statement 75 has been adopted. This statement requires the net OPEB liability and OPEB expense to be recorded. The standard requires this change be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities for governmental activities as of January 1, 2018 by \$5,465,931, restating it from \$37,853,371 to \$32,387,440.

## **Required Supplementary Information**

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**Charter Township of Meridian  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Taxes	\$ 12,556,700	\$ 12,696,200	\$ 12,692,499	\$ (3,701)
Licenses and permits	1,033,000	1,033,000	1,114,098	81,098
Federal grants	-	-	807	807
State-shared revenue	3,200,000	3,200,000	3,479,465	279,465
State grants	65,000	65,000	72,568	7,568
Charges for services	3,344,020	3,370,020	3,483,460	113,440
Fines and forfeitures	378,400	347,400	357,585	10,185
Interest income	57,885	211,385	267,516	56,131
Other revenue				
Other miscellaneous income	256,460	296,960	299,642	2,682
Total revenues	<u>20,891,465</u>	<u>21,219,965</u>	<u>21,767,640</u>	<u>547,675</u>
<b>Expenditures</b>				
General government	6,077,770	6,423,395	5,866,535	(556,860)
Public safety	13,161,075	13,302,425	12,815,152	(487,273)
Public works	181,000	130,350	121,511	(8,839)
Health and welfare	57,860	57,860	57,829	(31)
Community and economic development	570,000	570,000	-	(570,000)
Recreation and culture	753,847	731,847	609,654	(122,193)
Debt service				
Principal retirement	272,000	272,000	271,034	(966)
Interest and fiscal charges	88,500	88,500	81,861	(6,639)
Transfers out	840,000	840,000	840,000	-
Total expenditures	<u>22,002,052</u>	<u>22,416,377</u>	<u>20,663,576</u>	<u>(1,752,801)</u>
Net change in fund balance	(1,110,587)	(1,196,412)	1,104,064	2,300,476
Fund balance - beginning of year	6,857,233	6,857,233	6,857,233	-
Fund balance - end of year	<u>\$ 5,746,646</u>	<u>\$ 5,660,821</u>	<u>\$ 7,961,297</u>	<u>\$ 2,300,476</u>

**Charter Township of Meridian  
Required Supplementary Information  
Budgetary Comparison Schedule  
Land Preservation Fund  
For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Taxes	\$ 549,200	\$ 549,200	\$ 552,757	\$ 3,557
Other state grants	-	462,900	514,374	51,474
Investment income	44,000	59,000	109,641	50,641
 Total revenues	 593,200	 1,071,100	 1,176,772	 105,672
<b>Expenditures</b>				
Current				
Recreation and culture	302,275	1,984,975	1,278,129	(706,846)
 Net change in fund balance	 290,925	 (913,875)	 (101,357)	 812,518
 Fund balance - beginning of year	 5,999,329	 5,999,329	 5,999,329	 -
 Fund balance - end of year	 <u>\$ 6,290,254</u>	 <u>\$ 5,085,454</u>	 <u>\$ 5,897,972</u>	 <u>\$ 812,518</u>

**Charter Township of Meridian**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2018**

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**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>
Community Needs Fund	\$ 10,000	\$ 13,326	\$ 3,326
Township Improvement Revolving Fund	363,000	376,528	13,528

The unfavorable variances were caused by unanticipated expenditures that became necessary during the year.

**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, 2018**

Fiscal year ended December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>					
Service cost	\$ 7,751	\$ 14,978	\$ 14,830	\$ 12,993	\$ 10,867
Interest on the total pension liability	307,616	318,040	324,025	307,223	302,325
Differences between expected and actual experience	25,530	(86,411)	(22,387)	(124,938)	131,492
Changes in assumptions	-	-	-	474,087	-
Benefit payments and refunds	<u>(418,997)</u>	<u>(414,434)</u>	<u>(418,211)</u>	<u>(362,253)</u>	<u>(365,991)</u>
Net change in total pension liability	(78,100)	(167,827)	(101,743)	307,112	78,693
Total pension liability - beginning	<u>5,332,550</u>	<u>5,500,377</u>	<u>5,602,120</u>	<u>5,295,008</u>	<u>5,216,315</u>
Total pension liability - ending (a)	<u>\$ 5,254,450</u>	<u>\$ 5,332,550</u>	<u>\$ 5,500,377</u>	<u>\$ 5,602,120</u>	<u>\$ 5,295,008</u>
<b>Plan Fiduciary Net Position</b>					
Employer contributions	\$ 300,000	\$ 400,000	\$ 400,000	\$ 250,000	\$ 260,000
Net investment income (loss)	(217,924)	593,541	162,002	86,536	296,201
Benefit payments and refunds	(418,997)	(414,434)	(418,211)	(362,253)	(365,991)
Administrative expense	<u>(25)</u>	<u>(46)</u>	<u>(25)</u>	<u>(69,808)</u>	<u>(72,944)</u>
Net change in plan fiduciary net position	(336,946)	579,061	143,766	(95,525)	117,266
Plan fiduciary net position - beginning	<u>4,507,484</u>	<u>3,928,423</u>	<u>3,784,657</u>	<u>3,880,182</u>	<u>3,762,916</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,170,538</u>	<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>\$ 1,083,912</u>	<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	79.37%	84.53%	71.42%	67.56%	73.28%
Covered payroll	\$ 104,560	\$ 102,156	\$ 100,153	\$ 99,161	\$ 97,050
Net pension liability as a percentage of covered payroll	1,036.64%	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, 2018**

Actuarial Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
12/31/2018	151,469	300,000	(148,531)	104,560	286.92%

**Notes to Schedule of Employer Contributions**

Actuarial valuation information relative to the determination of contributions:

Valuation date	December 31, 2018
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, closed
Remaining amortization period	9 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, 2018**

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<u>Fiscal Year</u> <u>Ending December 31,</u>	<u>Annual Money-</u> <u>Weighted Rate of</u> <u>Return, Net of</u> <u>Investment</u> <u>Expense</u>
2014	8.01%
2015	2.23%
2016	4.35%
2017	15.46%
2018	-5.34%

**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, 2018**

Fiscal year ended December 31,	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 1,010,514	\$ 1,000,303	\$ 981,161	\$ 972,200
Interest on the total pension liability	4,901,121	4,711,548	4,473,927	4,260,390
Differences between expected and actual experience	(948,982)	(268,400)	(344,829)	-
Changes in assumptions	-	-	2,496,029	-
Changes in benefits	(201,785)	-	-	-
Other changes	(9,031)	-	-	-
Benefit payments and refunds	<u>(3,092,898)</u>	<u>(3,064,869)</u>	<u>(2,837,026)</u>	<u>(2,460,442)</u>
Net change in total pension liability	1,658,939	2,378,582	4,769,262	2,772,148
Total pension liability - beginning	<u>62,305,206</u>	<u>59,926,624</u>	<u>55,157,362</u>	<u>52,385,214</u>
Total pension liability - ending (a)	<u>\$ 63,964,145</u>	<u>\$ 62,305,206</u>	<u>\$ 59,926,624</u>	<u>\$ 55,157,362</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 3,460,367	\$ 2,835,443	\$ 2,065,675	\$ 1,863,475
Employee contributions	519,853	454,938	434,297	552,292
Net investment income (loss)	4,636,217	3,637,926	(517,185)	1,898,696
Benefit payments and refunds	(3,092,898)	(3,064,869)	(2,837,026)	(2,460,442)
Administrative expense	<u>(73,113)</u>	<u>(71,256)</u>	<u>(70,405)</u>	<u>(69,906)</u>
Net change in plan fiduciary net position	5,450,426	3,792,182	(924,644)	1,784,115
Plan fiduciary net position - beginning	<u>34,557,642</u>	<u>30,765,460</u>	<u>31,690,104</u>	<u>29,905,989</u>
Plan fiduciary net position - ending (b)	<u>\$ 40,008,068</u>	<u>\$ 34,557,642</u>	<u>\$ 30,765,460</u>	<u>\$ 31,690,104</u>
Net pension liability (a-b)	<u>\$ 23,956,077</u>	<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	62.55%	55.47%	51.34%	57.45%
Covered payroll	\$ 6,324,075	\$ 6,197,969	\$ 6,122,164	\$ 6,100,190
Net pension liability as a percentage of covered payroll	378.81%	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, 2018**

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2009	\$ 1,646,820	\$ 1,586,436	\$ 60,384	\$ 7,235,612	21.93%
12/31/2010	1,608,084	1,909,606	(301,522)	6,469,114	29.52%
12/31/2011	1,550,208	1,684,217	(134,009)	6,268,267	26.87%
12/31/2012	1,691,100	1,724,094	(32,994)	6,166,430	27.96%
12/31/2013	1,799,256	1,863,475	(64,219)	6,444,197	28.92%
12/31/2014	1,917,900	1,852,078	65,822	6,100,190	30.36%
12/31/2015	2,001,384	3,049,113	(1,047,729)	6,122,164	49.80%
12/31/2016	1,835,443	2,835,443	(1,000,000)	6,197,969	45.75%
12/31/2017	2,318,478	3,460,368	(1,141,890)	6,324,075	54.72%
12/31/2018	2,302,749	3,802,749	(1,500,000)	6,453,286	58.93%

**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

23 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, 2018**

Fiscal year ended December 31,	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 190,743	\$ 184,032
Interest	433,155	422,016
Differences between expected and actual experience	(177,273)	(146,888)
Changes in assumptions	(38,069)	49,580
Benefit payments	(126,136)	(123,649)
Net change in total OPEB liability	282,420	385,091
Total OPEB liability - beginning	8,932,451	8,547,360
Total OPEB liability - ending (a)	\$ 9,214,871	\$ 8,932,451
<b>Plan Fiduciary Net Position</b>		
Employer contributions	\$ 450,136	\$ 295,649
Net investment income (loss)	(212,818)	395,193
Benefit payments and refunds	(126,136)	(123,649)
Net change in plan fiduciary net position	111,182	567,193
Plan fiduciary net position - beginning	4,877,551	4,310,358
Plan fiduciary net position - ending (b)	\$ 4,988,733	\$ 4,877,551
Net OPEB liability (a-b)	\$ 4,226,138	\$ 4,054,900
Plan fiduciary net position as a percentage of total OPEB liability	54.14%	54.60%
Covered payroll	N/A	N/A
Net OPEB liability as a percentage of covered payroll	N/A	N/A

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, 2018**

Fiscal Year Ended	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	N/A	N/A
12/31/2018	449,295	450,136	(841)	N/A	N/A

**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 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.

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

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<u>Fiscal Year Ending December 31,</u>	<u>Annual Return % *</u>
2017	9.01%
2018	-5.34%

\* 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.

## **Other Supplementary Information**

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**Charter Township of Meridian**  
**Description of Funds**  
**Nonmajor Governmental Funds**

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**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.

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

**Fire 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, 2018**

	Special Revenue Funds						
	Pedestrian/ Bike Path Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Senior Center Millage	Cable TV	Community Needs	Library
<b>Assets</b>							
Cash and cash equivalents	\$ 1,361,310	\$ 9,640	\$ 90,242	\$ 356,456	\$ 114,937	\$ 18,205	\$ 13,244
Receivables							
Taxes	310,930	-	-	78,071	-	-	-
Customers	-	-	-	-	205,709	616	-
Special assessments	-	-	-	-	-	-	-
Due from other funds	-	27	-	-	-	-	-
Prepaid items	-	-	-	-	5,666	-	-
Total assets	<u>\$ 1,672,240</u>	<u>\$ 9,667</u>	<u>\$ 90,242</u>	<u>\$ 434,527</u>	<u>\$ 326,312</u>	<u>\$ 18,821</u>	<u>\$ 13,244</u>
<b>Liabilities</b>							
Accounts payable	\$ 600	\$ -	\$ -	\$ 6,927	\$ 16,157	\$ -	\$ -
Accrued and other liabilities	1,539	-	2,874	466	11,164	-	-
Due to other funds	23	-	13,882	-	2,032	25	-
Total liabilities	<u>2,162</u>	<u>-</u>	<u>16,756</u>	<u>7,393</u>	<u>29,353</u>	<u>25</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - special assessments	-	-	-	-	-	-	-
Property taxes levied for a subsequent period	580,991	-	-	145,818	-	-	-
Special assessments levied for a subsequent period	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>580,991</u>	<u>-</u>	<u>-</u>	<u>145,818</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Charter Township of Meridian  
Other Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018**

	Special Revenue Funds						
	Pedestrian/ Bike Path Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Senior Center Millage	Cable TV	Community Needs	Library
<b>Fund Balances</b>							
Non-spendable							
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 5,666	\$ -	\$ -
Restricted for							
Pedestrian/bike path millage	1,089,087	-	-	-	-	-	-
Fire	-	9,667	-	-	-	-	-
Police	-	-	73,486	-	-	-	-
Senior center millage	-	-	-	281,316	-	-	-
Cable TV	-	-	-	-	291,293	-	-
Community needs	-	-	-	-	-	18,796	-
Library	-	-	-	-	-	-	13,244
Grants	-	-	-	-	-	-	-
Capital area transportation authority millage	-	-	-	-	-	-	-
Local roads	-	-	-	-	-	-	-
Park millage	-	-	-	-	-	-	-
Fire station debt service	-	-	-	-	-	-	-
Fire station construction	-	-	-	-	-	-	-
Assigned - township improvement	-	-	-	-	-	-	-
Total fund balances	<u>1,089,087</u>	<u>9,667</u>	<u>73,486</u>	<u>281,316</u>	<u>296,959</u>	<u>18,796</u>	<u>13,244</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,672,240</u>	<u>\$ 9,667</u>	<u>\$ 90,242</u>	<u>\$ 434,527</u>	<u>\$ 326,312</u>	<u>\$ 18,821</u>	<u>\$ 13,244</u>

**Charter Township of Meridian  
Other Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018**

	Special Revenue Funds				Debt Service	Capital Projects Funds		Total Nonmajor Governmental Funds
	Grants	CATA Millage	Local Roads	Park Millage	Fire Station Debt Service	Fire Station Construction	Township Improvement Revolving	
<b>Assets</b>								
Cash and cash equivalents	\$ 152,209	\$ 178,696	\$ 1,169,853	\$ 1,950,721	\$ 369,503	\$ 16	\$ 979,472	\$ 6,764,504
Receivables								
Taxes	-	185,927	232,440	620,010	187,521	-	-	1,614,899
Customers	-	-	-	-	-	-	-	206,325
Special assessments	-	-	-	-	-	-	1,062,122	1,062,122
Due from other funds	-	-	-	-	-	-	-	27
Prepaid items	-	-	-	555	-	-	-	6,221
Total assets	<u>\$ 152,209</u>	<u>\$ 364,623</u>	<u>\$ 1,402,293</u>	<u>\$ 2,571,286</u>	<u>\$ 557,024</u>	<u>\$ 16</u>	<u>\$ 2,041,594</u>	<u>\$ 9,654,098</u>
<b>Liabilities</b>								
Accounts payable	\$ 23,175	\$ -	\$ 85,523	\$ 22,327	\$ -	\$ -	\$ 23,887	\$ 178,596
Accrued and other liabilities	-	1,110	1,387	25,320	1,113	-	-	44,973
Due to other funds	-	-	-	73,472	-	-	-	89,434
Total liabilities	<u>23,175</u>	<u>1,110</u>	<u>86,910</u>	<u>121,119</u>	<u>1,113</u>	<u>-</u>	<u>23,887</u>	<u>313,003</u>
<b>Deferred Inflows of Resources</b>								
Unavailable revenue - special assessments	-	-	-	-	-	-	252,122	252,122
Property taxes levied for a subsequent period	-	347,523	434,495	1,157,594	349,724	-	-	3,016,145
Special assessments levied for a subsequent period	-	-	-	-	-	-	810,000	810,000
Total deferred inflows of resources	<u>-</u>	<u>347,523</u>	<u>434,495</u>	<u>1,157,594</u>	<u>349,724</u>	<u>-</u>	<u>1,062,122</u>	<u>4,078,267</u>

**Charter Township of Meridian  
Other Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018**

	Special Revenue Funds				Debt Service	Capital Projects Funds		Total Nonmajor Governmental Funds
	Grants	CATA Millage	Local Roads	Park Millage	Fire Station Debt Service	Fire Station Construction	Township Improvement Revolving	
<b>Fund Balances</b>								
Non-spendable								
Prepaid items	\$ -	\$ -	\$ -	\$ 555	\$ -	\$ -	\$ -	\$ 6,221
Restricted for								
Pedestrian/bike path millage	-	-	-	-	-	-	-	1,089,087
Fire	-	-	-	-	-	-	-	9,667
Police	-	-	-	-	-	-	-	73,486
Senior center millage	-	-	-	-	-	-	-	281,316
Cable TV	-	-	-	-	-	-	-	291,293
Community needs	-	-	-	-	-	-	-	18,796
Library	-	-	-	-	-	-	-	13,244
Grants	129,034	-	-	-	-	-	-	129,034
Capital area transportation authority millage	-	15,990	-	-	-	-	-	15,990
Local roads	-	-	880,888	-	-	-	-	880,888
Park millage	-	-	-	1,292,018	-	-	-	1,292,018
Fire station debt service	-	-	-	-	206,187	-	-	206,187
Fire station construction	-	-	-	-	-	16	-	16
Assigned - township improvement	-	-	-	-	-	-	955,585	955,585
Total fund balances	<u>129,034</u>	<u>15,990</u>	<u>880,888</u>	<u>1,292,573</u>	<u>206,187</u>	<u>16</u>	<u>955,585</u>	<u>5,262,828</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 152,209</u>	<u>\$ 364,623</u>	<u>\$ 1,402,293</u>	<u>\$ 2,571,286</u>	<u>\$ 557,024</u>	<u>\$ 16</u>	<u>\$ 2,041,594</u>	<u>\$ 9,654,098</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, 2018**

	Special Revenue Funds						
	Pedestrian/ Bike Path Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Senior Center Millage	Cable TV	Community Needs	Library
<b>Revenues</b>							
Taxes	\$ 558,313	\$ -	\$ -	\$ 140,107	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	831,590	-	-
Federal grants	-	32,637	-	-	-	-	-
Other state grants	-	-	6,520	-	-	-	-
Charges for services	21,620	-	-	-	-	-	-
Fines and forfeitures	-	-	30,660	-	-	-	-
Interest income	18,501	135	824	3,937	2,318	231	167
Other revenue	267,530	59	12,593	-	-	16,087	-
<b>Total revenues</b>	<b>865,964</b>	<b>32,831</b>	<b>50,597</b>	<b>144,044</b>	<b>833,908</b>	<b>16,318</b>	<b>167</b>
<b>Expenditures</b>							
Current							
Public safety	\$ -	\$ 32,467	\$ 22,116	\$ -	\$ -	\$ -	\$ -
Public works	520,678	-	-	-	-	-	-
Health and welfare	-	-	-	51,719	-	13,326	-
Recreation and culture	-	-	-	-	908,557	-	-
Debt service							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>520,678</b>	<b>32,467</b>	<b>22,116</b>	<b>51,719</b>	<b>908,557</b>	<b>13,326</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	345,286	364	28,481	92,325	(74,649)	2,992	167
<b>Other financing sources</b>							
Transfers in	-	-	-	-	-	-	-
<b>Net change in fund balance</b>	<b>345,286</b>	<b>364</b>	<b>28,481</b>	<b>92,325</b>	<b>(74,649)</b>	<b>2,992</b>	<b>167</b>
Fund balance - beginning of year	743,801	9,303	45,005	188,991	371,608	15,804	13,077
Fund balance - end of year	<b>\$ 1,089,087</b>	<b>\$ 9,667</b>	<b>\$ 73,486</b>	<b>\$ 281,316</b>	<b>\$ 296,959</b>	<b>\$ 18,796</b>	<b>\$ 13,244</b>

**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, 2018**

	Special Revenue Funds				Debt Service	Capital Projects Funds		Total Nonmajor Governmental Funds
	Grants	CATA Millage	Local Roads	Park Millage	Fire Station Debt Service	Fire Station Construction	Township Improvement Revolving	
<b>Revenues</b>								
Taxes	\$ -	\$ 333,923	\$ 417,494	\$ 1,110,997	\$ 335,566	\$ -	\$ -	\$ 2,896,400
Licenses and permits	-	-	-	-	-	-	-	831,590
Federal grants	-	-	-	-	-	-	-	32,637
Other state grants	17,990	-	-	-	-	-	-	24,510
Charges for services	-	-	-	-	-	-	150,443	172,063
Fines and forfeitures	-	-	-	-	-	-	-	30,660
Interest income	1,737	2,272	10,040	24,020	3,067	48	31,505	98,802
Other revenue	299	-	-	164,363	-	-	-	460,931
<b>Total revenues</b>	<b>20,026</b>	<b>336,195</b>	<b>427,534</b>	<b>1,374,380</b>	<b>338,633</b>	<b>48</b>	<b>181,948</b>	<b>4,622,593</b>
<b>Expenditures</b>								
Current								
Public safety	\$ 17,990	\$ -	\$ -	\$ -	\$ -	\$ 7,726	\$ -	\$ 80,299
Public works	-	-	185,943	-	-	-	376,528	1,083,149
Health and welfare	235	-	-	-	-	-	-	65,280
Recreation and culture	-	335,000	-	1,464,457	-	-	-	2,708,014
Debt service								
Principal retirement	-	-	-	-	220,000	-	-	220,000
Interest and fiscal charges	-	-	-	-	54,218	-	-	54,218
<b>Total expenditures</b>	<b>18,225</b>	<b>335,000</b>	<b>185,943</b>	<b>1,464,457</b>	<b>274,218</b>	<b>7,726</b>	<b>376,528</b>	<b>4,210,960</b>
Excess (deficiency) of revenues over expenditures	1,801	1,195	241,591	(90,077)	64,415	(7,678)	(194,580)	411,633
<b>Other financing sources</b>								
Transfers in	-	-	550,000	-	-	-	-	550,000
<b>Net change in fund balance</b>	<b>1,801</b>	<b>1,195</b>	<b>791,591</b>	<b>(90,077)</b>	<b>64,415</b>	<b>(7,678)</b>	<b>(194,580)</b>	<b>961,633</b>
Fund balance - beginning of year	127,233	14,795	89,297	1,382,650	141,772	7,694	1,150,165	4,301,195
Fund balance - end of year	\$ 129,034	\$ 15,990	\$ 880,888	\$ 1,292,573	\$ 206,187	\$ 16	\$ 955,585	\$ 5,262,828

**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Pedestrian/Bike Path Millage Fund  
For the Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Taxes	\$ 557,250	\$ 557,250	\$ 558,313	\$ 1,063
Charges for services	-	-	21,620	21,620
Investment income	500	500	18,501	18,001
Other revenue	<u>2,682,300</u>	<u>2,682,300</u>	<u>267,530</u>	<u>(2,414,770)</u>
Total revenues	3,240,050	3,240,050	865,964	(2,374,086)
<b>Expenditures</b>				
Current				
Public works	<u>3,341,725</u>	<u>3,341,725</u>	<u>520,678</u>	<u>(2,821,047)</u>
Net change in fund balance	(101,675)	(101,675)	345,286	446,961
Fund balance - beginning of year	<u>743,801</u>	<u>743,801</u>	<u>743,801</u>	<u>-</u>
Fund balance - end of year	<u>\$ 642,126</u>	<u>\$ 642,126</u>	<u>\$ 1,089,087</u>	<u>\$ 446,961</u>

**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Fire Restricted / Designated Fund  
For the Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Federal grants	\$ -	\$ 32,600	\$ 32,637	\$ 37
Investment income	-	-	135	135
Other revenue	-	-	59	59
	-	32,600	32,831	231
<b>Expenditures</b>				
Current				
Public safety	-	36,750	32,467	(4,283)
	-	(4,150)	364	4,514
Net change in fund balance	-	(4,150)	364	4,514
Fund balance - beginning of year	9,303	9,303	9,303	-
Fund balance - end of year	<u>\$ 9,303</u>	<u>\$ 5,153</u>	<u>\$ 9,667</u>	<u>\$ 4,514</u>



**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Police Restricted/Designated Fund  
For the Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Federal grants	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
Other state grants	7,000	7,000	6,520	(480)
Fines and forfeitures	8,500	8,500	30,660	22,160
Investment income	-	-	824	824
Other revenue	5,100	5,100	12,593	7,493
	<u>22,100</u>	<u>22,100</u>	<u>50,597</u>	<u>28,497</u>
<b>Expenditures</b>				
Current				
Public safety	26,000	26,000	22,116	(3,884)
	<u>(3,900)</u>	<u>(3,900)</u>	<u>28,481</u>	<u>32,381</u>
Net change in fund balance				
Fund balance - beginning of year	45,005	45,005	45,005	-
Fund balance - end of year	<u>\$ 41,105</u>	<u>\$ 41,105</u>	<u>\$ 73,486</u>	<u>\$ 32,381</u>

**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Senior Center Millage Fund  
For the Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Taxes	\$ 139,600	\$ 139,600	\$ 140,107	\$ 507
Investment income	100	100	3,937	3,837
Total revenues	139,700	139,700	144,044	4,344
<b>Expenditures</b>				
Current				
Health and welfare	139,000	139,000	51,719	(87,281)
Net change in fund balance	700	700	92,325	91,625
Fund balance - beginning of year	188,991	188,991	188,991	-
Fund balance - end of year	<u>\$ 189,691</u>	<u>\$ 189,691</u>	<u>\$ 281,316</u>	<u>\$ 91,625</u>

**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Cable TV Fund  
For the Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Licenses and permits	\$ 840,500	\$ 843,500	\$ 831,590	\$ (11,910)
Investment income	-	1,700	2,318	618
Total revenues	840,500	845,200	833,908	(11,292)
<b>Expenditures</b>				
Current				
Recreation and culture	810,200	919,825	908,557	(11,268)
Net change in fund balance	30,300	(74,625)	(74,649)	(24)
Fund balance - beginning of year	371,608	371,608	371,608	-
Fund balance - end of year	<u>\$ 401,908</u>	<u>\$ 296,983</u>	<u>\$ 296,959</u>	<u>\$ (24)</u>

**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Community Needs Fund  
For the Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 231	\$ 231
Other revenue	<u>7,500</u>	<u>10,000</u>	<u>16,087</u>	<u>6,087</u>
Total revenues	7,500	10,000	16,318	6,318
<b>Expenditures</b>				
Current				
Health and welfare	<u>7,500</u>	<u>10,000</u>	<u>13,326</u>	<u>3,326</u>
Net change in fund balance	-	-	2,992	2,992
Fund balance - beginning of year	<u>15,804</u>	<u>15,804</u>	<u>15,804</u>	<u>-</u>
Fund balance - end of year	<u>\$ 15,804</u>	<u>\$ 15,804</u>	<u>\$ 18,796</u>	<u>\$ 2,992</u>

**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Library Fund  
For the Year Ended December 31, 2018**

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	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Amended Budget</u>
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 167	\$ 167
Net change in fund balance	-	-	167	167
Fund balance - beginning of year	<u>13,077</u>	<u>13,077</u>	<u>13,077</u>	<u>-</u>
Fund balance - end of year	<u>\$ 13,077</u>	<u>\$ 13,077</u>	<u>\$ 13,244</u>	<u>\$ 167</u>

**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Grants Fund  
For the Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Other state grants	\$ 21,000	\$ 21,000	\$ 17,990	\$ (3,010)
Investment income	-	-	1,737	1,737
Other revenue	-	-	299	299
	<u>21,000</u>	<u>21,000</u>	<u>20,026</u>	<u>(974)</u>
<b>Expenditures</b>				
Current				
Public safety	21,000	21,000	17,990	(3,010)
Health and welfare	-	-	235	235
	<u>21,000</u>	<u>21,000</u>	<u>18,225</u>	<u>(2,775)</u>
Net change in fund balance	-	-	1,801	1,801
Fund balance - beginning of year	<u>127,233</u>	<u>127,233</u>	<u>127,233</u>	<u>-</u>
Fund balance - end of year	<u>\$ 127,233</u>	<u>\$ 127,233</u>	<u>\$ 129,034</u>	<u>\$ 1,801</u>

**Charter Township of Meridian**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Nonmajor Governmental Fund**  
**CATA Millage Fund**  
**For the Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Taxes	\$ 333,150	\$ 333,150	\$ 333,923	\$ 773
Investment income	-	-	2,272	2,272
Total revenues	333,150	333,150	336,195	3,045
<b>Expenditures</b>				
Current				
Recreation and culture	335,000	335,000	335,000	-
Net change in fund balance	(1,850)	(1,850)	1,195	3,045
Fund balance - beginning of year	14,795	14,795	14,795	-
Fund balance - end of year	<u>\$ 12,945</u>	<u>\$ 12,945</u>	<u>\$ 15,990</u>	<u>\$ 3,045</u>

**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Local Roads Fund  
For the Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Taxes	\$ 416,200	\$ 416,200	\$ 417,494	\$ 1,294
Investment income	100	100	10,040	9,940
Transfers in	550,000	550,000	550,000	-
Total revenues	966,300	966,300	977,534	11,234
<b>Expenditures</b>				
Current				
Public works	965,000	965,000	185,943	(779,057)
Net change in fund balance	1,300	1,300	791,591	790,291
Fund balance - beginning of year	89,297	89,297	89,297	-
Fund balance - end of year	<u>\$ 90,597</u>	<u>\$ 90,597</u>	<u>\$ 880,888</u>	<u>\$ 790,291</u>



**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Park Millage Fund  
For the Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Taxes	\$ 1,111,000	\$ 1,111,000	\$ 1,110,997	\$ (3)
Local contributions	110,000	110,000	75,000	(35,000)
Investment income	2,150	15,150	24,020	8,870
Other revenue	<u>125,300</u>	<u>146,300</u>	<u>164,363</u>	<u>18,063</u>
Total revenues	1,348,450	1,382,450	1,374,380	(8,070)
<b>Expenditures</b>				
Current				
Recreation and culture	<u>1,098,865</u>	<u>1,748,165</u>	<u>1,464,457</u>	<u>(283,708)</u>
Net change in fund balance	249,585	(365,715)	(90,077)	275,638
Fund balance - beginning of year	<u>1,382,650</u>	<u>1,382,650</u>	<u>1,382,650</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,632,235</u>	<u>\$ 1,016,935</u>	<u>\$ 1,292,573</u>	<u>\$ 275,638</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, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Taxes	\$ 335,100	\$ 335,100	\$ 335,566	\$ 466
Investment income	-	-	3,067	3,067
Total revenues	<u>335,100</u>	<u>335,100</u>	<u>338,633</u>	<u>3,533</u>
<b>Expenditures</b>				
Debt service				
Principal retirement	220,000	220,000	220,000	-
Interest and fiscal charges	<u>54,218</u>	<u>54,218</u>	<u>54,218</u>	<u>-</u>
Total expenditures	<u>274,218</u>	<u>274,218</u>	<u>274,218</u>	<u>-</u>
Net change in fund balance	60,882	60,882	64,415	3,533
Fund balance - beginning of year	<u>141,772</u>	<u>141,772</u>	<u>141,772</u>	<u>-</u>
Fund balance - end of year	<u>\$ 202,654</u>	<u>\$ 202,654</u>	<u>\$ 206,187</u>	<u>\$ 3,533</u>

**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Fire Station Construction Fund  
For the Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 48	\$ 48
<b>Expenditures</b>				
Current				
Public safety	-	7,760	7,726	(34)
Net change in fund balance	-	(7,760)	(7,678)	82
Fund balance - beginning of year	7,694	7,694	7,694	-
Fund balance - end of year (deficit)	<u>\$ 7,694</u>	<u>\$ (66)</u>	<u>\$ 16</u>	<u>\$ 82</u>

**Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison Schedule  
Nonmajor Governmental Fund  
Township Improvement Revolving Fund  
For the Year Ended December 31, 2018**

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	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
<b>Revenues</b>				
Charges for services	\$ 120,000	\$ 120,000	\$ 150,443	\$ 30,443
Investment income	11,000	11,000	31,505	20,505
Total revenues	131,000	131,000	181,948	50,948
<b>Expenditures</b>				
Current				
Public works	363,000	363,000	376,528	13,528
Net change in fund balance	(232,000)	(232,000)	(194,580)	37,420
Fund balance - beginning of year	1,150,165	1,150,165	1,150,165	-
Fund balance - end of year	\$ 918,165	\$ 918,165	\$ 955,585	\$ 37,420

**Charter Township of Meridian  
Other Supplementary Information  
Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2018**

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018
<b><u>Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 16,770,981	\$ 110,005,730	\$ (114,006,533)	\$ 12,770,178
<b>Liabilities</b>				
Accounts payable	\$ 3,586	\$ 42,669,408	\$ (42,669,298)	\$ 3,696
Due to other units of government	16,767,395	81,525,082	(85,525,995)	12,766,482
Total liabilities	\$ 16,770,981	\$ 124,194,490	\$ (128,195,293)	\$ 12,770,178

## **Statistical Section**

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## Charter Township of Meridian Statistical Section

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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)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 26,991	\$ 30,393	\$ 33,401	\$ 33,781	\$ 34,428	\$ 34,416	\$ 36,166	\$ 37,311	\$ 40,613	\$ 42,957
Restricted	6,960	6,385	5,580	5,948	6,553	7,345	8,400	9,757	9,150	10,204
Unrestricted	6,169	7,134	8,060	8,877	9,018	10,629	(10,661)	(11,611)	(11,910)	(15,183)
Total net position	\$ 40,120	\$ 43,912	\$ 47,041	\$ 48,606	\$ 49,999	\$ 52,390	\$ 33,905	\$ 35,457	\$ 37,853	\$ 37,978
<b>Business-type Activities:</b>										
Net investment in capital assets	\$ 40,006	\$ 41,805	\$ 42,339	\$ 41,380	\$ 40,589	\$ 40,452	\$ 39,764	\$ 39,273	\$ 39,865	\$ 39,887
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	9,947	7,387	6,070	7,090	7,839	8,972	7,433	9,077	10,972	12,615
Total net position	\$ 49,953	\$ 49,192	\$ 48,409	\$ 48,470	\$ 48,428	\$ 49,424	\$ 47,197	\$ 48,350	\$ 50,837	\$ 52,502
<b>Primary Government:</b>										
Net investment in capital assets	\$ 66,997	\$ 72,198	\$ 75,740	\$ 75,161	\$ 75,017	\$ 74,868	\$ 75,930	\$ 76,584	\$ 80,478	\$ 82,844
Restricted	6,960	6,385	5,580	5,948	6,553	7,345	8,400	9,757	9,150	10,204
Unrestricted	16,116	14,521	14,130	15,967	16,857	19,601	(3,228)	(2,534)	(938)	(2,568)
Total net position	\$ 90,073	\$ 93,104	\$ 95,450	\$ 97,076	\$ 98,427	\$ 101,814	\$ 81,102	\$ 83,807	\$ 88,690	\$ 90,480



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

	Fiscal Year Ended December 31									
	(in thousands of dollars)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses:</b>										
General government	\$ 3,965	\$ 3,254	\$ 3,371	\$ 4,244	\$ 4,284	\$ 3,941	\$ 4,346	\$ 4,347	\$ 4,785	\$ 4,239
Public safety	10,583	10,416	10,048	9,901	10,922	9,799	10,937	12,247	11,454	12,450
Public works	1,292	830	708	1,072	1,072	1,277	946	1,230	1,132	1,414
Health and welfare	84	68	55	63	169	166	162	159	180	143
Recreation and culture	2,043	1,946	2,256	2,071	1,684	2,118	2,258	2,484	3,078	2,514
Interest on long-term debt	293	276	244	183	367	221	168	148	138	128
<b>Total expenses</b>	<b>18,260</b>	<b>16,790</b>	<b>16,682</b>	<b>17,534</b>	<b>18,498</b>	<b>17,522</b>	<b>18,817</b>	<b>20,615</b>	<b>20,767</b>	<b>20,888</b>
<b>Program revenue:</b>										
Charges for services:										
General government	50	60	55	415	391	383	416	414	667	699
Public safety	2,071	2,676	2,790	2,352	3,064	2,658	2,574	2,724	2,895	2,685
Public works	1,049	17	87	105	113	89	121	82	120	204
Recreation and culture	146	151	218	325	307	321	338	346	1,181	1,181
<b>Total charges for services</b>	<b>3,316</b>	<b>2,904</b>	<b>3,150</b>	<b>3,197</b>	<b>3,875</b>	<b>3,451</b>	<b>3,449</b>	<b>3,566</b>	<b>4,863</b>	<b>4,769</b>
Operating grants and contributions	113	367	475	163	283	175	127	137	172	121
Capital grants and contributions	-	-	-	-	-	-	-	-	-	589
<b>Total program revenue</b>	<b>3,429</b>	<b>3,271</b>	<b>3,625</b>	<b>3,360</b>	<b>4,158</b>	<b>3,626</b>	<b>3,576</b>	<b>3,703</b>	<b>5,035</b>	<b>5,479</b>
<b>Excess of expenses over revenue</b>	<b>(14,831)</b>	<b>(13,519)</b>	<b>(13,057)</b>	<b>(14,174)</b>	<b>(14,340)</b>	<b>(13,896)</b>	<b>(15,241)</b>	<b>(16,912)</b>	<b>(15,732)</b>	<b>(15,409)</b>
<b>General revenue:</b>										
Property taxes	13,580	13,365	11,981	11,488	11,464	11,710	13,005	13,464	13,695	16,142
State-shared revenue	2,541	2,495	2,819	2,891	2,960	3,085	3,087	3,165	3,496	3,579
Investment income (loss)	166	372	184	98	(46)	212	152	128	238	486
Franchise fees*	699	802	819	873	822	856	1,021	1,058	-	-
Miscellaneous income	333	277	383	389	533	424	562	694	723	793
<b>Total general revenue</b>	<b>17,319</b>	<b>17,311</b>	<b>16,186</b>	<b>15,739</b>	<b>15,733</b>	<b>16,287</b>	<b>17,827</b>	<b>18,509</b>	<b>18,152</b>	<b>21,000</b>
<b>Transfers</b>	-	-	-	-	-	-	-	(45)	(24)	-
<b>Change in net position</b>	<b>\$ 2,488</b>	<b>\$ 3,792</b>	<b>\$ 3,129</b>	<b>\$ 1,565</b>	<b>\$ 1,393</b>	<b>\$ 2,391</b>	<b>\$ 2,586</b>	<b>\$ 1,552</b>	<b>\$ 2,396</b>	<b>\$ 5,591</b>

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

	Fiscal Year Ended December 31									
	(in thousands of dollars)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Operating revenue:</b>										
Sale of water	\$ 3,288	\$ 3,369	\$ 3,421	\$ 4,055	\$ 4,026	\$ 4,152	\$ 4,104	\$ 5,320	\$ 5,287	\$ 5,391
Sewage disposal charge	2,931	3,052	2,993	3,479	3,587	3,800	3,833	4,185	4,580	5,240
Charges for services	630	956	736	974	1,150	1,061	887	979	1,335	997
Other	133	196	92	246	433	35	42	26	46	48
Total operating revenue	6,982	7,573	7,242	8,754	9,196	9,048	8,866	10,510	11,248	11,676
<b>Operating expense:</b>										
Cost of water produced/purchased	1,920	2,033	2,211	2,595	2,518	2,458	2,556	2,505	2,852	3,091
Cost of sewage treatment	1,642	1,455	1,433	1,430	1,855	1,789	2,301	2,393	1,870	2,651
Other operation and maintenance costs	2,230	2,082	2,068	2,278	2,541	2,871	2,959	2,685	3,083	752
Billing and administrative costs	1,177	1,167	1,160	1,161	1,076	1,082	1,101	1,160	1,192	2,579
Depreciation	1,480	1,563	1,619	1,654	1,795	1,650	1,680	1,647	1,686	1,600
Total operating expenses	8,449	8,300	8,491	9,118	9,785	9,850	10,597	10,390	10,683	10,673
<b>Operating income (loss)</b>	(1,467)	(727)	(1,249)	(364)	(589)	(802)	(1,731)	120	565	1,003
<b>Nonoperating revenue (expense):</b>										
Investment income	76	31	9	3	3	4	3	1	1	1
Gain (loss) from joint venture	(203)	(174)	(158)	179	163	234	(31)	300	296	337
Grant revenue	-	-	-	-	-	569	932	402	514	7
Interest expense	41	(41)	(32)	(29)	(37)	(12)	(39)	(98)	(126)	(210)
Total nonoperating revenue (expense)	(86)	(184)	(181)	153	129	795	865	605	685	135
<b>Income (loss) – Before capital contributions and transfer</b>	(1,553)	(911)	(1,430)	(211)	(460)	(7)	(866)	725	1,250	1,138
<b>Capital contributions</b>	510	150	647	272	418	1,003	195	383	1,213	526
<b>Transfers from other funds</b>	-	-	-	-	-	-	-	45	24	-
<b>Transfers to other funds</b>	-	-	-	-	-	-	-	-	-	-
<b>Change in net position</b>	\$ (1,043)	\$ (761)	\$ (783)	\$ 61	\$ (42)	\$ 996	\$ (671)	\$ 1,153	\$ 2,487	\$ 1,664
<b>Change in net position – primary government</b>	\$ 1,445	\$ 3,031	\$ 2,346	\$ 1,626	\$ 1,351	\$ 3,387	\$ 1,915	\$ 2,705	\$ 4,883	\$ 7,255

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

	As of December 31									
	(in thousands of dollars)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Post-GASB No. 54:										
Nonspendable	\$ -	\$ -	\$ 692	\$ 675	\$ 564	\$ 217	\$ 297	\$ 289	\$ 119	\$ 140
Assigned	-	-	-	-	-	-	-	-	1,111	592
Unassigned	-	-	4,901	5,281	6,280	6,896	7,307	7,137	5,627	7,229
Pre-GASB No. 54:										
Reserved	7	442	-	-	-	-	-	-	-	-
Unreserved – undesignated	3,841	4,805	-	-	-	-	-	-	-	-
Total general fund	<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>	<u>\$ 7,961</u>
<b>All Other Governmental Funds</b>										
Post-GASB No. 54:										
Nonspendable	\$ -	\$ -	\$ 160	\$ 150	\$ 8	\$ 7	\$ 31	\$ 13	\$ 11	\$ 8
Restricted	-	-	5,418	5,798	9,840	10,501	8,368	9,744	9,139	10,197
Assigned	-	-	993	1,041	1,162	1,170	1,131	1,059	1,150	956
Unassigned	-	-	(401)	(407)	(349)	(1)	-	-	-	-
Pre-GASB No. 54:										
Reserved – Special Revenue Fund	-	190	-	-	-	-	-	-	-	-
Unreserved and undesignated –										
Reported in:										
Special revenue funds	6,667	5,834	-	-	-	-	-	-	-	-
Debt service funds	357	329	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 11,161</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)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenue</b>										
Property taxes	\$ 13,580	\$ 13,365	\$ 11,981	\$ 11,488	\$ 11,464	\$ 11,710	\$ 13,005	\$ 13,464	\$ 13,695	\$ 16,142
Licenses and permits	248	662	536	618	1,153	841	737	796	2,280	1,946
Intergovernmental revenue	2,718	2,840	3,282	3,021	3,106	3,229	3,226	3,252	3,555	4,198
Special assessments	144	339	195	225	238	134	163	121	137	150
Charges for services	2,923	3,353	3,297	3,363	3,403	3,364	3,434	3,503	3,200	3,506
Investment income (loss)	166	372	184	98	(46)	212	152	128	236	476
Other	1,229	1,302	1,561	1,514	1,727	1,640	1,902	2,160	1,062	1,149
Total revenue	21,008	22,233	21,036	20,327	21,045	21,130	22,619	23,424	24,165	27,567
<b>Expenditures</b>										
Current:										
General government	4,698	4,505	4,059	5,391	5,030	4,925	5,010	5,208	5,832	5,257
Public safety	10,574	10,250	10,060	9,766	10,172	10,263	10,273	11,287	11,042	12,656
Public works	269	364	265	511	328	539	287	519	823	1,205
Health and welfare	84	68	54	62	168	166	161	168	163	123
Recreation and culture	2,012	1,909	2,257	2,083	1,771	2,185	2,275	2,711	2,552	2,629
Capital outlay	1,769	3,730	2,600	1,224	1,574	1,019	5,852	1,732	4,003	2,816
Debt service:										
Principal	655	414	1,333	332	262	516	659	480	486	491
Interest	297	266	244	184	212	232	217	155	145	136
Total expenditures	20,358	21,506	20,872	19,553	19,517	19,845	24,734	22,260	25,046	25,313
<b>Excess of revenues over (under) expenditures</b>	650	727	164	774	1,528	1,285	(2,115)	1,164	(881)	2,254
<b>Other financing sources (uses)</b>										
Proceeds from issuance of long-term debt	-	-	-	-	3,500	-	-	-	-	-
Debt issuance costs	-	-	-	-	(62)	-	-	-	-	-
Transfers in	(651)	(272)	(1,471)	141	137	467	462	190	451	550
Transfers out	651	272	1,471	(141)	(137)	(467)	(462)	(247)	(700)	(840)
Insurance recoveries	-	-	-	-	-	-	-	-	43	-
Sale of capital assets	-	-	-	-	-	-	459	-	3	-
Total other financing sources (uses)	-	-	-	-	3,438	-	459	(57)	(203)	(290)
<b>Net change in fund balance</b>	\$ 650	\$ 727	\$ 164	\$ 774	\$ 4,966	\$ 1,285	\$ (1,656)	\$ 1,107	\$ (1,084)	\$ 1,964
Debt service as a percentage of noncapital expenditures	5.12%	3.83%	8.63%	2.82%	2.64%	3.97%	4.64%	3.09%	3.00%	2.79%
Capital outlay as a percentage of total expenditures	8.69%	17.34%	12.46%	6.26%	8.06%	5.13%	23.66%	7.78%	15.98%	11.12%

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

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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
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	7.82%	3,642,106	45.03%
2017	1,242,176	445,905	1,688,081	9.02%	3,784,714	44.60%
2018	1,290,897	469,595	1,760,492	9.00%	3,943,992	44.64%

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	Capital Regional Airport Authority	Capital Area District Library	Capital Area Transit Authority	
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				
2018	4.17	0.20	4.63	9.00	11.34	3.81	6.00	13.99	31.99	16.33	34.33	15.57	33.57	14.28	32.26	0.70	1.56	3.01	

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	2018 Taxable Value	Percentage of Total	2009 Taxable Value	Percentage of Total	2009 Rank
1 Meridian Mall, LP	\$ 32,178,637	1.83%	\$ 27,227,037	1.59%	2
2 Consumers Energy	24,802,757	1.41%	16,896,291	0.99%	3
3 C150 2929 Hannah Lofts, LLC	20,997,066	1.19%	8,698,433	0.51%	6
4 East Lansing I, LLC	14,089,370	0.80%			
5 East Lansing Athletic Club, Inc.	9,891,664	0.56%			
6 TEG Central, LLC	9,729,619	0.55%			
7 Brandywine Creek II, LLC	8,526,120	0.48%	8,589,260	0.50%	7
8 TEG Club Meridian, LLC	8,179,900	0.46%			
9 ACC OP, LLC	7,968,386	0.45%			
10 MIMG LXIV Nemoke Trails Sub, LLC	7,217,558	0.41%			

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
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%
2017	2018	15,745,273	15,479,066	98.31%	21,849	15,500,915	98.45%

Source: Charter Township of Meridian Assessor and Treasurer



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000	\$ 3,290,000	\$ 3,080,000	\$ 2,865,000	\$ 2,650,000	\$ 2,430,000
Installment purchase agreements	1,743,895	1,518,350	372,446	264,000	225,000	184,000	-	-	-	-
Drain assessments	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	2,082,394
Total	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	4,512,394
<b>Business-type Activities</b>										
Installment purchase agreements	912,450	798,600	679,800	556,050	427,350	349,450	1,773,094	5,024,672	5,370,166	10,771,821
Total debt of the government	\$ 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	\$ 15,284,215
<b>Total taxable value (\$000s)</b>	\$ 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	\$ 1,760,492
<b>Debt as a Percentage of Taxable Value</b>	0.36%	0.35%	0.26%	0.25%	0.49%	0.44%	0.47%	0.64%	0.61%	0.87%
<b>Total Population</b>	39,125	39,688	39,688	39,688	39,688	39,688	39,688	39,688	39,688	39,688
<b>Total Debt per Capita</b>	\$ 159	\$ 143	\$ 105	\$ 99	\$ 188	\$ 173	\$ 192	\$ 265	\$ 261	\$ 385

**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
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
2018	-	2,430,000	-	-	2,430,000	1,760,492	13.80%	39,688	61

**Charter Township of Meridian**  
**Direct and Overlapping Governmental Activities Debt**  
**December 31, 2018**

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Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Ingham County	\$49,010,197	22.48%	\$ 11,017,492
East Lansing School District	88,618,377	14.79%	13,106,658
Okemos School District	13,725,688	88.89%	12,200,764
Williamston School District	47,099,157	7.85%	3,697,284
Haslett School District	70,846,133	67.57%	47,870,732
Ingham Intermediate School District	1,336,000	18.98%	253,573
Lansing Community College	68,565,000	15.40%	10,559,010
Total overlapping debt			98,705,513
Direct Township debt			4,512,394
Total direct and overlapping debt			\$ 103,217,907

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	
2009	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Calculation of Debt Limit</b>										
State equalized valuation	\$ 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	\$ 1,971,995,800
10% of taxable value	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	197,199,580
<b>Calculation of debt subject to limit</b>										
Total debt	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	16,130,928
Less debt not subject to limit:										
Special assessment bonds	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	2,082,395
Contractual adjustment	1,743,895	1,518,350	372,446	264,000	225,000	241,400	8,200	-	-	-
Employee compensated absences	975,939	963,426	839,895	828,062	812,386	770,647	699,617	784,200	823,252	846,714
Total	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	2,929,109
Net debt subject to limit	\$ 912,450	\$ 798,600	\$ 679,800	\$ 556,050	\$ 3,927,350	\$ 3,582,050	\$ 4,844,894	\$ 7,889,672	\$ 8,020,166	\$ 13,201,819
<b>Legal debt margin</b>	\$ 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	\$ 183,997,761
<b>Net debt subject to limit as a percentage debt limit</b>	0.49%	0.47%	0.41%	0.35%	2.51%	2.23%	2.81%	4.33%	4.24%	6.69%

## Charter Township of Meridian Demographic and Economic Statistics

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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 2018 Employees	Percentage of Total	Calendar Year 1996 Employees	Percentage of Total	Calendar Year 1996 Rank
1 State of Michigan	14,390	27.40%	N/A	N/A	N/A
2 Michigan State University	10,253	19.52%	N/A	N/A	N/A
3 Sparrow Health System	7,600	14.47%	N/A	N/A	N/A
4 General Motors	4,549	8.66%	N/A	N/A	N/A
5 Auto Owners	2,578	4.91%	N/A	N/A	N/A
6 Lansing Community College	3,144	5.99%	N/A	N/A	N/A
7 McLaren Health	3,000	5.71%	N/A	N/A	N/A
8 Peckham	2,510	4.78%	N/A	N/A	N/A
9 Jackson National Life	2,500	4.76%	N/A	N/A	N/A
10 Dart Container	2,000	3.81%	N/A	N/A	N/A

N/A = Information is not available

2018 switched source to LEAP

Source: LEAP Largest Employers Lansing Michigan

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	38	39	39	38	39	37	37	39	32	33
Public safety:										
Police	55	49	45	45	45	45	45	45	45	46
Fire and EMS	41	40	36	35	35	34	34	34	35	36
Community planning and development	12	11	11	11	11	11	12	12	16	17
Public works	25	22	23	23	22	22	21	21	20	21
Parks and recreation	10	10	9	9	9	10	10	11	15	15
Total	<u>181</u>	<u>171</u>	<u>162</u>	<u>160</u>	<u>160</u>	<u>159</u>	<u>158</u>	<u>161</u>	<u>163</u>	<u>168</u>

Source: Charter Township of Meridian records



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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Election data:										
Registered voters	27,703	27,758	29,128	29,664	28,947	29,099	29,070	31,257	30,263	30,954
Voters (at polls or absentee)	6,310	16,076	3,701	21,640	5,816	16,513	8,791	22,934	5,625	21,344
Percent voting	22.8%	57.9%	12.7%	73.0%	20.1%	56.7%	30.2%	73.4%	18.6%	69.0%
Police:										
Physical arrests	1,259	932	978	975	864	855	765	700	559	577
Traffic violations	5,528	4,622	3,666	3,789	2,883	2,618	2,366	2,272	1,752	1,922
Investigations	493	490	430	305	256	208	234	366	398	263
Fire:										
Fire runs	568	612	532	600	737	714	623	925	1,181	991
Emergency medical runs	3,082	3,490	3,711	3,842	3,619	3,683	3,884	4,028	3,988	4,226
Inspections	413	233	125	348	312	275	205	158	173	285
Water										
Number of customers billed	13,000	13,000	13,000	13,000	13,000	13,000	13,000	12,310	12,300	12,250
Total gallons purchased (000s)	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	1,306,647
Average consumption per year	102	98	106	108	110	106	87	98	106	107
Sewer - Average daily sewage treatment	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	4,617,594

Source: Charter Township of Meridian records

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (number of officers and sergeants)	41	39	36	35	36	36	37	35	34	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	5	5
Pedestrian/Bicycle pathways (miles)	71.00	72.62	72.79	73.30	73.55	73.63	74.50	74.50	76.00	76.00
Parks and recreation:										
Acreage	904	904	904	904	904	904	911	911	911	911
Mowing acres	208	208	213	213	213	215	219	215	215	215
Developed parks/playgrounds	17	17	17	17	17	17	22	22	22	22
Developed fields (soccer, baseball, etc.)	10	10	10	10	10	13	14	14	14	15
Water										
Mains (miles)	163.50	164.00	165.00	165.61	166.18	167.74	168.08	168.08	171.66	225.66
Fire hydrants	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	2,279
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	142.60	143.00	143.00	146.18	146.34	147.18	147.18	147.35	148.87	192.54
Township vehicles/equipment	136	136	136	132	136	136	136	136	136	136

Source: Charter Township of Meridian records