

Charter Township of Meridian  
Ingham County, Michigan

Comprehensive Annual Financial Report

*Fiscal Year Ended December 31, 2015*

Prepared by:  
Department of Finance  
Miriam Mattison  
Director of Finance



Charter Township of Meridian  
Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2015

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# CHARTER TOWNSHIP OF MERIDIAN

Elizabeth Ann LeGoff  
Brett Dreyfus  
Julie Brixie  
Frank L. Walsh

Supervisor  
Clerk  
Treasurer  
Manager



Milton L. Scales  
Ronald J. Styka  
John Veenstra  
Angela Wilson

Trustee  
Trustee  
Trustee  
Trustee

May 10, 2016

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, 2015, 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 are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the Charter Township of Meridian. All disclosures necessary to enable the reader to gain an understanding of the Charter Township of Meridian's activities have been included.

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.

**5151 MARSH ROAD, OKEMOS, MICHIGAN 48864-1198 517.853.4000**  
**[www.meridian.mi.us](http://www.meridian.mi.us)**

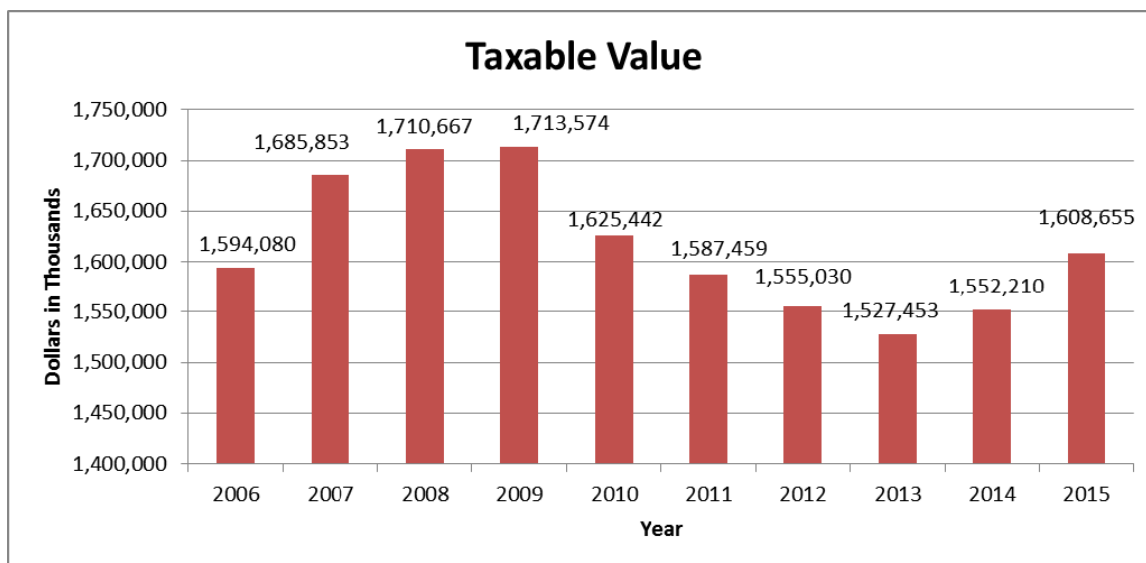


## Governmental Structure, Local Economic Condition, and Outlook

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 2015 taxable value (2016 tax revenue) increased 3.6 percent over 2014 taxable value. This is the second consecutive year of growth in taxable value since 2009; however, the 2015 taxable value is still 6.1 percent lower than the 2009 taxable value. The Township weathered the financial storm of the past several years by making changes to its organizational structure, increasing the usage of technology to maintain services to keep up with the demand of increased population and business activity, and monitoring and limiting discretionary spending where possible. The year ended December 31, 2015 was a very successful year and continued the growth experienced in 2013 and 2014, with many new residents and businesses moving into the Township.



The State of Michigan's economy continued to experience improvement in 2015 resulting in a 1.7% 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:

- The second year of Meridian Cares, a fundraising initiative to support the Community Resource Commission's (CRC) Emergency Needs Fund exceeded the performance of the inaugural year. This year, the initiative raised just over \$10,000 surpassing the 2014 total of over \$8,000.
- The Township faced a major challenge in May 2015 when the Michigan Department of Natural Resources (MDNR) identified Michigan's first case of free ranging Chronic Wasting Disease in the Township's deer population. The Township worked closely with the MDNR and the United States Department of Agriculture to develop a plan to minimize the disease. Our collective efforts led to a statewide award from the MDNR for community leadership and partnership.
- The most significant project the Township undertook during the year was construction of the new Central Fire Station. We broke ground in late March and were substantially finished with construction by the end of the year. Firefighters moved into the new facility in January 2016. The station was opened to the public on February 1, 2016.
- In addition to the Central Fire Station, the Township made significant investments to our infrastructure, including a rebuilt municipal parking lot, a new roof at both the Service Center and North Fire Station, and resurfaced parking lots at the Harris Nature Center, Ferguson Park, and Wonch Park.

- The Okemos Road Pedestrian Bridge was in place by Memorial Day Weekend at a cost of \$650,000, all of which was paid for out of the Pathway Fund without incurring any additional debt.
- The Township continued to build a close-knit relationship with Michigan State University and its President Lou Anna K. Simon. We maintain an open line of communication with the entire MSU team and continue to work on issues such as expanding pedestrian pathways, student housing, public safety, medical coverage during sporting events, welcoming international students, and the progress of the Grand River Corridor. Meridian Township is fortunate to have this prestigious university as our neighbor and partner.
- The Township completed several safety improvements on Kinawa Drive, including the implementation of a crosswalk. These projects were performed in conjunction with our partner Okemos School District.

## **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.

**2015 Financial Condition:** The financial condition and results of operations for 2015 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.

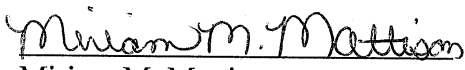
### **Other Information**


**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 Andrews Hooper Pavlik PLC. The firm was appointed by the Township through an open bid process in 2012. 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, 2014.

**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

Charter Township of Meridian  
List of Elected and Appointed Officials  
December 31, 2015

Elected Officials

Township Board:

Supervisor

Clerk

Treasurer

Trustee

Trustee

Trustee

Trustee

Elizabeth LeGoff

Brett Dreyfus

Julie Brixie

Milton L. Scales

Ronald J. Styka

John Veenstra

Angela Wilson

Park Commission:

Chair

Vice Chair

Commissioner

Commissioner

Commissioner

Todd Wilson

Michael McDonald

Philip Deschaine

Melanie Jaramillo

Mark Stephens

Appointed Officials

Manager

Human Resources Director

Finance Director (April 2016)

Parks & Recreation Director

Assessor

Community Planning and Development Director

Assistant Township Manager/ Director of Public Works  
and Engineering

Fire Chief

Police Chief

Communications Director

Information Technology Director

Frank Walsh

Joyce Marx

Miriam Mattison

LuAnn Maisner

David Lee

Mark Kieselbach

Derek Perry

Fred Cowper

David Hall

Deborah Guthrie

Stephen Gebes



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

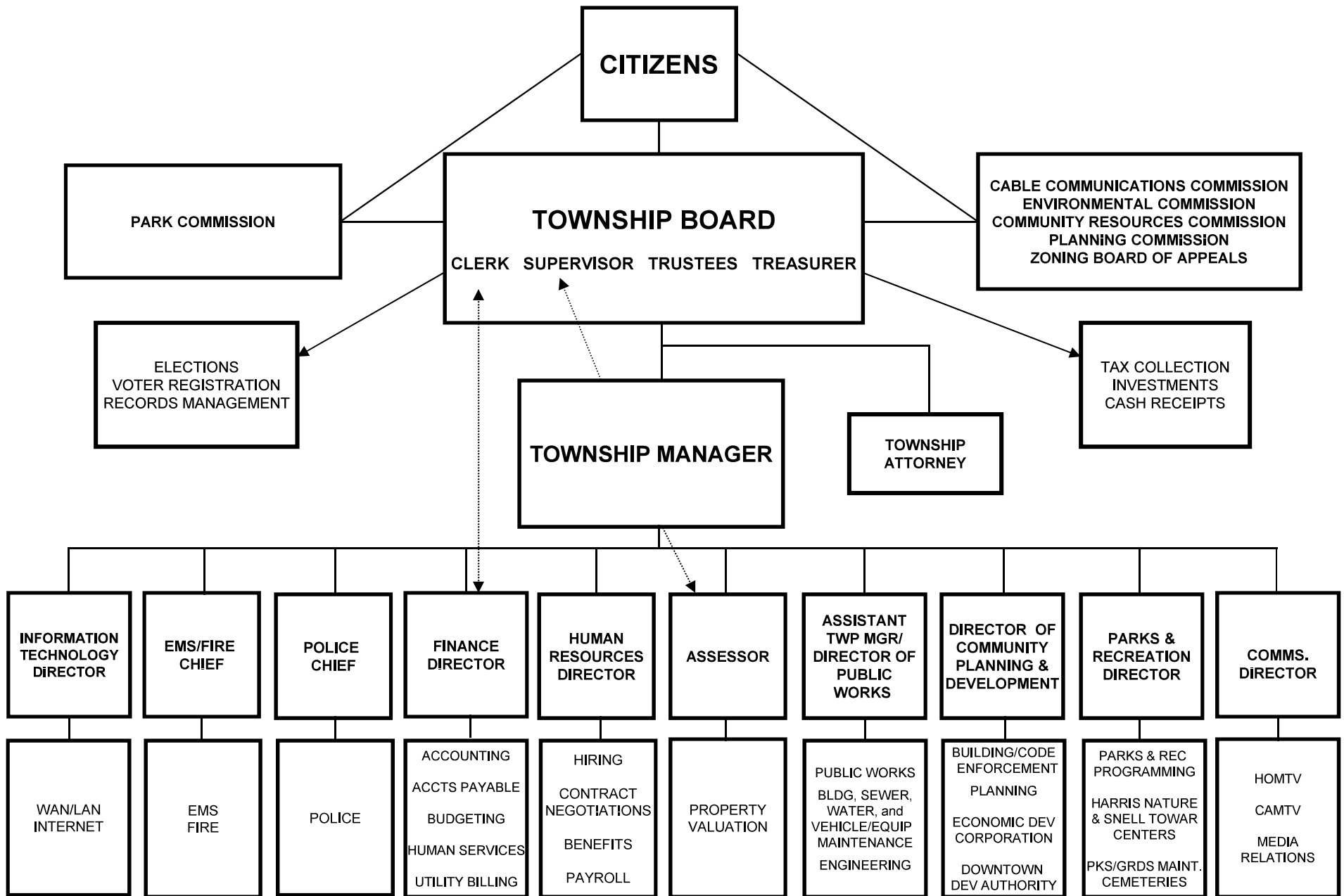
Presented to

**Charter Township of Meridian  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO



Dotted Lines – Denotes Relationship defined by State Statute

## Report of Independent Auditors

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, Ingham County, Michigan as of and for the year ended December 31, 2015, 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 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 auditor's 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, Ingham County, Michigan, as of December 31, 2015, 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.

## ***Emphasis of Matter***

As discussed in Note 1 and Note 9 to the financial statements, the Township implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the Township to report its net pension obligation and associated deferred outflows of resources, deferred inflows of resources, and pension expense. The Township has restated its January 1, 2015 net position accordingly. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Meridian, Ingham County, Michigan's basic financial statements. The other budgetary comparison schedules, combining statements, agency fund statements of changes in assets and liabilities, and component unit statements, as identified in the table of contents as other supplementary information, and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other budgetary comparison schedules, combining statements, agency fund statements of changes in assets and liabilities, and component unit statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, the other budgetary comparison schedules, combining statements, agency fund statements of changes in assets and liabilities, and component unit statements, as identified in the table of contents as other supplementary information, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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.

*Andrews Hooper Paulik PLC*

Okemos, Michigan  
May 10, 2016

# Charter Township of Meridian

## Management's Discussion and Analysis

December 31, 2015

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 2015 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 liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Township's net position and how it has changed. Net position, the difference between the Township's assets and liabilities, 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, 2015

### **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, 2015

### 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	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current assets	\$ 34,923,915	\$34,881,188	\$ 4,847,885	\$ 5,043,968	\$ 39,771,800	\$ 39,925,156
Capital assets	42,024,248	37,770,664	41,537,146	40,800,978	83,561,394	78,571,642
Net OPEB asset	1,484,658	2,669,581	-	-	1,484,658	2,669,581
Investment in joint venture	-	-	4,205,028	4,235,864	4,205,028	4,235,864
Total assets	78,432,821	75,321,433	50,590,059	50,080,810	129,022,880	125,402,243
<b>Deferred outflows of resources</b>	2,283,453	-	132,333	-	2,415,786	-
<b>Liabilities</b>						
Current liabilities	2,810,082	1,778,996	334,628	205,350	3,144,710	1,984,346
Long-term liabilities	30,424,913	7,999,430	3,190,466	451,849	33,615,379	8,451,279
Total liabilities	33,234,995	9,778,426	3,525,094	657,199	36,760,089	10,435,625
<b>Deferred inflows of resources</b>						
Property taxes levied for a subsequent period	13,025,200	12,563,695	-	-	13,025,200	12,563,695
Deferred pension	45,476	-	-	-	45,476	-
Special assessments levied for a subsequent period	505,874	588,953	-	-	505,874	588,953
Total deferred inflows of resources	13,576,550	13,152,648	-	-	13,576,550	13,152,648
<b>Net Position</b>						
Net investment in capital assets	36,166,301	34,416,587	39,764,052	40,451,528	75,930,353	74,868,115
Restricted	8,399,280	7,344,590	-	-	8,399,280	7,344,590
Unrestricted	(10,660,852)	10,629,182	7,433,246	8,972,083	(3,227,606)	19,601,265
Total net position	\$ 33,904,729	\$ 52,390,359	\$47,197,298	\$49,423,611	\$ 81,102,027	\$101,813,970

The Charter Township of Meridian had combined net position of \$81.1 million. Business-type activities comprise \$47.2 million and governmental activities make up \$33.9 million of the total net position. The net position decreased in total by \$20.7 million, or 20.3%. This change is the result of the new accounting standards related to pension liability disclosed in Note 1 of the financial statements.

# Charter Township of Meridian

## Management's Discussion and Analysis

December 31, 2015

### **Financial Overview (continued)**

The current ratio (current assets divided by current liabilities) is still healthy at 12.7, a decrease from 20.1 in 2014. The decrease in this ratio is related to an increase in accounts payable. The current assets are basically the same as in 2014. This ratio shows that the Township has adequate current assets to meet its current obligations.

Long-term liabilities of \$33.6 million represent 41% of net position; however, \$25.2 million of this is the net pension liability that previously was not recorded prior to the implementation of GASB 68 this year. While the Township's legacy costs are significant, the Township's overall finances are very strong and indicate our ability to continue providing high levels of service to our citizens.

### **Governmental Activities**

Revenues for governmental activities totaled approximately \$21.4 million in 2015. A total of \$13.0 million was in the form of property tax collections, which reflects the addition of a new parks and recreation millage that generated over \$1 million and a \$25 million increase in taxable value. Revenue from other sources was very consistent with 2014.

Expenses for governmental activities totaled \$18.8 million. More than half (58%) 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 \$10.0 million; \$8.8 million was collected from customers and \$1.1 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.

The following table shows the changes in net position:

## Charter Township of Meridian

### Management's Discussion and Analysis

December 31, 2015

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 3,448,893	\$ 3,450,958	\$ 8,834,550	\$ 9,282,167	\$ 12,283,443	\$ 12,733,125
Operating grants and contributions	126,714	174,464	-	-	126,714	174,464
Capital grants and contributions	-	-	1,127,125	1,571,692	1,127,125	1,571,692
General Revenue:						
Property taxes	13,004,615	11,709,679	-	-	13,004,615	11,709,679
State-shared revenue	3,087,200	3,084,843	-	-	3,087,200	3,084,843
Unrestricted investment income (loss)	151,943	212,446	2,892	3,904	154,835	216,350
Franchise fees	1,020,792	856,271	-	-	1,020,792	856,271
Other miscellaneous income	562,342	424,039	-	-	562,342	424,039
<b>Total revenue</b>	<b>21,402,499</b>	<b>19,912,700</b>	<b>9,964,567</b>	<b>10,857,763</b>	<b>31,367,066</b>	<b>30,770,463</b>
<b>Program Expenses</b>						
General government	4,346,442	3,940,549	-	-	4,346,442	3,940,549
Public safety	10,936,642	9,798,580	-	-	10,936,642	9,798,580
Public works	946,208	1,277,130	-	-	946,208	1,277,130
Health and welfare	161,766	166,242	-	-	161,766	166,242
Recreation and culture	2,257,559	2,118,264	-	-	2,257,559	2,118,264
Interest on long-term debt	168,430	220,746	-	-	168,430	220,746
Water and sewer	-	-	10,635,104	9,862,154	10,635,104	9,862,154
<b>Total program expenses</b>	<b>18,817,047</b>	<b>17,521,511</b>	<b>10,635,104</b>	<b>9,862,154</b>	<b>29,452,151</b>	<b>27,383,665</b>
<b>Change in Net Position</b>	<b>2,585,452</b>	<b>2,391,189</b>	<b>(670,537)</b>	<b>995,609</b>	<b>1,914,915</b>	<b>3,386,798</b>
Net Position – beginning of year (restated for 2015)	31,319,277	49,999,170	47,867,835	48,428,002	79,187,112	98,427,172
<b>Net Position – end of year</b>	<b>\$ 33,904,729</b>	<b>\$52,390,359</b>	<b>\$ 47,197,298</b>	<b>\$ 49,423,611</b>	<b>\$ 81,102,027</b>	<b>\$101,813,970</b>

### 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 2016 we see that the taxable value will continue to increase for the second year in a row, but will continue to lag behind 2008. This, coupled with rising costs, continues to create challenges to maintain existing services levels.

# Charter Township of Meridian

## Management's Discussion and Analysis

December 31, 2015

### **Current Economic Events (continued)**

Personnel costs represent approximately 78% 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 2015 with an unassigned fund balance of approximately \$7.3 million (compared with \$6.9 million in 2014). This represents approximately 5 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 \$0.5 million. The overall increase is a result of a sale of a land parcel owned by the Township. 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.

### **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 tax administrative fee charged to other taxing authorities, charges for services related to the Planning department, and state-shared revenue. On the expenditure side, the departments with the largest variances (expenditures under budget) include Police, Fire, and Information Technology.

Significant budget amendments during the year were primarily to reduce the budget for capital purchases that have been delayed until future years. These include purchases in the following funds: Local Roads Fund, Pedestrian Bike Path Millage Fund, Park Millage Fund, and Cable TV Fund.

## Charter Township of Meridian

### Management's Discussion and Analysis

December 31, 2015

#### **Capital Projects**

The largest capital project for the year was the construction of the new Central Fire Station which was funded by a \$3.5 million bond issue in 2014. Several parking lots were rebuilt or resurfaced, including at the municipal complex, Harris Nature Center, Ferguson Park, and Wonch Park. The Okemos Road Pedestrian Bridge was in place at a cost of approximately \$650,000. Approximately \$410,000 was spent to renovate the Towar Garden lift station.

Additional information about capital assets is presented in Note 5 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 \$659,000 during 2015. Outstanding governmental activities debt at December 31, 2015 including compensated absences was approximately \$6.5 million. For business-type activities, the Township recorded \$1.7 million of new debt for wastewater system improvements and paid down approximately \$309,000 of existing debt. Ending business-type debt was \$1.8 million.

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

#### **Contact Us**

This report is intended to aid our residents and other interested parties in understanding the Township's financial condition. Should you have further questions, please contact the Finance Department at the Township's Municipal Building.

Charter Township of Meridian  
Statement of Net Position  
December 31, 2015

	<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b>Assets</b>				
Cash and investments	\$ 26,320,150	\$ 2,817,541	\$ 29,137,691	\$ 113,119
Receivables – net	8,073,180	1,834,336	9,907,516	11,656
Note from component unit	199,500	-	199,500	-
Inventory	-	159,588	159,588	-
Prepaid expenses and other assets	331,085	36,420	367,505	-
Investment in joint venture	-	4,205,028	4,205,028	-
Capital assets:				
Assets not being depreciated	30,476,459	785,704	31,262,163	-
Assets being depreciated, net	11,547,789	40,751,442	52,299,231	-
Net OPEB asset	1,484,658	-	1,484,658	-
<b>Total assets</b>	<b>78,432,821</b>	<b>50,590,059</b>	<b>129,022,880</b>	<b>124,775</b>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	2,283,453	132,333	2,415,786	-
<b>Liabilities</b>				
Accounts payable	2,088,935	261,466	2,350,401	-
Internal balances	52,699	(52,699)	-	-
Due to other governmental units	2,875	-	2,875	-
Performance bonds and other deposits payable	107,226	80,250	187,476	-
Accrued liabilities and other	424,350	45,611	469,961	1,496
Unearned revenue	133,997	-	133,997	-
Noncurrent liabilities:				
Due within one year	593,949	198,446	792,395	-
Due in more than one year	5,894,620	1,643,643	7,538,263	199,500
Net pension liability	23,936,344	1,348,377	25,284,721	-
<b>Total liabilities</b>	<b>33,234,995</b>	<b>3,525,094</b>	<b>36,760,089</b>	<b>200,996</b>
<b>Deferred inflows of resources</b>				
Property taxes levied for a subsequent period	13,025,200	-	13,025,200	5,365
Special assessments levied for a subsequent period	505,874	-	505,874	-
Deferred pension amounts	45,476	-	45,476	-
<b>Total deferred inflows of resources</b>	<b>13,576,550</b>	<b>-</b>	<b>13,576,550</b>	<b>5,365</b>
<b>Net position</b>				
Net investment in capital assets	36,166,301	39,764,052	75,930,353	-
Restricted for:				
Land preservation	5,815,667	-	5,815,667	-
Pedestrian/bike path millage	256,406	-	256,406	-
Cable TV	387,760	-	387,760	-
CATA millage	13,205	-	13,205	-
Park millage	1,334,354	-	1,334,354	-
Police and fire operations	45,433	-	45,433	-
Senior center millage	100,942	-	100,942	-
Library	13,011	-	13,011	-
Grants	135,492	-	135,492	-
Local roads	12,194	-	12,194	-
Fire station construction	231,359	-	231,359	-
Fire station debt service	37,723	-	37,723	-
Community needs	15,734	-	15,734	-
Unrestricted (deficit)	(10,660,852)	7,433,246	(3,227,606)	(81,586)
<b>Total net position (deficit)</b>	<b>\$ 33,904,729</b>	<b>\$ 47,197,298</b>	<b>\$ 81,102,027</b>	<b>\$ (81,586)</b>

See accompanying notes.

Charter Township of Meridian  
Statement of Activities  
For the Fiscal Year Ended December 31, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,346,442	\$ 415,760	\$ 24,964	\$ -
Public safety	10,936,642	2,573,636	40,085	-
Public works	946,208	121,409	-	-
Health and welfare	161,766	-	17,964	-
Recreation and culture	2,257,559	338,088	43,701	-
Interest on long-term debt	168,430	-	-	-
Total governmental activities	18,817,047	3,448,893	126,714	-
Business-type activities:				
Sewer fund	5,537,610	4,259,993	-	999,587
Water fund	5,097,494	4,574,557	-	127,538
Total business-type activities	10,635,104	8,834,550	-	1,127,125
Total primary government	\$ 29,452,151	\$ 12,283,443	\$ 126,714	\$ 1,127,125
Component units:				
Downtown Development Authority	\$ 27,887	\$ -	\$ 300	\$ -
Economic Development Corporation	23,309	20,000	16,009	-
Total component units	\$ 51,196	\$ 20,000	\$ 16,309	\$ -

General revenue:

Property taxes  
State-shared revenue  
Unrestricted investment income  
Franchise fees  
Other miscellaneous income

Total general revenue

**Change in net position**

**Net position (deficit)** – beginning of year, as restated

**Net position (deficit)** – end of year



Charter Township of Meridian  
Statement of Activities

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,905,718)	\$ -	\$ (3,905,718)	\$ -
(8,322,921)	-	(8,322,921)	-
(824,799)	-	(824,799)	-
(143,802)	-	(143,802)	-
(1,875,770)	-	(1,875,770)	-
(168,430)	-	(168,430)	-
(15,241,440)	-	(15,241,440)	-
-	(278,030)	(278,030)	-
-	(395,399)	(395,399)	-
-	(673,429)	(673,429)	-
(15,241,440)	(673,429)	(15,914,869)	-
-	-	-	(27,587)
-	-	-	12,700
-	-	-	(14,887)
13,004,615	-	13,004,615	15,582
3,087,200	-	3,087,200	-
151,943	2,892	154,835	130
1,020,792	-	1,020,792	-
562,342	-	562,342	48,074
17,826,892	2,892	17,829,784	63,786
2,585,452	(670,537)	1,914,915	48,899
31,319,277	47,867,835	79,187,112	(130,485)
\$ 33,904,729	\$ 47,197,298	\$ 81,102,027	\$ (81,586)

Charter Township of Meridian  
Governmental Funds  
Balance Sheet  
December 31, 2015

	General Fund	Land Preservation Funds	Nonmajor Funds	Total
<b>Assets</b>				
Cash and investments	\$ 13,108,014	\$ 6,089,280	\$ 6,323,787	\$ 25,521,081
Receivables – net	5,586,762	259,297	2,227,121	8,073,180
Due from component units	199,500	-	-	199,500
Due from other funds	511	-	-	511
Prepaid expenses and other assets	296,540	597	29,954	327,091
Total assets	<u>\$ 19,191,327</u>	<u>\$ 6,349,174</u>	<u>\$ 8,580,862</u>	<u>\$ 34,121,363</u>
<b>Liabilities</b>				
Accounts payable	\$ 837,841	\$ 365	\$ 1,203,164	\$ 2,041,370
Due to other governmental units	470	-	2,405	2,875
Due to other funds	53,210	-	-	53,210
Performance deposits payable	107,226	-	-	107,226
Accrued liabilities and other	300,411	1,013	20,803	322,227
Unearned revenue	133,997	-	-	133,997
Total liabilities	<u>1,433,155</u>	<u>1,378</u>	<u>1,226,372</u>	<u>2,660,905</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue – state – shared revenue	519,004	-	-	519,004
Unavailable revenue – special assessments	-	-	276,237	276,237
Property taxes levied for a subsequent period	9,289,312	532,129	3,203,759	13,025,200
Special assessments levied for a subsequent period	345,874	-	160,000	505,874
Total deferred inflows of resources	<u>10,154,190</u>	<u>532,129</u>	<u>3,639,996</u>	<u>14,326,315</u>
<b>Fund balances</b>				
Nonspendable:				
Prepays	296,540	597	29,954	327,091
Restricted:				
Police	-	-	39,523	39,523
Fire	-	-	5,910	5,910
Grants	-	-	134,082	134,082
Land preservation	-	5,815,070	-	5,815,070
Pedestrian/bike path millage	-	-	255,869	255,869
Cable TV	-	-	382,483	382,483
Park millage	-	-	1,311,624	1,311,624
Library	-	-	13,011	13,011
Community needs	-	-	15,734	15,734
CATA millage	-	-	13,205	13,205
Local roads	-	-	12,194	12,194
Senior center millage	-	-	100,942	100,942
Fire station debt service	-	-	37,723	37,723
Fire station construction	-	-	231,359	231,359
Assigned:				
Township improvement	-	-	1,130,881	1,130,881
Unassigned	7,307,442	-	-	7,307,442
Total fund balances	<u>7,603,982</u>	<u>5,815,667</u>	<u>3,714,494</u>	<u>17,134,143</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,191,327</u>	<u>\$ 6,349,174</u>	<u>\$ 8,580,862</u>	<u>\$ 34,121,363</u>

Charter Township of Meridian  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 December 31, 2015

<b>Total fund balances for governmental funds</b>	<b>\$ 17,134,143</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	40,563,391
Net other postemployment benefit asset is not included as an asset of the funds	1,484,658
Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds:	
Net pension liability	(23,690,925)
Deferred outflows of resources related to pensions	2,259,367
Deferred inflows of resources related to pensions	(45,476)
Receivables that are unavailable at year end, such that they are not available to pay bills outstanding as of year end, are not recognized as revenue in the funds	519,004
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(5,857,947)
Accrued interest is not due and payable in the current period and is not reported in the funds	(99,037)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(625,650)
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	276,237
Internal service funds are included as part of governmental activities	1,986,964
<b>Net position of governmental activities</b>	<b><u>\$ 33,904,729</u></b>

Charter Township of Meridian  
Governmental Funds  
Statement of Revenue, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended December 31, 2015

	General Fund	Land Preservation Funds	Nonmajor Funds	Total
<b>Revenue</b>				
Property taxes	\$ 9,401,035	\$ 513,389	\$ 3,090,192	\$ 13,004,616
Licenses and permits	737,197	-	-	737,197
Federal grants	6,843	-	13,039	19,882
State-shared revenue and grants	3,199,315	-	7,380	3,206,695
Charges for services	3,434,267	-	-	3,434,267
Fines and forfeitures	367,024	-	1,000	368,024
Investment income	56,855	62,328	32,760	151,943
Other revenue:				
Special assessments	-	-	162,602	162,602
Local donations	5,070	-	11,323	16,393
Franchise fees	288,422	-	852,370	1,140,792
Other miscellaneous income	224,613	-	152,036	376,649
Total revenue	17,720,641	575,717	4,322,702	22,619,060
<b>Expenditures</b>				
Current:				
General government	5,671,557	-	-	5,671,557
Public safety	10,341,408	-	2,967,141	13,308,549
Public works	86,026	-	1,972,141	2,058,167
Health and welfare	53,034	-	107,815	160,849
Recreation and culture	662,158	48,549	1,948,100	2,658,807
Debt service	412,678	-	463,271	875,949
Total expenditures	17,226,861	48,549	7,458,468	24,733,878
<b>Excess (deficiency) of revenue over (under) expenditures</b>	493,780	527,168	(3,135,766)	(2,114,818)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	462,048	462,048
Transfers out	(462,048)	-	-	(462,048)
Sale of capital assets	459,220	-	-	459,220
Total other financing sources (uses)	(2,828)	-	462,048	459,220
<b>Net change in fund balances</b>	490,952	527,168	(2,673,718)	(1,655,598)
<b>Fund balances – beginning of year</b>	7,113,030	5,288,499	6,388,212	18,789,741
<b>Fund balances – end of year</b>	\$ 7,603,982	\$ 5,815,667	\$ 3,714,494	\$ 17,134,143

See accompanying notes.

Charter Township of Meridian  
 Reconciliation of the Statement of Revenue, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended December 31, 2015

**Net change in fund balances – total governmental funds** \$ (1,655,598)

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

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

Capital outlay	5,852,246
Depreciation expense	(1,036,478)
Net book value of assets disposed	(517,719)

Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 45 days of year end	(62,545)
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	659,437
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Changes in accrued interest payable	48,081
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Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as fund expenditures, including the changes in accruals for:

Compensated absences	37,693
Net pension liability and related deferred amounts	(1,198,664)
Net other postemployment benefit asset	204,710

Internal service funds are included as part of governmental activities	254,289
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<b>Change in net position of governmental activities</b>	<u><u>\$ 2,585,452</u></u>
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Charter Township of Meridian  
Proprietary Funds  
Statement of Net Position  
December 31, 2015

	Business-type Activities			Governmental
	Water Fund	Sewer Fund	Total	Activities Motor Pool
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 2,139,918	\$ 677,623	\$ 2,817,541	\$ 799,069
Receivables – net	870,895	963,441	1,834,336	-
Due from other funds	-	53,210	53,210	-
Inventory	159,588	-	159,588	-
Prepaid expenses	30,555	5,865	36,420	3,994
Total current assets	3,200,956	1,700,139	4,901,095	803,063
Noncurrent assets:				
Investment in East Lansing - Meridian Water and Sewer Authority	4,205,028	-	4,205,028	-
Capital assets	18,032,335	23,504,811	41,537,146	1,460,857
Total noncurrent assets	22,237,363	23,504,811	45,742,174	1,460,857
Total assets	25,438,319	25,204,950	50,643,269	2,263,920
<b>Deferred outflows of resources</b>				
Deferred pension amounts	75,783	56,550	132,333	24,086
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	57,678	203,788	261,466	47,565
Due to other funds	326	185	511	-
Performance bonds and other deposits payable	-	80,250	80,250	-
Accrued liabilities and other	17,237	28,374	45,611	3,086
Current portion of compensated absences	6,728	5,690	12,418	895
Current portion of long-term debt	-	186,028	186,028	-
Total current liabilities	81,969	504,315	586,284	51,546
Noncurrent liabilities:				
Compensated absences – net of current portion	30,651	25,926	56,577	4,077
Long-term debt – net of current portion	-	1,587,066	1,587,066	-
Net pension liability	772,173	576,204	1,348,377	245,419
Total liabilities	884,793	2,693,511	3,578,304	301,042
<b>Net Position</b>				
Net investment in capital assets	18,032,335	21,731,717	39,764,052	1,460,857
Unrestricted	6,596,974	836,272	7,433,246	526,107
Total net position	\$ 24,629,309	\$ 22,567,989	\$ 47,197,298	\$ 1,986,964

Charter Township of Meridian  
Proprietary Funds  
Statement of Revenue, Expenses, and Changes in Net Position  
For the Fiscal Year Ended December 31, 2015

	Business-type Activities			Governmental
	Water Fund	Sewer Fund	Total	Activities Motor Pool
<b>Operating revenue</b>				
Sale of water	\$ 4,103,569	\$ -	\$ 4,103,569	\$ -
Sewage disposal charges	-	3,833,216	3,833,216	-
Other operating revenues	37,255	4,410	41,665	47,044
Grant revenue	-	932,312	932,312	-
Charges for services	464,569	422,367	886,936	1,143,200
Total operating revenue	4,605,393	5,192,305	9,797,698	1,190,244
<b>Operating expenses</b>				
Purchase of water from East Lansing - Meridian Water and Sewer Authority	2,555,587	-	2,555,587	-
Cost of sewage treatment	-	2,300,810	2,300,810	-
Operation and maintenance	282,606	1,352,300	1,634,906	410,730
General administrative	576,551	524,177	1,100,728	188,728
Personal services	797,307	527,341	1,324,648	-
Depreciation	885,443	794,568	1,680,011	354,316
Total operating expenses	5,097,494	5,499,196	10,596,690	953,774
<b>Operating income (loss)</b>	(492,101)	(306,891)	(798,992)	236,470
<b>Nonoperating revenue (expenses)</b>				
Investment income	1,879	1,013	2,892	574
Interest expense	-	(38,414)	(38,414)	-
Loss from joint venture	(30,836)	-	(30,836)	-
Gain on sale of assets	-	-	-	17,245
Total nonoperating revenue (expenses)	(28,957)	(37,401)	(66,358)	17,819
<b>Gain (loss) – before capital contributions</b>	(521,058)	(344,292)	(865,350)	254,289
<b>Capital contributions – lines donated by developers</b>	127,538	67,275	194,813	-
<b>Change in net position</b>	(393,520)	(277,017)	(670,537)	254,289
<b>Net position – beginning of year, as restated</b>	25,022,829	22,845,006	47,867,835	1,732,675
<b>Net position – end of year</b>	\$ 24,629,309	\$ 22,567,989	\$ 47,197,298	\$ 1,986,964

Charter Township of Meridian  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ended December 31, 2015

	Business-type Activities			Governmental
	Water Fund	Sewer Fund	Total	Motor Pool
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 4,555,293	\$ 5,178,630	\$ 9,733,923	\$ -
Receipts from interfund services and reimbursements	-	-	-	1,190,244
Payments to suppliers	(3,364,671)	(4,101,046)	(7,465,717)	(412,693)
Payments to employees	(951,481)	(725,851)	(1,677,332)	(182,288)
Net cash from operating activities	239,141	351,733	590,874	595,263
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sales of capital assets	-	-	-	24,566
Purchase of capital assets	(115,292)	(452,698)	(567,990)	(317,172)
Principal and interest paid on long-term debt	-	(288,598)	(288,598)	-
Net cash from capital and related financing activities	(115,292)	(741,296)	(856,588)	(292,606)
<b>Cash flows from investing activities</b>				
Interest received on investments	1,879	1,013	2,892	574
Net proceeds from sale and maturity of investments	504,834	10	504,844	-
Net cash from investing activities	506,713	1,023	507,736	574
<b>Net change in cash and cash equivalents</b>	630,562	(388,540)	242,022	303,231
<b>Cash and cash equivalents – beginning of year</b>	1,509,356	1,066,163	2,575,519	495,838
<b>Cash and cash equivalents – end of year</b>	\$ 2,139,918	\$ 677,623	\$ 2,817,541	\$ 799,069
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>				
Operating income (loss)	\$ (492,101)	\$ (306,891)	\$ (798,992)	\$ 236,470
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	885,443	794,568	1,680,011	354,316
Changes in assets and liabilities:				
Receivables	(51,018)	(42,051)	(93,069)	-
Due from other funds	918	(51,874)	(50,956)	-
Inventory	21,587	-	21,587	-
Prepaid expenses	4,426	317	4,743	(1,069)
Accounts payable	32,334	64,047	96,381	(844)
Due to other funds	319	185	504	(50)
Performance bonds and other deposits payable	-	80,250	80,250	-
Accrued and other liabilities	(21,714)	(8,591)	(30,305)	1,984
Net pension liability	(141,053)	(178,227)	(319,280)	4,456
Net cash from operating activities	\$ 239,141	\$ 351,733	\$ 590,874	\$ 595,263

**Supplemental cash flow information**

During the year ended December 31, 2015, \$194,813 of water and sewer lines were donated to the Township from private developers.

During the year ended December 31, 2015, the Township recognized a loss of \$30,836 related to the investment in East Lansing - Meridian Water and Sewer Authority.

During the year ended December 31, 2015, the sewer fund acquired capital assets in the amount of \$992,090 which were financed with debt.



Charter Township of Meridian  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 December 31, 2015

	<b>Pension Trust Fund</b>	<b>Employer Funded Retiree Health Insurance Trust Fund</b>	<b>Tax Collection Fund</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 134,704	\$ -	\$ 11,919,751
Investments:			
Stocks	1,475,374	-	-
Mutual funds	2,171,351	3,920,166	-
Accrued interest	3,228	-	-
Total assets	3,784,657	3,920,166	11,919,751
<b>Liabilities</b>			
Accounts payable	-	-	3,556
Due to other governmental units	-	-	11,916,195
Total liabilities	-	-	11,919,751
<b>Net position</b> – held in trust for pension and other employee benefits	\$ 3,784,657	\$ 3,920,166	\$ -

Charter Township of Meridian  
Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended December 31, 2015

	<b>Pension Trust Fund</b>	<b>Employer Funded Retiree Health Insurance Trust Fund</b>
	<u>          </u>	<u>          </u>
<b>Additions</b>		
Investment income:		
Interest and dividends	\$ 66,854	\$ -
Net increase (decrease) in fair value of investments	30,037	(61,324)
Investment-related expenses	(12,374)	-
Contributions – employer contributions	250,000	500,000
Other miscellaneous income	2,019	-
Total additions	<u>336,536</u>	<u>438,676</u>
 <b>Deductions</b>		
Benefit payments	362,253	152,610
Other deductions	69,808	-
Total deductions	<u>432,061</u>	<u>152,610</u>
<b>Change in net position held in trust</b>	(95,525)	286,066
<b>Net position</b> – beginning of year	3,880,182	3,634,100
<b>Net position</b> – end of year	<u>\$ 3,784,657</u>	<u>\$ 3,920,166</u>

Charter Township of Meridian  
Component Units  
Statement of Net Position  
December 31, 2015

	<b>Downtown Development Authority</b>	<b>Economic Development Corporation</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 46,983	\$ 66,136	\$ 113,119
Receivables – net	11,554	102	11,656
Total assets	58,537	66,238	124,775
<b>Liabilities</b>			
Accrued liabilities and other	1,496	-	1,496
Noncurrent liabilities:			
Due in more than one year	199,500	-	199,500
Total liabilities	200,996	-	200,996
<b>Deferred inflows of resources</b>			
Property taxes levied for a subsequent period	5,365	-	5,365
<b>Net position (deficit) – unrestricted</b>	\$ (147,824)	\$ 66,238	\$ (81,586)

Charter Township of Meridian  
Component Units  
Statement of Activities  
For the Fiscal Year Ended December 31, 2015

	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Economic Development Corporation	Total
Downtown Development Authority						
General government	\$ 21,902	\$ -	\$ 300	\$ (21,602)	\$ -	\$ (21,602)
Debt service	5,985	-	-	(5,985)	-	(5,985)
Total Downtown Development Authority	27,887	-	300	(27,587)	-	(27,587)
Economic Development Corporation	23,309	20,000	16,009	-	12,700	12,700
Total component units	\$ 51,196	\$ 20,000	\$ 16,309	(27,587)	12,700	(14,887)
General revenue:						
Property taxes				15,582	-	15,582
Unrestricted investment income				-	130	130
Other miscellaneous income				37,102	10,972	48,074
Total general revenue				52,684	11,102	63,786
<b>Change in net position</b>				25,097	23,802	48,899
<b>Net position (deficit) – beginning of year</b>				(172,921)	42,436	(130,485)
<b>Net position (deficit) – end of year</b>				\$ (147,824)	\$ 66,238	\$ (81,586)

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### **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.

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### **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 non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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

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

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. The following major revenue sources meet the

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

availability criterion: 2014 property taxes, portions of state-shared revenue, and interest associated with the current fiscal period. Conversely, 2015 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.

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

The Township reports the following major governmental funds:

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

**Land Preservation 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.

The Township reports the following major proprietary funds:

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

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

Additionally, the Township reports the following internal service and fiduciary activities:

**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.

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

**Pension Trust Fund** – The Pension Trust Fund accounts for the assets of the Township employees' pension plan.

**Employer Funded Retiree Health Insurance Fund** – 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.

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

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Township's policy is to first apply restricted resources. When an expense is incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used, it is the Township's policy to spend funds in this order: committed, assigned, and unassigned.

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



# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 1 – Summary of Significant Accounting Policies (continued)

#### Accounting Changes

**Change in Accounting Principle** – The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement No. 68 requires the Township to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB Statement No. 71 is a clarification to GASB Statement No. 68 requiring the Township to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The statements also enhance accountability and transparency through revised note disclosures and required supplementary information (RSI).

**Prior Period Adjustment** – Beginning net position of business-type activities (sewer fund) decreased by \$20,452 to account for accumulated depreciation related to the 2013 acquisition of capital assets financed with long-term debt in the amount of \$681,738.

The financial statements for the year ended December 31, 2014 have been restated in order to reflect the change in accounting principle and prior period adjustment described above. These changes are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Proprietary Internal Service Fund</b>
Net position – December 31, 2014, as previously reported	\$ 52,390,359	\$ 49,423,611	\$ 25,860,272	\$ 23,563,339	\$ 1,949,552
Adjustment for implementation of GASB Statement No. 68	(21,071,082)	(1,535,324)	(837,443)	(697,881)	(216,877)
Prior Period Adjustment	-	(20,452)	-	(20,452)	-
Net position – December 31, 2014, as restated	<u>\$ 31,319,277</u>	<u>\$ 47,867,835</u>	<u>\$ 25,022,829</u>	<u>\$ 22,845,006</u>	<u>\$ 1,732,675</u>

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### **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.

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 2014 taxable valuation of the Township totaled \$1,551,152,750, on which ad valorem taxes levied consisted of 4.2002 mills for the Township's operating purposes and 3.6396 mills for special voted millages.

#### **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**Bank Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. 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 lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

**Inventories and Prepaid Items** – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded 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 estimated fair market value at the date of donation.

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 1 – Summary of Significant Accounting Policies (continued)

#### **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)**

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 and building improvements	10 to 30 years
Vehicles	5 to 10 years
Furniture and equipment	5 to 10 years
Other tools and equipment	5 to 20 years
Roads and improvements	5 years

#### **Deferred Outflows and Inflows of Resources**

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

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

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)**

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

**Long-term Obligations** – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net 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 during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses.

**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

## Notes to Financial Statements

December 31, 2015

### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)**

**Other Postemployment Benefit Costs** – The Township offers retiree healthcare benefits to retirees. The Township uses the alternative measurement method to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and “adjustment to the ARC” on the beginning of year underpaid amount, if any.

**Fund Equity** – The Township’s fund balances are classified into 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.

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

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 2 – Stewardship, Compliance, and Accountability

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

Shortfall as of January 1, 2015		\$ (8,119,520)
Current year permit revenue	\$ 692,850	
Related expenses:		
Direct costs	461,562	
Estimated indirect costs	80,949	
Total construction code expense	<u>542,511</u>	
Current year surplus		<u>150,339</u>
Cumulative shortfall as of December 31, 2015		<u>\$ (7,969,181)</u>

### Note 3 – Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. A local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; 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.

Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 3 – Deposits and Investments (continued)**

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

**Custodial Credit Risk of Bank Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the Township’s deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year-end, the Township’s bank balance was \$34,908,526 and \$31,939,983 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 not restrict 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	\$ 3,150,000	\$ -	\$2,000,000	\$330,000	\$ 820,000
Money market funds	11,504,846	11,504,846	-	-	-
Pension – Mutual funds	2,171,351	2,171,351	-	-	-
Employer Funded Retiree Health Insurance Trust Fund	3,920,166	3,920,166	-	-	-

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 3 – Deposits and Investments (continued)

**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 the U.S. government) are as follows:

<b>Investment</b>	<b>Fair Value</b>	<b>Rating</b>	<b>Rating Organization</b>
U.S. agency securities	\$ 3,150,000	AA+	S&P
Money market	11,504,846	AAA/m	S&P
Mutual funds (Pension)	2,171,351	Not rated	N/A
Mutual funds (OPEB)	3,920,166	Not rated	N/A

### 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 Multi-Bank Securities – Federal National Mortgage at \$2,245,000, Multi-Bank securities – Federal Home Loan at \$905,000, and MBIA CLASS at \$11,504,846. These investments are 100% of the Township's total government-wide investments (not including certificates of deposit).

#### 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 PNC fixed income mutual funds at \$1,209,947, PNC equity mutual funds at \$805,459 and Vantagepointe Milestone Retirement Fund at \$3,920,166. These investments are 97% of the Township's total fiduciary investments (not including stocks).



Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 4 – Receivables**

Receivables as of year-end for the Township’s governmental and business-type activities in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Receivables:		
Property taxes	\$ 6,507,897	\$ -
Special assessments	436,237	16,018
Customer	595,884	1,818,318
Due from other governmental units	519,004	-
Other receivables	14,158	-
Net receivables	<u>\$ 8,073,180</u>	<u>\$ 1,834,336</u>

**Note 5 – Capital Assets**

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

	<b>Balance January 1, 2015</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Balance December 31, 2015</b>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 25,665,777	\$1,715,899	\$(183,112)	\$27,198,564
Construction in process	291,057	2,986,838	-	3,277,895
Total	<u>25,956,834</u>	<u>4,702,737</u>	<u>(183,112)</u>	<u>30,476,459</u>
Capital assets being depreciated:				
Roads and improvements	4,326,192	803,253	-	5,129,445
Buildings and improvements	8,754,837	198,615	(629,500)	8,323,952
Vehicles	4,242,236	317,172	(289,274)	4,270,134
Drainage flow rights	4,880,536	-	-	4,880,536
Furniture and equipment	7,678,323	147,641	-	7,825,964
Subtotal	<u>29,882,124</u>	<u>1,466,681</u>	<u>(918,774)</u>	<u>30,430,031</u>
Accumulated depreciation:				
Roads and improvements	2,914,741	558,791	-	3,473,532
Buildings and improvements	4,653,636	231,349	(294,893)	4,590,092
Vehicles	2,736,914	354,316	(281,953)	2,809,277
Drainage flow rights	719,016	98,219	-	817,235
Furniture and equipment	7,043,987	148,119	-	7,192,106
Subtotal – accumulated depreciation	<u>18,068,294</u>	<u>1,390,794</u>	<u>(576,846)</u>	<u>18,882,242</u>
Net capital assets being depreciated	<u>11,813,830</u>	<u>75,887</u>	<u>(341,928)</u>	<u>11,547,789</u>
Net capital assets	<u>\$ 37,770,664</u>	<u>\$4,778,624</u>	<u>\$(525,040)</u>	<u>\$42,024,248</u>

Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 5 – Capital Assets (continued)**

	<b>Balance January 1, 2015</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance December 31, 2015</b>
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 363,060	\$ -	\$ -	\$363,060
Construction in process	-	422,644	-	422,644
Total	363,060	422,644	-	785,704
Capital assets being depreciated:				
Water and sewer mains	65,337,407	194,813	-	65,532,220
Buildings and improvements	4,056,196	30,054	-	4,086,250
Other tools and equipment	2,975,455	115,292	-	3,090,747
Participation in East Lansing Sewage System	2,372,988	992,090	-	3,365,078
Subtotal	74,742,046	1,332,249	-	76,074,295
Accumulated depreciation:				
Water and sewer mains	27,748,989	1,257,602	-	29,006,591
Buildings and improvements	3,252,071	136,550	-	3,388,621
Other tools and equipment	2,147,780	228,478	-	2,376,258
Participation in East Lansing Sewage System	494,002	57,381	-	551,383
Subtotal – accumulated depreciation	33,642,842	1,680,011	-	35,322,853
Net capital assets being depreciated	41,099,204	(347,762)	-	40,751,442
Net capital assets	\$ 41,462,264	\$74,882	\$ -	\$41,537,146

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

Governmental activities:	
General government	\$ 204,701
Public safety	109,647
Public works	657,010
Recreation and culture	65,120
Internal Service Fund depreciation is charged to the various functions based on their usage of the asset	354,316
	<u>\$ 1,390,794</u>
Business-type activities:	
Water	\$ 885,443
Sewer	794,568
	<u>\$ 1,680,011</u>

Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 6 – Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Due to/from Other Funds</b>		
General Fund	Sewer Fund	\$ 185
General Fund	Water Fund	326
		<u>511</u>
Sewer Fund	General Fund	53,210
	Total	<u>\$ 53,721</u>

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

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Nonmajor governmental fund – Local Roads Fund	\$ 399,000
General Fund	Nonmajor governmental fund – Grants Fund	16,040
General Fund	Nonmajor governmental fund- Property Acquisition Debt Service Fund	47,008
	Total	<u>\$ 462,048</u>

Transfers provided funding for local road maintenance, capital acquisitions, and debt services.

**Note 7 – Long-term Debt**

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

Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 7 – Long-term Debt (continued)**

Long-term obligation activity can be summarized as follows:

	<b>Interest Rate Ranges</b>	<b>Principal Maturity Ranges</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>							
Bonded debt –							
Fire Station Construction Bond:							
Amount of issue – \$3,500,000	1.00% -	\$210,000 -	\$3,290,000	\$ -	\$ (210,000)	\$3,080,000	\$ 215,000
maturing through 2028	2.80%	\$270,000					
Installment purchase agreement -							
Activity Center Building:							
Amount of issue – \$550,000	4.54%	\$39,000 -	184,000	-	(184,000)	-	-
maturing through 2018		\$49,000					
Other long-term obligations -							
Towar/Towar II/Snell/Briarwood/ Kinawa/Ember Oaks drain assessments	1.92% - 5.40%	\$1,790 - \$187,320	3,043,384	-	(265,437)	2,777,947	265,437
Compensated absences:							
General Fund			606,308	444,504	(482,277)	568,535	102,336
Internal service fund			4,905	6,700	(6,633)	4,972	895
Nonmajor and other funds			57,035	32,506	(32,426)	57,115	10,281
Total governmental activities			\$7,185,632	\$ 483,710	\$ (1,180,773)	\$6,488,569	\$ 593,949
<b>Business-type Activities</b>							
Sewer – Wastewater optimization bonds	3.63% - 4.45%	\$143,550 - \$148,500	\$ 292,050	\$ -	\$ (143,550)	\$ 148,500	\$ 148,500
Sewer – SRF Wastewater optimization bonds 2013	2.00%	\$29,328 - \$41,410	681,738	-	(57,434)	624,304	29,328
Sewer – SRF Wastewater optimization bonds 2015	2.50%	\$194,981 - \$211,646	-	992,090	-	992,090	-
Champion Woods Sewer Liability	0.00%	\$8,200 - \$49,200	57,400	-	(49,200)	8,200	8,200
Other long-term obligations – compensated absences:							
Water Fund			50,500	9,025	(22,146)	37,379	6,728
Sewer Fund			51,899	16,782	(37,065)	31,616	5,690
Total business-type activities			\$ 1,133,587	\$ 1,017,897	\$ (309,395)	\$ 1,842,089	\$ 198,446
<b>Component Unit Activities</b>							
Notes payable	3.00%	\$24,500 - \$25,000	\$ 199,500	\$ -	\$ -	\$ 199,500	\$ -

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 7 – Long-term Debt (continued)

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

Year Ending December 31	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 480,437	\$ 154,890	\$ 635,327	\$ 186,028	\$ 41,854	\$ 227,882	\$ -	\$ 5,985	\$ 5,985
2017	480,437	143,920	624,357	224,308	34,266	258,574	-	5,985	5,985
2018	485,437	132,650	618,087	230,530	28,741	259,271	-	5,985	5,985
2019	485,437	121,080	606,517	235,530	23,068	258,598	-	5,985	5,985
2020	459,810	109,197	569,007	243,417	17,249	260,666	25,000	5,423	30,423
2021-2025	2,374,050	354,611	2,728,661	347,919	43,008	390,927	125,000	15,863	140,863
2026-2030	1,066,970	53,758	1,120,728	184,522	23,278	207,800	49,500	1,105	50,605
2031-2035	25,369	1,821	27,190	120,840	4,878	125,718	-	-	-
Total	\$5,857,947	\$ 1,071,927	\$ 6,929,874	\$ 1,773,094	\$ 216,342	\$ 1,989,436	\$ 199,500	\$ 46,331	\$ 245,831

**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, 2015, there were three series of Limited Obligation Revenue Bonds outstanding, with an aggregate principal amount payable of \$11,005,000.

### Note 8 – Risk Management

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

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

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### **Note 9 – Defined Benefit Pension Plan**

#### **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.

**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.

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 9 – Defined Benefit Pension Plan (continued)

- 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 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.

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### **Note 9 – Defined Benefit Pension Plan (continued)**

**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 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.



# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### **Note 9 – Defined Benefit Pension Plan (continued)**

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.

Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 9 – Defined Benefit Pension Plan (continued)**

**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.

**Plan Membership** – As of December 31, 2015, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	44
Inactive plan members entitled to but not yet receiving benefits	23
Active plan members*	<u>1</u>
Total	<u>68</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, 2015, the Township contributed \$250,000, or 252% of 2015 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 shown on the following pages.

**Concentrations** – As of December 31, 2015 the Plan did not hold investments that represent 5% or more of the Plan’s fiduciary net position.

**Rate of return** – For the year ended December 31, 2015, the annual money-weighted rate of return on Plan investments, net of investment expense, was 2.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 9 – Defined Benefit Pension Plan (continued)

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

**Funding Policy** – Historically, the Township has made periodic employer contributions at actuarially determined rates; however, this is a closed plan with only one active employee that was over 100% funded in 2008. The Township suspended contributions, so as to not overfund the Plan. The subsequent economic downturn resulted in the Plan dropping to 76% funded at the time of the January 1, 2011 actuarial valuation. Township management made the decision to resume funding the Plan in 2012. The Township once again 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 and 2015. Administrative costs of the Plan are financed through investment earnings.

**Net Pension Liability** – The components of the net pension liability as of December 31, 2015 were as follows:

Total pension liability	\$ 5,602,120
Plan fiduciary net position	3,784,657
Township's net pension liability	<u>\$ 1,817,463</u>

Plan fiduciary net position, as a percentage of the total pension liability	67.56%
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**Actuarial Assumptions** – The December 31, 2015 total pension liability was determined by an actuarial valuation as of December 31, 2015. The measurement date was December 31, 2015 and all census data provided to the actuary was as of December 31, 2015, therefore no update procedures to roll forward the estimated liability to December 31, 2015 were needed. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 9 – Defined Benefit Pension Plan (continued)

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity – Large Cap	40.00%	7.50%
Domestic equity – Small Cap	8.00%	8.45%
International equity	13.00%	8.90%
Intermediate bonds – fixed income	32.00%	2.50%
Real estate	4.00%	6.65%
Cash or cash equivalents	3.00%	0.00%

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

Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 9 – Defined Benefit Pension Plan (continued)**

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

<b>Changes in Net Pension Liability</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Net Position</b>	<b>Net Pension Liability</b>
<b>Balance as of December 31, 2014</b>	\$ 5,295,008	\$ 3,880,182	\$ 1,414,826
Service cost	12,993	-	12,993
Interest	307,223	-	307,223
Differences between expected and actual experience	(124,938)	-	(124,938)
Changes in assumptions	474,087	-	474,087
Contributions – Employer	-	250,000	(250,000)
Contributions – Employee	-	-	-
Net investment income	-	86,536	(86,536)
Benefit payments, including refunds	(362,253)	(362,253)	-
Administrative expenses	-	(69,808)	69,808
Net changes	307,112	(95,525)	402,637
<b>Balance as of December 31, 2015</b>	<b>\$ 5,602,120</b>	<b>\$ 3,784,657</b>	<b>\$ 1,817,463</b>

**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:

	<b>1% Decrease (5.0%)</b>	<b>Current Discount Rate (6.0%)</b>	<b>1% Increase (7.0%)</b>
Township’s net pension liability	\$ 2,310,380	\$ 1,817,463	\$ 1,389,907

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 9 – Defined Benefit Pension Plan (continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – For the year ended December 31, 2015, the Township recognized pension expense of \$585,463, all related to governmental activities. As of December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual investment earnings on pension plan investments	\$ 112,650	\$ 45,476
Total	\$ 112,650	\$ 45,476

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

<b>Year Ending December 31</b>	<b>Amount</b>
2016	\$ 13,004
2017	13,004
2018	13,004
2019	28,162

### 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.

Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 9 – Defined Benefit Pension Plan (continued)**

<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)

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 9 – Defined Benefit Pension Plan (continued)

<u>10 – Clerical</u>	<u>Open Division</u>
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%
D-2	D-2 (25%)
Act 88	Yes (Adopted 7/10/2001)
<u>11 – Teamsters</u>	<u>Open Division</u>
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)
<u>20 – Police Command</u>	<u>Open Division</u>
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.



Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 9 – Defined Benefit Pension Plan (continued)**

**Employees Covered by Benefit Terms** – As of the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	72
Inactive plan members entitled to but not yet receiving benefits	22
Active plan members	105
Total	<u>199</u>

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

For the year ended December 31, 2015, the employee and employer contribution rates were as follows:

	<u>Percentage of Payroll</u>	
	<u>Employer Contributions</u>	<u>Employee Contributions</u>
01 – AFSCME	11.06%	2.30%
02 – Police POAM	19.10%	8.29%
05 – Firefighters IAFF	44.85%	7.76%
10 – Clerical	16.56%	3.90%
11 – Teamsters	58.76%	2.00%
20 – Police Command	45.30%	11.24%

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 9 – Defined Benefit Pension Plan (continued)

**Net Pension Liability** – The net pension liability reported as of December 31, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date.

**Actuarial Assumptions** – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3% – 4%
Salary increases	4.50% In the long term, 2% and 3% for calendar years 2015 and 2016, respectively
Investment rate of return	8.25% Gross of pension plan investment expense, including inflation

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of the most recent actuarial experience study in 2008.

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, 2014, the measurement date, for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation (%)</b>	<b>Long-Term Expected Real Rate of Return</b>
Global equity	57.5%	5.0%
Global fixed income	20.0%	2.2%
Real assets	12.5%	4.2%
Diversifying strategies	10.0%	6.6%

Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 9 – Defined Benefit Pension Plan (continued)**

**Discount Rate** – The discount rate used to measure the total pension liability was 8.25%. 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.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance as of December 31, 2013</b>	\$ 52,385,214	\$ 29,905,989	\$ 22,479,225
Service cost	972,200	-	972,200
Interest	4,260,390	-	4,260,390
Contributions – Employer	-	1,863,475	(1,863,475)
Contributions – Employee	-	552,292	(552,292)
Net investment income	-	1,898,696	(1,898,696)
Benefit payments, including refunds	(2,460,442)	(2,460,442)	-
Administrative expenses	-	(69,906)	69,906
Net changes	2,772,148	1,784,115	988,033
<b>Balance as of December 31, 2014</b>	<b>\$ 55,157,362</b>	<b>\$ 31,690,104</b>	<b>\$ 23,467,258</b>

Included in the net pension liability is \$22,118,881 related to governmental activities and \$1,348,377 related to business-type activities.

**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 8.25%, 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 (7.25%) or 1 percentage point higher (9.25%) than the current rate:

	1% Decrease	Current	1% Increase
	(7.25%)	Discount Rate (8.25%)	(9.25%)
Net pension liability of the Township	\$ 30,448,737	\$ 23,467,258	\$ 17,655,800

Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 9 – Defined Benefit Pension Plan (continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – For the year ended December 31, 2015, the Township recognized pension expense of \$2,400,452, of which a credit of \$212,868 is related to governmental activities and \$2,613,320 is related to business-type activities. As of December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual investment earnings on pension plan investments	\$ 451,058	\$ -
Employer contributions to the plan subsequent to the measurement date	1,852,078	
Total	<u>\$ 2,303,136</u>	<u>\$ -</u>

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

<b>Year Ending December 31</b>	<b>Amount</b>
2016	\$ 112,764
2017	112,764
2018	112,765
2019	112,765

**Pension Plan Fiduciary Net Position** – Detailed information about the Plan’s fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the Plan’s fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### **Note 10 – 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 \$211,800 and \$138,478 during the current year and employees contributed \$86,568 and \$44,518 for the pension and healthcare plans, respectively.

### **Note 11 – Other Postemployment Benefits**

**Plan Description** – The Township provides healthcare benefits to police officers and firefighters upon retirement, in accordance with labor contracts. Currently, 32 retirees are eligible. The Township includes pre-Medicare and post-Medicare retirees and their dependents in its healthcare plan, with a 50% contribution required by the participant. Benefits and refunds of the postemployment defined benefit plan are recognized when due and payable in accordance with the terms of the plan. Expenditures for postemployment healthcare benefits are recognized as the insurance premiums become due. For the year ended December 31, 2015, the Township made payments for postemployment health benefit premiums of \$152,610.

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.

**Funding Policy** – Retiree healthcare costs are recognized when paid by the Township on a “pay-as-you-go” basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the Township paid postemployment healthcare premiums of \$152,610, plus it contributed \$347,390 into a prefunded retiree healthcare trust fund, which is reported in these financial statements as a Pension and Other Employee Benefit Trust Fund type. It is the intention of the Township to contribute the actuarially determined required amount.

Charter Township of Meridian

Notes to Financial Statements

December 31, 2015

**Note 11 – Other Postemployment Benefits (continued)**

**Funding Progress** – For the year ended December 31, 2015, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of January 1, 2014. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The valuation’s computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 283,991
Interest earned on advance funding	(102,396)
Adjustment to annual required contribution	113,695
Annual OPEB cost	<u>295,290</u>
Amounts contributed:	
Payments of current premiums	(152,610)
Advance funding	(347,390)
Increase in net OPEB asset	<u>(204,710)</u>
OPEB (asset) – beginning of year	(1,279,948)
OPEB (asset) – end of year	<u>\$ (1,484,658)</u>

<b>Fiscal Year Ended</b>	<b>Actuarial Valuation Date</b>	<b>Annual OPEB Cost</b>	<b>Percentage Contributed</b>	<b>Net OPEB Asset</b>
12/31/13	1/1/11	\$ 382,993	122.7%	\$ 1,072,406
12/31/14	1/1/14	293,458	170.7%	1,279,948
12/31/15	1/1/14	295,290	169.3%	1,484,658

The funding progress of the plan is as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (Percent) (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
1/1/14	\$ 3,163,359	\$ 4,915,374	\$ 1,752,015	64.4%	\$ 4,387,938	39.9%

## Charter Township of Meridian

### Notes to Financial Statements

December 31, 2015

#### **Note 11 – Other Postemployment Benefits (continued)**

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

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

In the January 1, 2014 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included an 8% investment rate of return, calculated based on the funded level of the plan at the valuation date, an annual Medicare inflation rate of 5%, and an annual wage inflation rate of 5%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

#### **Note 12 – Joint Venture**

##### **East Lansing – Meridian Water and Sewer Authority**

The Township is a member of the East Lansing – Meridian Water and Sewer Authority, which provides water services to the residents of the City of East Lansing and the Charter Township of Meridian. The participating communities provide annual funding for its operations. During the current year, the Township contributed \$2,555,587 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.

# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### Note 12 – Joint Venture (continued)

The following financial information of the joint venture is obtained from audited financial statements as of June 30, 2015. Complete financial statements for the East Lansing – Meridian Water and Sewer Authority can be obtained from the administrative office at 410 Abbott Road, East Lansing, Michigan.

Total assets	\$ 7,574,851
Total liabilities	1,222,600
Total net position	6,427,259
Total operating revenue	3,972,822
Total operating expenses	3,275,510
Increase in net position	446,667

The Township's equity in this joint venture as of December 31, 2015 is \$4,205,028, which is recorded in the Water Fund.

### Note 13 – Operating Lease

During 2014, the Township entered into a noncancelable operating lease for office equipment. The lease requires 60 monthly payments of \$862 beginning in June 2014. The lease was amended December 2014 to add additional equipment, which changed the monthly payment amount to \$954 beginning in February 2015. Rent expenditures were \$11,356 for the year ended December 31, 2015.

Future minimum lease payments are as follows:

2016	\$ 11,448
2017	11,448
2018	11,448
2019	5,414
2020	92
Total	<u>\$ 39,850</u>



# Charter Township of Meridian

## Notes to Financial Statements

December 31, 2015

### **Note 14 – Upcoming Reporting Changes**

#### *GASB Statement No. 72, Fair Value Measurement and Application*

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2015. The Township is currently evaluating the disclosure and impact this Statement will have on the financial statements when adopted.

#### *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

The primary objective of this Statement is to improve accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement resulted from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating liabilities, deferred outflows of resources, deferred inflows of resources, and expense. The requirements of this Statement would be effective for fiscal years beginning after June 1, 2017. The Township is currently evaluating the impact this Statement will have on the financial statements when adopted; however the Township believes that the impact will be material.

## Required Supplementary Information

Charter Township of Meridian  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended December 31, 2015

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Property taxes	\$ 9,297,700	\$ 9,297,700	\$ 9,401,035	\$ 103,335
Licenses and permits	757,000	695,000	737,197	42,197
Federal grants	-	-	6,843	6,843
State-shared revenue and grants	3,324,532	3,153,632	3,199,315	45,683
Charges for services	3,303,500	3,339,800	3,434,267	94,467
Fines and forfeitures	361,500	345,500	367,024	21,524
Investment income	25,985	25,985	56,855	30,870
Other revenue:				
Local donations	-	5,000	5,070	70
Franchise fees	270,000	270,000	288,422	18,422
Other miscellaneous income	141,501	191,501	224,613	33,112
<b>Total revenue</b>	<b>17,481,718</b>	<b>17,324,118</b>	<b>17,720,641</b>	<b>396,523</b>
<b>Expenditures</b>				
Current:				
General government	5,590,944	6,339,339	5,671,557	667,782
Public safety	10,752,164	10,788,388	10,341,408	446,980
Public works	71,100	100,950	86,026	14,924
Health and welfare	53,308	53,708	53,034	674
Recreation and culture	694,558	708,918	662,158	46,760
Debt service	412,678	412,678	412,678	-
<b>Total expenditures</b>	<b>17,574,752</b>	<b>18,403,981</b>	<b>17,226,861</b>	<b>1,177,120</b>
<b>Excess (deficiency) of revenue over (under) expenditures</b>	<b>(93,034)</b>	<b>(1,079,863)</b>	<b>493,780</b>	<b>1,573,643</b>
<b>Other financing sources (uses)</b>				
Transfers out	(141,440)	(462,048)	(462,048)	-
Sale of capital assets	80,000	459,000	459,220	220
<b>Total other financing sources (uses)</b>	<b>(61,440)</b>	<b>(3,048)</b>	<b>(2,828)</b>	<b>220</b>
<b>Net change in fund balance</b>	<b>(154,474)</b>	<b>(1,082,911)</b>	<b>490,952</b>	<b>1,573,863</b>
<b>Fund balance – beginning of year</b>	<b>7,113,030</b>	<b>7,113,030</b>	<b>7,113,030</b>	<b>-</b>
<b>Fund balance – end of year</b>	<b>\$ 6,958,556</b>	<b>\$ 6,030,119</b>	<b>\$ 7,603,982</b>	<b>\$ 1,573,863</b>

Charter Township of Meridian  
 Budgetary Comparison Schedule - Major Special Revenue Funds  
 Land Preservation Funds  
 For the Fiscal Year Ended December 31, 2015

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Property taxes	\$ 508,500	\$ 508,500	\$ 513,389	\$ 4,889
Investment income	32,000	32,000	62,328	30,328
Total revenue	540,500	540,500	575,717	35,217
<b>Expenditures</b>				
Current:				
Recreation and culture	333,978	334,178	48,549	285,629
Total expenditures	333,978	334,178	48,549	285,629
<b>Net change in fund balance</b>	206,522	206,322	527,168	320,846
<b>Fund balance</b> – beginning of year	5,288,499	5,288,499	5,288,499	-
<b>Fund balance</b> – end of year	<u>\$ 5,495,021</u>	<u>\$ 5,494,821</u>	<u>\$ 5,815,667</u>	<u>\$ 320,846</u>

Charter Township of Meridian  
Required Supplementary Information  
Charter Township of Meridian Employees' Retirement Pension Plan  
Schedule of Changes in the Township's Net Pension Liability and Related Ratios  
Last Ten Fiscal Years

	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*
<b>Total pension liability</b>										
Service cost	\$ 12,993	\$ 10,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	307,223	302,325	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(124,938)	131,492	-	-	-	-	-	-	-	-
Changes in assumptions	474,087	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(362,253)	(365,991)	-	-	-	-	-	-	-	-
Net change in total pension liability	307,112	78,693	-	-	-	-	-	-	-	-
Total pension liability – beginning of year	5,295,008	5,216,315	-	-	-	-	-	-	-	-
Total pension liability – end of year	\$ 5,602,120	\$ 5,295,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Plan fiduciary net position</b>										
Contributions – employer	\$ 250,000	\$ 260,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions – member	-	-	-	-	-	-	-	-	-	-
Net investment income	86,536	296,201	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(362,253)	(365,991)	-	-	-	-	-	-	-	-
Administrative expenses	(69,808)	(72,944)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(95,525)	117,266	-	-	-	-	-	-	-	-
Plan fiduciary net position – beginning of year	3,880,182	3,762,916	-	-	-	-	-	-	-	-
Plan fiduciary net position – end of year	\$ 3,784,657	\$ 3,880,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Township's net pension liability – ending	\$ 1,817,463	\$ 1,414,826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a % of total pension liability	67.56%	73.28%								
Covered employee payroll	\$ 99,161	\$ 97,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Township's net pension liability as a % of covered employee payroll	1832.84%	1457.83%								

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

**Notes to Schedule**

There were no changes in benefit provisions reflected in the total pension liability as of December 31, 2015. Assumption changes include the update in mortality tables.

Charter Township of Meridian  
 Required Supplementary Information  
 Charter Township of Meridian Employees' Retirement Pension Plan  
 Schedule of Township Contributions  
 Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008*	2007*	2006*
Actuarially determined contribution	\$ 403,377	\$ 421,346	\$ 457,795	\$ 437,567	\$ 311,763	\$ 167,461	\$ 92,821	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	250,000	260,000	-	450,808	-	-	-	-	-	-
Contribution deficiency (excess)	\$ 153,377	\$ 161,346	\$ 457,795	\$ (13,241)	\$ 311,763	\$ 167,461	\$ 92,821	\$ -	\$ -	\$ -
Covered employee payroll	\$ 99,161	\$ 97,050	\$ 85,570	\$ 138,984	\$ 138,975	\$ 137,872	\$ 136,602	\$ 133,075	\$ 129,245	\$ 125,956
Contributions as a percentage of covered employee payroll	252.12%	267.90%	-	324.36%	-	-	-	-	-	-

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

**Notes to Schedule of Township Contributions**

Actuarial valuation information relative to the determination of contributions:

Valuation date                      December 31, 2014  
 Notes                                      Actuarially determined contribution rates are calculated as of December 31 which is 1 day prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method                      Individual Entry-Age Normal  
 Amortization method                      Level Dollar, Open  
 Remaining amortization period              5 years  
 Asset valuation method                      4-year smoothed market  
 Wage inflation                                  4.50%  
 Salary increases                                4.50%  
 Investment rate of return                    6.00%  
 Municipal bond rate                          3.57%  
 Retirement age                                The final active member is assumed to retire at age 65.  
 Mortality                                        1983 Group Annuity Mortality Table for men and women  
 Other information                              None

Charter Township of Meridian  
 Required Supplementary Information  
 Charter Township of Meridian Employees' Retirement Pension Plan  
 Schedule of Investment Returns  
 Last Ten Fiscal Years

	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*
Annual money-weighted rate of return, net of investment expense	2.23%	8.01%	-	-	-	-	-	-	-	-

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

Charter Township of Meridian  
Required Supplementary Information  
Municipal Employees' Retirement System of Michigan  
Schedule of Changes in the Township's Net Pension Liability and Related Ratios  
Last Ten Fiscal Years

	2015	2014*	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*
<b>Total pension liability</b>										
Service cost	\$ 972,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	4,260,390	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(2,460,442)	-	-	-	-	-	-	-	-	-
Net change in total pension liability	2,772,148	-	-	-	-	-	-	-	-	-
Total pension liability – beginning of year	52,385,214	-	-	-	-	-	-	-	-	-
Total pension liability – end of year	<u>\$ 55,157,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan fiduciary net position</b>										
Contributions – employer	\$ 1,863,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions – member	552,292	-	-	-	-	-	-	-	-	-
Net investment income	1,898,696	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(2,460,442)	-	-	-	-	-	-	-	-	-
Administrative expenses	(69,906)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,784,115	-	-	-	-	-	-	-	-	-
Plan fiduciary net position – beginning of year	29,905,989	-	-	-	-	-	-	-	-	-
Plan fiduciary net position – end of year	<u>\$ 31,690,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's net pension liability – ending	<u>\$ 23,467,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a % of total pension liability	57.45%									
Covered employee payroll	\$ 6,100,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Township's net pension liability as a % of covered employee payroll	384.70%									

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

**Notes to Schedule**

There were no changes in benefit provisions or actuarial assumptions reflected in the total pension liability as of December 31, 2015.





Charter Township of Meridian  
 Required Supplementary Information  
 Other Postemployment Benefit Plan

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2008	\$ 1,000,000	\$ 4,338,574	\$ 3,338,574	23.0%	\$ 4,838,647	69.0%
1/1/2011	1,749,919	5,402,173	3,652,254	32.4%	4,369,008	83.6%
1/1/2014	3,163,359	4,915,374	1,752,015	64.4%	4,387,938	39.9%

**Schedule of Employer Contributions**

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2011	1/1/2011	461,822	74.0%
12/31/2012	1/1/2011	461,822	139.7%
12/31/2013	1/1/2011	461,822	101.8%
12/31/2014	1/1/2014	283,991	176.4%
12/31/2015	1/1/2014	283,991	176.1%

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

Amortization method	Level dollar, open
Amortization period (perpetual)	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Salary increases	5.0%
Medicare inflation rate	5.0%
Cost of living adjustments	None

## Charter Township of Meridian

### Note to Required Supplementary Information

December 31, 2015

**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, 2015 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** – The Charter Township of Meridian did not have significant expenditure budget variances. A budget amendment effective for December 31, 2015 was approved after December 31, 2015 in the Local Roads Fund to alleviate a deficit fund balance in the fund.

## Other Supplementary Information

## Nonmajor Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

**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  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2015

	<b>Special Revenue Funds</b>					
	Pedestrian/ Bike Path Millage Fund	Park Millage Fund	Fire Restricted/ Designated Fund	Police Restricted/ Designated Fund	Senior Center Millage Fund	Cable TV Fund
<b>Assets</b>						
Cash and investments	\$ 496,097	\$ 2,211,205	\$ 5,910	\$ 50,836	\$ 214,810	\$ 212,395
Receivables – net	217,961	772,997	-	-	65,996	223,762
Prepaid expenses and other assets	537	22,730	-	-	-	5,277
Total assets	<u>\$ 714,595</u>	<u>\$ 3,006,932</u>	<u>\$ 5,910</u>	<u>\$ 50,836</u>	<u>\$ 280,806</u>	<u>\$ 441,434</u>
<b>Liabilities</b>						
Accounts payable	\$ 11,364	\$ 83,357	\$ -	\$ 8,439	\$ 44,847	\$ 48,001
Due to other governmental units	-	-	-	-	-	-
Accrued liabilities and other	889	10,383	-	2,874	113	5,673
Total liabilities	12,253	93,740	-	11,313	44,960	53,674
<b>Deferred inflows of resources</b>						
Unavailable revenue – special assessments	-	-	-	-	-	-
Property taxes levied for a subsequent period	445,936	1,578,838	-	-	134,904	-
Special assessments levied for a subsequent period	-	-	-	-	-	-
Total deferred inflows of resources	445,936	1,578,838	-	-	134,904	-
<b>Fund balances</b>						
Nonspendable – prepaids	537	22,730	-	-	-	5,277
Restricted	255,869	1,311,624	5,910	39,523	100,942	382,483
Assigned	-	-	-	-	-	-
Total fund balances	<u>256,406</u>	<u>1,334,354</u>	<u>5,910</u>	<u>39,523</u>	<u>100,942</u>	<u>387,760</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 714,595</u>	<u>\$ 3,006,932</u>	<u>\$ 5,910</u>	<u>\$ 50,836</u>	<u>\$ 280,806</u>	<u>\$ 441,434</u>

Charter Township of Meridian  
Combining Balance Sheet  
Nonmajor Governmental Funds

Special Revenue Funds					Debt Service Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
Community Needs Fund	Library Restricted Fund	Grants Fund	CATA Millage Fund	Local Roads Fund	Fire Station Debt Service Fund	Property Acquisition Fund	Fire Station Construction Fund	Township Improvement Revolving Fund		
\$ 15,413	\$ 13,011	\$ 154,023	\$ 177,887	\$ 1,013,286	\$ 202,571	\$ -	\$ 423,619	\$ 1,132,724	\$ 6,323,787	
391	-	-	157,146	196,434	156,197	-	-	436,237	2,227,121	
-	-	1,410	-	-	-	-	-	-	29,954	
<u>\$ 15,804</u>	<u>\$ 13,011</u>	<u>\$ 155,433</u>	<u>\$ 335,033</u>	<u>\$ 1,209,720</u>	<u>\$ 358,768</u>	<u>\$ -</u>	<u>\$ 423,619</u>	<u>\$ 1,568,961</u>	<u>\$ 8,580,862</u>	
\$ 70	\$ -	\$ 17,536	\$ 74	\$ 795,299	\$ 74	\$ -	\$ 192,260	\$ 1,843	\$ 1,203,164	
-	-	2,405	-	-	-	-	-	-	2,405	
-	-	-	268	335	268	-	-	-	20,803	
70	-	19,941	342	795,634	342	-	192,260	1,843	1,226,372	
-	-	-	-	-	-	-	-	276,237	276,237	
-	-	-	321,486	401,892	320,703	-	-	-	3,203,759	
-	-	-	-	-	-	-	-	160,000	160,000	
-	-	-	321,486	401,892	320,703	-	-	436,237	3,639,996	
-	-	1,410	-	-	-	-	-	-	29,954	
15,734	13,011	134,082	13,205	12,194	37,723	-	231,359	-	2,553,659	
-	-	-	-	-	-	-	-	1,130,881	1,130,881	
<u>15,734</u>	<u>13,011</u>	<u>135,492</u>	<u>13,205</u>	<u>12,194</u>	<u>37,723</u>	<u>-</u>	<u>231,359</u>	<u>1,130,881</u>	<u>3,714,494</u>	
<u>\$ 15,804</u>	<u>\$ 13,011</u>	<u>\$ 155,433</u>	<u>\$ 335,033</u>	<u>\$ 1,209,720</u>	<u>\$ 358,768</u>	<u>\$ -</u>	<u>\$ 423,619</u>	<u>\$ 1,568,961</u>	<u>\$ 8,580,862</u>	

Charter Township of Meridian  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended December 31, 2015

	<b>Special Revenue Funds</b>					
	Pedestrian/ Bike Path Millage Fund	Park Millage Fund	Fire Restricted/ Designated Fund	Police Restricted/ Designated Fund	Senior Center Millage Fund	Cable TV Fund
<b>Revenue</b>						
Property taxes	\$ 430,202	\$ 1,522,560	\$ -	\$ -	\$ 130,126	\$ -
Federal grants	-	-	-	331	-	-
State-shared revenue and grants	-	-	-	7,380	-	-
Fines and forfeitures	-	-	-	1,000	-	-
Investment income	592	3,862	4	35	142	180
Other revenue:						
Special assessments	-	-	-	-	-	-
Local donations	-	-	2,875	8,448	-	-
Franchise fees	-	-	-	-	-	852,370
Other miscellaneous income	18,000	105,477	500	-	-	3,495
<b>Total revenue</b>	<b>448,794</b>	<b>1,631,899</b>	<b>3,379</b>	<b>17,194</b>	<b>130,268</b>	<b>856,045</b>
<b>Expenditures</b>						
Current:						
Public safety	-	-	1,500	15,245	-	-
Public works	1,106,510	-	-	-	-	-
Health and welfare	-	-	-	-	88,897	-
Recreation and culture	-	874,000	-	-	-	764,100
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,106,510</b>	<b>874,000</b>	<b>1,500</b>	<b>15,245</b>	<b>88,897</b>	<b>764,100</b>
<b>Excess (deficiency) of revenue over (under) expenditures</b>	<b>(657,716)</b>	<b>757,899</b>	<b>1,879</b>	<b>1,949</b>	<b>41,371</b>	<b>91,945</b>
<b>Other financing sources</b>						
Transfers in	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>(657,716)</b>	<b>757,899</b>	<b>1,879</b>	<b>1,949</b>	<b>41,371</b>	<b>91,945</b>
<b>Fund balances (deficit) – beginning of year</b>	<b>914,122</b>	<b>576,455</b>	<b>4,031</b>	<b>37,574</b>	<b>59,571</b>	<b>295,815</b>
<b>Fund balances – end of year</b>	<b>\$ 256,406</b>	<b>\$ 1,334,354</b>	<b>\$ 5,910</b>	<b>\$ 39,523</b>	<b>\$ 100,942</b>	<b>\$ 387,760</b>



Charter Township of Meridian  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds

Special Revenue Funds					Debt Service Funds		Capital Projects Funds			Total
Community Needs Fund	Library Restricted Fund	Grants Fund	CATA Millage Fund	Local Roads Fund	Fire Station Debt Service Fund	Property Acquisition Fund	Fire Station Construction Fund	Township Improvement Revolving Fund	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ 310,122	\$ 387,670	\$ 309,512	\$ -	\$ -	\$ -	\$ 3,090,192	
-	-	12,708	-	-	-	-	-	-	13,039	
-	-	-	-	-	-	-	-	-	7,380	
-	-	-	-	-	-	-	-	-	1,000	
9	11	108	61	438	47	-	5,740	21,531	32,760	
-	-	-	-	-	-	-	-	162,602	162,602	
-	-	-	-	-	-	-	-	-	11,323	
-	-	-	-	-	-	-	-	-	852,370	
17,964	-	4,558	-	-	-	-	-	2,042	152,036	
17,973	11	17,374	310,183	388,108	309,559	-	5,740	186,175	4,322,702	
-	-	12,708	-	-	-	-	2,937,688	-	2,967,141	
-	-	-	-	785,950	-	-	-	79,681	1,972,141	
13,098	-	5,820	-	-	-	-	-	-	107,815	
-	-	-	310,000	-	-	-	-	-	1,948,100	
-	-	-	-	-	270,943	192,328	-	-	463,271	
13,098	-	18,528	310,000	785,950	270,943	192,328	2,937,688	79,681	7,458,468	
4,875	11	(1,154)	183	(397,842)	38,616	(192,328)	(2,931,948)	106,494	(3,135,766)	
-	-	16,040	-	399,000	-	47,008	-	-	462,048	
4,875	11	14,886	183	1,158	38,616	(145,320)	(2,931,948)	106,494	(2,673,718)	
10,859	13,000	120,606	13,022	11,036	(893)	145,320	3,163,307	1,024,387	6,388,212	
\$ 15,734	\$ 13,011	\$ 135,492	\$ 13,205	\$ 12,194	\$ 37,723	\$ -	\$ 231,359	\$ 1,130,881	\$ 3,714,494	

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Special Revenue Fund - Pedestrian/Bike Path Millage Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Property taxes	\$ 427,300	\$ 427,300	\$ 430,202	\$ 2,902
Investment income	-	-	592	592
Other revenue:				
Other miscellaneous income	-	-	18,000	18,000
<b>Total revenue</b>	<b>427,300</b>	<b>427,300</b>	<b>448,794</b>	<b>21,494</b>
<b>Expenditures</b>				
Current:				
Public works	979,950	1,130,150	1,106,510	23,640
<b>Net change in fund balance</b>	<b>(552,650)</b>	<b>(702,850)</b>	<b>(657,716)</b>	<b>45,134</b>
<b>Fund balance – beginning of year</b>	<b>914,122</b>	<b>914,122</b>	<b>914,122</b>	<b>-</b>
<b>Fund balance – end of year</b>	<b>\$ 361,472</b>	<b>\$ 211,272</b>	<b>\$ 256,406</b>	<b>\$ 45,134</b>

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Special Revenue Fund - Park Millage Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Property taxes	\$ 1,516,500	\$ 1,516,500	\$ 1,522,560	\$ 6,060
Federal grants	187,500	-	-	-
Investment income	1,500	1,500	3,862	2,362
Other revenue				
Local donations	12,000	12,000	-	(12,000)
Other miscellaneous income	87,000	87,000	105,477	18,477
Total revenue	1,804,500	1,617,000	1,631,899	14,899
<b>Expenditures</b>				
Current:				
Recreation and culture	1,551,399	1,640,059	874,000	766,059
<b>Net change in fund balance</b>	253,101	(23,059)	757,899	780,958
<b>Fund balance – beginning of year</b>	576,455	576,455	576,455	-
<b>Fund balance – end of year</b>	<u>\$ 829,556</u>	<u>\$ 553,396</u>	<u>\$ 1,334,354</u>	<u>\$ 780,958</u>

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Special Revenue Fund - Fire Restricted/Designated Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Investment income	\$ -	\$ -	\$ 4	\$ 4
Other revenue:				
Local donations	-	2,500	2,875	375
Other miscellaneous income	-	-	500	500
Total revenue	-	2,500	3,379	879
<b>Expenditures</b>				
Current:				
Public safety	-	2,500	1,500	1,000
<b>Net change in fund balance</b>	-	-	1,879	1,879
<b>Fund balance – beginning of year</b>	4,031	4,031	4,031	-
<b>Fund balance – end of year</b>	<u>\$ 4,031</u>	<u>\$ 4,031</u>	<u>\$ 5,910</u>	<u>\$ 1,879</u>

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Special Revenue Fund - Police Restricted/Designated Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Federal grants	\$ 500	\$ 6,282	\$ 331	\$ (5,951)
State-shared revenue and grants	8,000	8,000	7,380	(620)
Fines and forfeitures	12,500	12,500	1,000	(11,500)
Investment income	-	-	35	35
Other revenue:				
Local donations	5,000	5,000	8,448	3,448
Total revenue	26,000	31,782	17,194	(14,588)
<b>Expenditures</b>				
Current:				
Public safety	31,000	36,782	15,245	21,537
<b>Net change in fund balance</b>	(5,000)	(5,000)	1,949	6,949
<b>Fund balance – beginning of year</b>	37,574	37,574	37,574	-
<b>Fund balance – end of year</b>	<u>\$ 32,574</u>	<u>\$ 32,574</u>	<u>\$ 39,523</u>	<u>\$ 6,949</u>

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Special Revenue Fund - Senior Center Millage Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Property taxes	\$ 129,100	\$ 129,100	\$ 130,126	\$ 1,026
Investment income	-	-	142	142
<b>Total revenue</b>	<b>129,100</b>	<b>129,100</b>	<b>130,268</b>	<b>1,168</b>
<b>Expenditures</b>				
Current:				
Health and welfare	107,000	114,210	88,897	25,313
<b>Net change in fund balance</b>	<b>22,100</b>	<b>14,890</b>	<b>41,371</b>	<b>26,481</b>
<b>Fund balance – beginning of year</b>	<b>59,571</b>	<b>59,571</b>	<b>59,571</b>	<b>-</b>
<b>Fund balance – end of year</b>	<b>\$ 81,671</b>	<b>\$ 74,461</b>	<b>\$ 100,942</b>	<b>\$ 26,481</b>

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Special Revenue Fund - Cable TV Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Investment income	\$ -	\$ -	\$ 180	\$ 180
Other revenue:				
Franchise fees	690,100	846,100	852,370	6,270
Other miscellaneous income	-	-	3,495	3,495
<b>Total revenue</b>	<b>690,100</b>	<b>846,100</b>	<b>856,045</b>	<b>9,945</b>
<b>Expenditures</b>				
Current:				
Recreation and culture	690,100	830,760	764,100	66,660
<b>Net change in fund balance</b>	<b>-</b>	<b>15,340</b>	<b>91,945</b>	<b>76,605</b>
<b>Fund balance – beginning of year</b>	<b>295,815</b>	<b>295,815</b>	<b>295,815</b>	<b>-</b>
<b>Fund balance – end of year</b>	<b>\$ 295,815</b>	<b>\$ 311,155</b>	<b>\$ 387,760</b>	<b>\$ 76,605</b>

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Special Revenue Fund - Community Needs Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Investment income	\$ -	\$ -	\$ 9	\$ 9
Other revenue:				
Other miscellaneous income	9,500	9,500	17,964	8,464
Total revenue	9,500	9,500	17,973	8,473
<b>Expenditures</b>				
Current:				
Health and welfare	9,500	15,500	13,098	2,402
<b>Net change in fund balance</b>	-	(6,000)	4,875	10,875
<b>Fund balance – beginning of year</b>	10,859	10,859	10,859	-
<b>Fund balance – end of year</b>	\$ 10,859	\$ 4,859	\$ 15,734	\$ 10,875



Charter Township of Meridian  
 Other Supplementary Information  
 Budgetary Comparison  
 For the Fiscal Year Ended December 31, 2015

**Special Revenue Fund - Library Restricted Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Investment income	\$ -	\$ -	\$ 11	\$ 11
<b>Net change in fund balance</b>	-	-	11	11
<b>Fund balance</b> – beginning of year	13,000	13,000	13,000	-
<b>Fund balance</b> – end of year	\$ 13,000	\$ 13,000	\$ 13,011	\$ 11

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Special Revenue Fund - Grants Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Federal grants	\$ 15,000	\$ 21,000	\$ 12,708	\$ (8,292)
Investment income	-	-	108	108
Other revenue:				
Other miscellaneous income	-	-	4,558	4,558
<b>Total revenue</b>	<b>15,000</b>	<b>21,000</b>	<b>17,374</b>	<b>(3,626)</b>
<b>Expenditures</b>				
Current:				
Public safety	15,000	21,000	12,708	8,292
Health and welfare	5,000	5,820	5,820	-
<b>Total expenditures</b>	<b>20,000</b>	<b>26,820</b>	<b>18,528</b>	<b>8,292</b>
<b>Excess of expenditures over (under) revenue</b>	<b>(5,000)</b>	<b>(5,820)</b>	<b>(1,154)</b>	<b>4,666</b>
<b>Other financing sources</b>				
Transfers in	16,040	16,040	16,040	-
<b>Net change in fund balance</b>	<b>11,040</b>	<b>10,220</b>	<b>14,886</b>	<b>4,666</b>
<b>Fund balance – beginning of year</b>	<b>120,606</b>	<b>120,606</b>	<b>120,606</b>	<b>-</b>
<b>Fund balance – end of year</b>	<b>\$ 131,646</b>	<b>\$ 130,826</b>	<b>\$ 135,492</b>	<b>\$ 4,666</b>

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Special Revenue Fund - CATA Millage Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Property taxes	\$ 308,300	\$ 308,300	\$ 310,122	\$ 1,822
Investment income	-	-	61	61
<b>Total revenue</b>	<b>308,300</b>	<b>308,300</b>	<b>310,183</b>	<b>1,883</b>
<b>Expenditures</b>				
Current:				
Recreation and culture	308,000	310,000	310,000	-
<b>Net change in fund balance</b>	<b>300</b>	<b>(1,700)</b>	<b>183</b>	<b>1,883</b>
<b>Fund balance – beginning of year</b>	<b>13,022</b>	<b>13,022</b>	<b>13,022</b>	<b>-</b>
<b>Fund balance – end of year</b>	<b>\$ 13,322</b>	<b>\$ 11,322</b>	<b>\$ 13,205</b>	<b>\$ 1,883</b>

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Special Revenue Fund - Local Roads Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Property taxes	\$ 385,300	\$ 385,300	\$ 387,670	\$ 2,370
Investment income	-	-	438	438
<b>Total revenue</b>	<b>385,300</b>	<b>385,300</b>	<b>388,108</b>	<b>2,808</b>
<b>Expenditures</b>				
Current:				
Public works	510,000	786,000	785,950	50
<b>Excess of revenue over (under) expenditures</b>	<b>(124,700)</b>	<b>(400,700)</b>	<b>(397,842)</b>	<b>2,858</b>
<b>Other financing sources</b>				
Transfers in	125,000	399,000	399,000	-
<b>Net change in fund balance</b>	<b>300</b>	<b>(1,700)</b>	<b>1,158</b>	<b>2,858</b>
<b>Fund balance – beginning of year</b>	<b>11,036</b>	<b>11,036</b>	<b>11,036</b>	<b>-</b>
<b>Fund balance – end of year</b>	<b>\$ 11,336</b>	<b>\$ 9,336</b>	<b>\$ 12,194</b>	<b>\$ 2,858</b>

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Debt Service Fund - Fire Station Debt Service Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Property taxes	\$ 308,300	\$ 308,300	\$ 309,512	\$ 1,212
Investment income	-	-	47	47
Total revenue	308,300	308,300	309,559	1,259
<b>Expenditures</b>				
Debt service	270,943	270,943	270,943	-
<b>Net change in fund balance</b>	37,357	37,357	38,616	1,259
<b>Fund balance (deficit) – beginning of year</b>	(893)	(893)	(893)	-
<b>Fund balance – end of year</b>	<u>\$ 36,464</u>	<u>\$ 36,464</u>	<u>\$ 37,723</u>	<u>\$ 1,259</u>

Charter Township of Meridian  
 Other Supplementary Information  
 Budgetary Comparison  
 For the Fiscal Year Ended December 31, 2015

**Debt Service Fund - Property Acquisition Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Expenditures</b>				
Debt service	\$ 51,354	\$ 192,354	\$ 192,327	\$ 27
<b>Excess of expenditures over (under) revenue</b>	(51,354)	(192,354)	(192,327)	27
<b>Other financing sources</b>				
Transfers in	-	47,007	47,007	-
<b>Fund balance – beginning of year</b>	145,320	145,320	145,320	-
<b>Fund balance (deficit) – end of year</b>	\$ 93,966	\$ (27)	\$ -	\$ 27

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Capital Projects Fund - Fire Station Construction Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Investment income	\$ 3,000	\$ 3,000	\$ 5,740	\$ 2,740
<b>Expenditures</b>				
Current:				
Public safety	3,140,000	3,160,000	2,937,688	222,312
<b>Net change in fund balance</b>	(3,137,000)	(3,157,000)	(2,931,948)	225,052
<b>Fund balance</b> – beginning of year	3,163,307	3,163,307	3,163,307	-
<b>Fund balance</b> – end of year	\$ 26,307	\$ 6,307	\$ 231,359	\$ 225,052

Charter Township of Meridian  
Other Supplementary Information  
Budgetary Comparison  
For the Fiscal Year Ended December 31, 2015

**Capital Projects Fund - Township Improvement Revolving Fund**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Investment income	\$ 26,600	\$ 16,600	\$ 21,531	\$ 4,931
Other revenue:				
Special assessments	120,000	160,000	162,602	2,602
Other miscellaneous income	-	-	2,042	2,042
Total revenue	146,600	176,600	186,175	9,575
<b>Expenditures</b>				
Current:				
Public works	120,000	120,000	79,681	40,319
<b>Net change in fund balance</b>	26,600	56,600	106,494	49,894
<b>Fund balance – beginning of year</b>	1,024,387	1,024,387	1,024,387	-
<b>Fund balance – end of year</b>	<u>\$ 1,050,987</u>	<u>\$ 1,080,987</u>	<u>\$ 1,130,881</u>	<u>\$ 49,894</u>



Charter Township of Meridian  
Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2015

	<b>Balance</b>		<b>Balance</b>
	<b>January 1, 2015</b>	<b>Additions</b>	<b>December 31, 2015</b>
<b>Tax Collection Fund</b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 4,521,824	\$ 114,257,940	\$ (106,860,013) \$ 11,919,751
<b>Liabilities</b>			
Accounts payable	\$ 4,161	\$ 41,321,158	\$ (41,321,763) \$ 3,556
Due to other governmental units	4,517,663	76,337,128	(68,938,596) 11,916,195
Total liabilities	<u>\$ 4,521,824</u>	<u>\$ 117,658,286</u>	<u>\$ (110,260,359) \$ 11,919,751</u>

Charter Township of Meridian  
Component Unit - Downtown Development Authority  
Statement of Net Position and Governmental Fund Balance Sheet  
December 31, 2015

	<b>Downtown Development Authority</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and investments	\$ 46,983	\$ -	\$ 46,983
Receivables – net	11,554	-	11,554
Prepaid expenses	-	-	-
<b>Total assets</b>	<b>\$ 58,537</b>	<b>\$ -</b>	<b>\$ 58,537</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities and other	1,496	-	1,496
Unearned revenue	-	-	-
Noncurrent liabilities:			
Due in more than one year	-	199,500	199,500
<b>Total liabilities</b>	<b>1,496</b>	<b>199,500</b>	<b>200,996</b>
<b>Deferred inflows of resources</b>			
Property taxes levied for a subsequent period	5,365	-	5,365
Fund balance – restricted for economic development	51,676	(51,676)	-
<b>Net position (deficit) – unrestricted</b>	<b>-</b>	<b>(147,824)</b>	<b>(147,824)</b>
<b>Total liabilities, deferred inflows of resources, and fund balance/net position</b>	<b>\$ 58,537</b>	<b>\$ -</b>	<b>\$ 58,537</b>

Charter Township of Meridian  
 Component Unit - Downtown Development Authority  
 Statement of Activities and Governmental Fund Statement of Revenue,  
 Expenditures, and Changes in Fund Balance  
 For the Fiscal Year Ended December 31, 2015

	<b>Downtown Development Authority</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenue</b>			
Property taxes	\$ 15,582	\$ -	\$ 15,582
Local grants and donations	300	-	300
Other miscellaneous income	37,102	-	37,102
Total revenue	52,984	-	52,984
<b>Expenditures</b>			
Other current services	21,902	-	21,902
Debt service	5,985	-	5,985
Total expenditures	27,887	-	27,887
<b>Change in fund balance/net position</b>	25,097	-	25,097
<b>Fund balance/net position (deficit) – beginning of year</b>	26,579	(199,500)	(172,921)
<b>Fund balance/net position (deficit) – end of year</b>	\$ 51,676	\$ (199,500)	\$ (147,824)

## Statistical Section

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

The statistical section is organized into the following main categories:

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

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

## Financial Trends

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

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

	December 31									
	(in thousands of dollars)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities:</b>										
Net investment										
in capital assets	\$ 23,014	\$ 23,810	\$ 24,694	\$ 26,991	\$ 30,393	\$ 33,401	\$ 33,781	\$ 34,428	\$ 34,416	\$ 36,166
Restricted	1,563	3,723	5,353	6,960	6,385	5,580	5,948	6,553	7,345	8,400
Unrestricted	7,520	6,652	6,616	6,169	7,134	8,060	8,877	9,018	10,629	(10,661)
Total net position	<u>\$ 32,097</u>	<u>\$ 34,185</u>	<u>\$ 36,663</u>	<u>\$ 40,120</u>	<u>\$ 43,912</u>	<u>\$ 47,041</u>	<u>\$ 48,606</u>	<u>\$ 49,999</u>	<u>\$ 52,390</u>	<u>\$ 33,905</u>
<b>Business-type Activities:</b>										
Net investment										
in capital assets	\$ 35,653	\$ 37,862	\$ 39,220	\$ 40,006	\$ 41,805	\$ 42,339	\$ 41,380	\$ 40,589	\$ 40,452	\$ 39,764
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	12,255	11,399	11,343	9,947	7,387	6,070	7,090	7,839	8,972	7,433
Total net position	<u>\$ 47,908</u>	<u>\$ 49,261</u>	<u>\$ 50,563</u>	<u>\$ 49,953</u>	<u>\$ 49,192</u>	<u>\$ 48,409</u>	<u>\$ 48,470</u>	<u>\$ 48,428</u>	<u>\$ 49,424</u>	<u>\$ 47,197</u>
<b>Primary Government:</b>										
Net investment										
in capital assets	\$ 58,667	\$ 61,672	\$ 63,914	\$ 66,997	\$ 72,198	\$ 75,740	\$ 75,161	\$ 75,017	\$ 74,868	\$ 75,930
Restricted	1,563	3,723	5,353	6,960	6,385	5,580	5,948	6,553	7,345	8,400
Unrestricted	19,775	18,051	17,959	16,116	14,521	14,130	15,967	16,857	19,601	(3,228)
Total net position	<u>\$ 80,005</u>	<u>\$ 83,446</u>	<u>\$ 87,226</u>	<u>\$ 90,073</u>	<u>\$ 93,104</u>	<u>\$ 95,450</u>	<u>\$ 97,076</u>	<u>\$ 98,427</u>	<u>\$ 101,814</u>	<u>\$ 81,102</u>

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

	Fiscal Year Ended December 31									
	(in thousands of dollars)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses:</b>										
General government	\$ 3,920	\$ 3,681	\$ 4,181	\$ 3,965	\$ 3,254	\$ 3,371	\$ 4,244	\$ 4,284	\$ 3,941	\$ 4,346
Public safety	10,999	10,493	10,549	10,583	10,416	10,048	9,901	10,922	9,799	10,937
Public works	348	838	1,139	1,292	830	708	1,072	1,072	1,277	946
Health and welfare	76	82	80	84	68	55	63	169	166	162
Recreation and culture	1,852	1,856	2,168	2,043	1,946	2,256	2,071	1,684	2,118	2,258
Interest on long-term debt	182	327	313	293	276	244	183	367	221	168
<b>Total expenses</b>	<b>17,377</b>	<b>17,277</b>	<b>18,430</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>Program revenue:</b>										
Charges for services:										
General government	208	81	90	50	60	55	415	391	383	416
Public safety	2,843	2,045	2,429	2,071	2,676	2,790	2,352	3,064	2,658	2,574
Public works	143	8	153	1,049	17	87	105	113	89	121
Recreation and culture	320	185	160	146	151	218	325	307	321	338
<b>Total charges for services</b>	<b>3,514</b>	<b>2,319</b>	<b>2,832</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>
Operating grants and contributions	76	143	104	113	367	475	163	283	175	127
Capital grants and contributions	-	23	59	-	-	-	-	-	-	-
<b>Total program revenue</b>	<b>3,590</b>	<b>2,485</b>	<b>2,995</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>Excess of expenses over revenue</b>	<b>(13,787)</b>	<b>(14,792)</b>	<b>(15,435)</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>General revenue:</b>										
Property taxes	11,787	12,385	12,964	13,580	13,365	11,981	11,488	11,464	11,710	13,005
State-shared revenue	3,010	2,969	3,469	2,541	2,495	2,819	2,891	2,960	3,085	3,087
Investment income (loss)	747	885	548	166	372	184	98	(46)	212	152
Franchise fees	602	643	616	699	802	819	873	822	856	1,021
Miscellaneous income	306	53	351	333	277	383	389	533	424	562
<b>Total general revenue</b>	<b>16,452</b>	<b>16,935</b>	<b>17,948</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>Transfers</b>	<b>(55)</b>	<b>(55)</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>\$ 2,610</b>	<b>\$ 2,088</b>	<b>\$ 2,478</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>

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

	Fiscal Year Ended December 31									
	(in thousands of dollars)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Operating revenue:</b>										
Sale of water	\$ 3,433	\$ 3,582	\$ 3,561	\$ 3,288	\$ 3,369	\$ 3,421	\$ 4,055	\$ 4,026	\$ 4,152	\$ 4,104
Sewage disposal charge	2,943	3,058	3,074	2,931	3,052	2,993	3,479	3,587	3,800	3,833
Charges for services	1,041	850	669	630	956	736	974	1,150	1,061	887
Other	119	74	79	133	196	92	246	433	604	974
<b>Total operating revenue</b>	<b>7,536</b>	<b>7,564</b>	<b>7,383</b>	<b>6,982</b>	<b>7,573</b>	<b>7,242</b>	<b>8,754</b>	<b>9,196</b>	<b>9,617</b>	<b>9,798</b>
<b>Operating expense:</b>										
Cost of water produced/purchased	1,598	1,682	1,787	1,920	2,033	2,211	2,595	2,518	2,458	2,556
Cost of sewage treatment	1,475	1,505	1,646	1,642	1,455	1,433	1,430	1,855	1,789	2,301
Other operation and maintenance costs	1,952	2,102	2,072	2,230	2,082	2,068	2,278	2,541	2,871	2,959
Billing and administrative costs	1,045	1,174	1,179	1,177	1,167	1,160	1,161	1,076	1,082	1,101
Depreciation	1,253	1,363	1,397	1,480	1,563	1,619	1,654	1,795	1,650	1,680
<b>Total operating expenses</b>	<b>7,323</b>	<b>7,826</b>	<b>8,081</b>	<b>8,449</b>	<b>8,300</b>	<b>8,491</b>	<b>9,118</b>	<b>9,785</b>	<b>9,850</b>	<b>10,597</b>
<b>Operating income (loss)</b>	<b>213</b>	<b>(262)</b>	<b>(698)</b>	<b>(1,467)</b>	<b>(727)</b>	<b>(1,249)</b>	<b>(364)</b>	<b>(589)</b>	<b>(233)</b>	<b>(799)</b>
<b>Nonoperating revenue (expense):</b>										
Investment income	253	333	209	76	31	9	3	3	4	3
Gain (loss) from joint venture	(316)	(106)	(286)	(203)	(174)	(158)	179	163	234	(31)
Interest expense	(10)	(6)	(2)	41	(41)	(32)	(29)	(37)	(12)	(39)
<b>Total nonoperating revenue (expense)</b>	<b>(73)</b>	<b>221</b>	<b>(79)</b>	<b>(86)</b>	<b>(184)</b>	<b>(181)</b>	<b>153</b>	<b>129</b>	<b>226</b>	<b>(67)</b>
<b>Income (loss) – Before capital contributions and transfer</b>	<b>140</b>	<b>(41)</b>	<b>(777)</b>	<b>(1,553)</b>	<b>(911)</b>	<b>(1,430)</b>	<b>(211)</b>	<b>(460)</b>	<b>(7)</b>	<b>(866)</b>
<b>Capital contributions</b>	<b>1,239</b>	<b>1,339</b>	<b>2,044</b>	<b>510</b>	<b>150</b>	<b>647</b>	<b>272</b>	<b>418</b>	<b>1,003</b>	<b>195</b>
<b>Transfers from other funds</b>	<b>455</b>	<b>255</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers to other funds</b>	<b>(400)</b>	<b>(200)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>\$ 1,434</b>	<b>\$ 1,353</b>	<b>\$ 1,302</b>	<b>\$ (1,043)</b>	<b>\$ (761)</b>	<b>\$ (783)</b>	<b>\$ 61</b>	<b>\$ (42)</b>	<b>\$ 996</b>	<b>\$ (671)</b>
<b>Change in net position – primary government</b>	<b>\$ 4,044</b>	<b>\$ 3,441</b>	<b>\$ 3,780</b>	<b>\$ 1,445</b>	<b>\$ 3,031</b>	<b>\$ 2,346</b>	<b>\$ 1,626</b>	<b>\$ 1,351</b>	<b>\$ 3,387</b>	<b>\$ 1,915</b>



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

	As of December 31									
	(in thousands of dollars)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Post-GASB No. 54:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 692	\$ 675	\$ 564	\$ 217	\$ 297
Unassigned	-	-	-	-	-	4,901	5,281	6,280	6,896	7,307
Pre-GASB No. 54:										
Reserved	3	4	2	7	442	-	-	-	-	-
Unreserved – undesignated	4,986	5,228	4,456	3,841	4,805	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 4,989</b>	<b>\$ 5,232</b>	<b>\$ 4,458</b>	<b>\$ 3,848</b>	<b>\$ 5,247</b>	<b>\$ 5,593</b>	<b>\$ 5,956</b>	<b>\$ 6,844</b>	<b>\$ 7,113</b>	<b>\$ 7,604</b>
<b>All Other Governmental Funds</b>										
Post-GASB No. 54:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160	\$ 150	\$ 8	\$ 7	\$ 31
Restricted	-	-	-	-	-	5,418	5,798	9,840	10,501	8,368
Assigned	-	-	-	-	-	993	1,041	1,162	1,170	1,131
Unassigned	-	-	-	-	-	(401)	(407)	(349)	(1)	-
Pre-GASB No. 54:										
Reserved – Special Revenue Fund	-	160	309	-	190	-	-	-	-	-
Unreserved and undesignated –										
Reported in:										
Special revenue funds	4,054	4,945	5,456	6,667	5,834	-	-	-	-	-
Debt service funds	37	34	14	357	329	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 4,091</b>	<b>\$ 5,139</b>	<b>\$ 5,779</b>	<b>\$ 7,024</b>	<b>\$ 6,353</b>	<b>\$ 6,170</b>	<b>\$ 6,582</b>	<b>\$ 10,661</b>	<b>\$ 11,677</b>	<b>\$ 9,530</b>

\* 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)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenue</b>										
Property taxes	\$ 11,787	\$ 12,385	\$ 12,965	\$ 13,580	\$ 13,365	\$ 11,981	\$ 11,488	\$ 11,464	\$ 11,710	\$ 13,005
Licenses and permits	416	358	668	248	662	536	618	1,153	841	737
Intergovernmental revenue	-	3,215	3,064	2,718	2,840	3,282	3,021	3,106	3,229	3,226
Special assessments	112	90	122	144	339	195	225	238	134	163
Charges for services	3,232	3,390	2,921	2,923	3,353	3,297	3,363	3,403	3,364	3,434
Investment income (loss)	716	885	548	166	372	184	98	(46)	212	152
Other	554	409	1,157	1,229	1,302	1,561	1,514	1,727	1,640	1,902
<b>Total revenue</b>	<b>16,817</b>	<b>20,732</b>	<b>21,445</b>	<b>21,008</b>	<b>22,233</b>	<b>21,036</b>	<b>20,327</b>	<b>21,045</b>	<b>21,130</b>	<b>22,619</b>
<b>Expenditures</b>										
Current:										
General government	4,392	5,052	4,472	4,698	4,505	4,059	5,391	5,030	4,925	5,010
Public safety	10,079	10,391	10,958	10,574	10,250	10,060	9,766	10,172	10,263	10,273
Public works	295	290	1,333	269	364	265	511	328	539	287
Health and welfare	76	79	82	84	68	54	62	168	166	161
Recreation and culture	1,651	1,823	2,285	2,012	1,909	2,257	2,083	1,771	2,185	2,275
Capital outlay	3,661	1,000	1,441	1,769	3,730	2,600	1,224	1,574	1,019	5,852
Debt service:										
Principal	1,164	618	656	655	414	1,333	332	262	516	659
Interest	169	133	317	297	266	244	184	212	232	217
<b>Total expenditures</b>	<b>21,487</b>	<b>19,386</b>	<b>21,544</b>	<b>20,358</b>	<b>21,506</b>	<b>20,872</b>	<b>19,553</b>	<b>19,517</b>	<b>19,845</b>	<b>24,734</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(4,670)</b>	<b>1,346</b>	<b>(99)</b>	<b>650</b>	<b>727</b>	<b>164</b>	<b>774</b>	<b>1,528</b>	<b>1,285</b>	<b>(2,115)</b>
<b>Other financing sources (uses)</b>										
Proceeds from issuance of long-term debt	-	-	-	-	-	-	-	3,500	-	-
Debt issuance costs	-	-	-	-	-	-	-	(62)	-	-
Transfers in	132	129	276	(651)	(272)	(1,471)	141	137	467	462
Transfers out	(187)	(184)	(310)	651	272	1,471	(141)	(137)	(467)	(462)
Sale of capital assets	-	-	-	-	-	-	-	-	-	459
<b>Total other financing sources (uses)</b>	<b>(55)</b>	<b>(55)</b>	<b>(34)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,438</b>	<b>-</b>	<b>459</b>
<b>Net change in fund balance</b>	<b>\$ (4,725)</b>	<b>\$ 1,291</b>	<b>\$ (133)</b>	<b>\$ 650</b>	<b>\$ 727</b>	<b>\$ 164</b>	<b>\$ 774</b>	<b>\$ 4,966</b>	<b>\$ 1,285</b>	<b>\$ (1,656)</b>
Debt service as a percentage of noncapital expenditures	7.48%	4.08%	4.84%	5.12%	3.83%	8.63%	2.82%	2.64%	3.97%	4.64%
Capital outlay as a percentage of total expenditures	17.04%	5.16%	6.69%	8.69%	17.34%	12.46%	6.26%	8.06%	5.13%	23.66%

## Revenue Capacity

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

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

Taxable Value by Property Type (\$000s)

Tax Year	Residential	Commercial, Industrial, Agricultural, and Other	Total Value	Tax Rate (Mills)	Estimated Actual Value (\$000s)	Taxable Value as a Percent of Actual
2006	\$ 1,182,037	\$ 412,043	\$ 1,594,080	7.26%	\$ 3,812,547	41.81%
2007	1,250,469	435,384	1,685,853	7.22%	3,974,024	42.42%
2008	1,276,794	433,873	1,710,667	7.45%	3,883,888	44.05%
2009	1,269,416	444,158	1,713,574	7.32%	3,725,424	46.00%
2010	1,192,662	432,780	1,625,442	6.92%	3,420,119	47.53%
2011	1,166,537	420,922	1,587,459	6.92%	3,310,277	47.96%
2012	1,159,890	395,140	1,555,030	6.97%	3,198,797	48.61%
2013	1,128,124	399,329	1,527,453	7.17%	3,124,917	48.88%
2014	1,151,524	400,686	1,552,210	7.84%	3,209,695	48.36%
2015	1,182,156	426,509	1,608,665	7.84%	3,447,893	46.66%

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
2006	4.21	0.18	2.87	7.26	13.17	3.81	5.99	11.73	29.73	15.12	33.12	13.30	31.30	15.08	32.29
2007	4.20	0.15	2.87	7.22	13.15	3.81	5.99	13.12	31.12	15.11	33.00	13.30	31.30	15.06	32.29
2008	4.20	0.13	3.12	7.45	14.10	3.81	5.99	13.24	31.12	15.11	33.11	13.30	31.30	14.99	32.29
2009	4.20	-	3.12	7.32	14.08	3.81	5.99	12.99	30.99	15.11	33.10	14.05	32.05	14.99	32.29
2010	4.20	-	2.72	6.92	14.07	3.81	5.99	13.53	31.53	15.11	33.11	14.05	32.05	15.05	32.29
2011	4.20	-	2.72	6.92	14.11	3.81	5.99	13.99	31.99	15.11	33.11	14.05	32.05	14.28	32.29
2012	4.20	-	2.77	6.97	14.75	3.81	5.99	13.99	31.99	15.11	33.11	14.05	32.05	14.29	32.29
2013	4.20	0.20	2.77	7.17	14.76	3.81	5.99	13.99	31.99	16.36	34.36	15.05	33.05	15.41	33.41
2014	4.20	0.20	3.44	7.84	15.26	3.81	5.99	13.99	31.99	16.36	34.36	15.73	33.73	15.38	33.38
2015	4.20	0.20	3.44	7.84	15.09	3.81	5.99	13.99	31.99	16.36	34.36	15.59	33.59	12.74	30.74

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	2015 Taxable Value	Percentage of Total	2006 Taxable Value	Percentage of Total	2006 Rank
1 Meridian Mall, LP	\$ 29,387,161	1.83%	\$ 26,195,458	2.47%	-
2 C150 2929 Hannah Lofts, LLC	21,311,300	1.32%	-	0.00%	-
3 Consumers Energy	19,780,835	1.23%	15,678,079	1.48%	3
4 East Lansing I, LLC	14,711,285	0.91%	-	0.00%	-
5 Sparrow Development, Inc.	11,541,815	0.72%	14,229,020	1.34%	4
6 Michigan Properties III, LLC	9,324,542	0.58%	7,172,506	0.68%	7
7 Eyde Companies	9,002,471	0.56%	31,291,438	2.95%	1
8 Brandywine Creek II, LLC	8,251,517	0.51%	7,864,081	0.74%	5
9 ACC OP, LLC	7,711,744	0.48%	-	0.00%	-
10 Club Meridian Louis Eyde, LLC	7,091,374	0.44%	-	0.00%	-

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
2005	2006	\$ 11,037,375	\$ 10,691,974	96.87	\$ 15,026	\$ 10,707,000	97.01
2006	2007	12,147,156	11,632,082	95.76	14,103	11,646,185	95.88
2007	2008	12,736,435	12,187,602	95.69	11,799	12,199,401	95.78
2008	2009	12,552,432	12,064,210	96.11	16,547	12,080,757	96.24
2009	2010	11,242,675	10,832,317	96.35	17,451	10,849,768	96.51
2010	2011	10,950,422	10,579,279	96.61	14,587	10,593,866	96.74
2011	2012	10,779,268	10,476,566	97.19	11,671	10,488,237	97.30
2012	2013	10,913,178	10,494,474	96.16	9,397	10,503,871	96.25
2013	2014	12,158,875	11,843,345	97.40	10,490	11,853,835	97.49
2014	2015	12,602,616	12,309,015	97.67	14,730	12,323,745	97.79

Source: Charter Township of Meridian Assessor and Treasurer

## Debt Capacity

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



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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities</b>										
General obligation bonds	\$ 750,000	\$ 500,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000	\$ 3,290,000	\$ 3,080,000
Installment purchase agreements	1,971,706	2,163,380	1,959,082	1,743,895	1,518,350	372,446	264,000	225,000	184,000	-
Drain assessments	-	4,014,360	3,781,003	3,557,983	3,345,300	3,122,280	3,122,280	3,308,821	3,043,384	2,777,947
Total	2,721,706	6,677,740	5,990,085	5,301,878	4,863,650	3,494,726	3,386,280	7,033,821	6,517,384	5,857,947
<b>Business-type Activities</b>										
Installment purchase agreements	141,428	56,331	-	912,450	798,600	679,800	556,050	427,350	349,450	1,773,094
Total debt of the government	\$ 2,863,134	\$ 6,734,071	\$ 5,990,085	\$ 6,214,328	\$ 5,662,250	\$ 4,174,526	\$ 3,942,330	\$ 7,461,171	\$ 6,866,834	\$ 7,631,041
<b>Total taxable value (\$000s)</b>	\$ 1,594,080	\$ 1,685,853	\$ 1,710,667	\$ 1,713,574	\$ 1,625,442	\$ 1,587,459	\$ 1,555,030	\$ 1,527,453	\$ 1,552,210	\$ 1,608,665
<b>Debt as a Percentage of Taxable Value</b>	0.18%	0.40%	0.35%	0.36%	0.35%	0.26%	0.25%	0.49%	0.44%	0.47%
<b>Total Population</b>	39,125	39,125	39,125	39,125	39,688	39,688	39,688	39,688	39,688	39,688
<b>Total Debt per Capita</b>	\$ 73	\$ 172	\$ 153	\$ 159	\$ 143	\$ 105	\$ 99	\$ 188	\$ 173	\$ 192

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
2005	\$ 750,000	\$ -	\$ 750,000	\$ 1,971,706	\$ 1,971,706	\$ 1,685,853	0.117	39,125	50
2006	500,000	-	500,000	2,163,380	2,163,380	1,685,853	0.128	39,125	55
2007	250,000	-	250,000	1,959,082	1,959,082	1,710,667	0.115	39,125	50
2008	-	-	-	1,743,895	1,743,895	1,713,574	0.102	39,125	45
2009	-	-	-	1,518,350	1,518,350	1,625,442	0.093	39,688	38
2010	-	-	-	372,446	372,446	1,587,459	0.023	39,688	9
2011	-	-	-	264,000	264,000	1,555,030	0.017	39,688	7
2012	-	3,500,000	-	225,000	3,725,000	1,527,453	0.244	39,688	94
2013	-	3,290,000	-	184,000	3,474,000	1,552,210	0.224	39,688	88
2015	-	3,080,000	-	-	3,080,000	1,608,665	0.191	39,688	78

Charter Township of Meridian  
 Direct and Overlapping Governmental Activities Debt  
 December 31, 2015

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Ingham County	\$ 30,459,188	22.23%	\$ 6,771,077
East Lansing School District	41,068,377	15.09%	6,197,218
Okemos School District	17,636,812	89.60%	15,802,584
Williamston School District	50,541,283	7.71%	3,896,733
Haslett School District	27,583,371	90.03%	24,833,309
Ingham Intermediate School District	1,836,000	19.06%	349,942
Lansing Community College	65,715,000	15.60%	10,251,540
Total overlapping debt			68,102,403
Direct Township debt			5,857,947
Total direct and overlapping debt			<u>\$ 73,960,350</u>

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

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

Fiscal Year	Water and Sewer Revenue Bonds						Special Assessment Bonds				
	Gross Revenue	Applicable Expenses	Net Revenue	Debt Service			Special Assessment Collections	Debt Service			
				Principal	Interest	Coverage		Principal	Interest	Coverage	
2006	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	-
2007	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Calculation of Debt Limit</b>										
State equalized valuation	\$ 1,906,273,500	\$ 1,973,511,800	\$ 1,941,944,000	\$ 1,862,711,800	\$ 1,710,102,110	\$ 1,655,181,000	\$ 1,599,398,400	\$ 1,562,458,500	\$ 1,604,386,223	\$ 1,723,946,700
10% of taxable value	190,627,350	197,351,180	194,194,400	186,271,180	171,010,211	165,518,100	159,939,840	156,245,850	160,438,622	172,394,670
<b>Calculation of debt subject to limit</b>										
Total debt	3,515,434	3,665,701	6,914,925	7,190,267	6,625,676	5,014,421	4,770,392	8,273,557	7,637,481	8,330,658
Less debt not subject to limit:										
Special assessment bonds	-	-	3,781,003	3,557,983	3,345,300	3,122,280	3,122,280	3,308,821	3,043,384	2,777,947
Contractual adjustment	1,971,706	2,219,711	1,959,082	1,743,895	1,518,350	372,446	264,000	225,000	241,400	8,200
Employee compensated absences	793,728	945,990	924,840	975,939	963,426	839,895	828,062	812,386	770,647	699,617
Total	2,765,434	3,165,701	6,664,925	6,277,817	5,827,076	4,334,621	4,214,342	4,346,207	4,055,431	3,485,764
Net debt subject to limit	\$ 750,000	\$ 500,000	\$ 250,000	\$ 912,450	\$ 798,600	\$ 679,800	\$ 556,050	\$ 3,927,350	\$ 3,582,050	\$ 4,844,894
<b>Legal debt margin</b>	\$ 189,877,350	\$ 196,851,180	\$ 193,944,400	\$ 185,358,730	\$ 170,211,611	\$ 164,838,300	\$ 159,383,790	\$ 152,318,500	\$ 156,856,572	\$ 167,549,776
<b>Net debt subject to limit as a percentage debt limit</b>	0.39%	0.25%	0.13%	0.49%	0.47%	0.41%	0.35%	2.51%	2.23%	2.81%

## Demographic and Economic Information

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

Charter Township of Meridian  
Demographic and Economic Information  
Demographic and Economic Statistics

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

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

N/A = Information is not available

2005 is the most current data available

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



## Operating Information

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

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	42.0	42.2	43.9	37.6	39.2	38.5	37.8	38.8	37.2	37.3
Public safety:										
Police	56.5	56.5	56.5	54.5	48.5	44.5	44.5	44.5	44.5	44.5
Fire and EMS	42.0	42.0	42.0	41.0	39.6	35.6	34.6	34.6	34.0	34.0
Community planning and development	13.3	13.3	13.3	12.3	11.3	10.8	11.3	11.3	11.3	11.9
Public works	21.3	21.7	22.0	25.3	22.3	23.0	23.0	22.0	22.0	21.0
Parks and recreation	9.2	10.1	10.1	9.8	9.8	9.3	8.8	8.7	10.3	9.7
<b>Total</b>	<b>184.3</b>	<b>185.8</b>	<b>187.8</b>	<b>180.5</b>	<b>170.7</b>	<b>161.7</b>	<b>160</b>	<b>159.9</b>	<b>159.3</b>	<b>158.4</b>

Source: Charter Township of Meridian records

Charter Township of Meridian  
Operating Indicators  
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Election data:										
Registered voters	30,140	29,743	31,204	27,703	27,758	29,128	29,664	28,947	29,099	29,070
Voters (at polls or absentee)	18,190	5,800	22,822	6,310	16,076	3,701	21,640	5,816	16,513	8,791
Percent voting	60.4%	19.5%	73.1%	22.8%	57.9%	12.7%	73.0%	20.1%	56.7%	30.2%
Police:										
Physical arrests	1,564	1,398	1,270	1,259	932	978	975	864	855	765
Traffic violations	9,770	6,918	5,235	5,528	4,622	3,666	3,789	2,883	2,618	2,366
Investigations	317	442	442	493	490	430	305	256	208	234
Fire:										
Fire runs	546	544	605	568	612	532	600	737	714	623
Emergency medical runs	2,811	3,236	3,169	3,082	3,490	3,711	3,842	3,619	3,683	3,884
Inspections	310	323	333	413	233	125	348	312	275	205
Water										
Number of customers billed	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Total gallons purchased (000s)	1,355,983	1,324,171	1,466,113	1,324,569	1,276,306	1,374,163	1,405,345	1,435,717	1,376,308	1,193,290
Average consumption per year	104	102	113	102	98	106	108	110	106	92
Sewer - Average daily sewage treatment	4,443,800	4,365,867	4,289,151	4,670,226	4,018,086	3,496,729	3,863,859	3,764,964	4,290,875	4,264,226

N/A = Information is not available

Source: Charter Township of Meridian records

Charter Township of Meridian  
Capital Asset Statistics  
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (number of officers and sergeants)	41	41	41	41	39	36	35	36	36	37
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	4	4	4	4	4	4	4	4	4	4
Emergency response vehicles	4	4	4	4	4	4	4	4	4	4
Pedestrian/Bicycle pathways (miles)	69.03	69.78	69.78	71.00	72.62	72.79	73.30	73.55	73.63	74.50
Parks and recreation:										
Acreage	904	904	904	904	904	904	904	904	904	911
Mowing acres	229	241	241	208	208	213	213	213	215	219
Developed parks/playgrounds	17	17	17	17	17	17	17	17	17	22
Developed fields (soccer, baseball, etc.)	10	10	10	10	10	10	10	10	13	14
Water										
Mains (miles)	158.00	158.00	158.00	163.50	164.00	165.00	165.61	166.18	167.74	168.08
Fire hydrants	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Storage capacity	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Sewer - Miles of sanitary sewers	138.00	138.00	138.00	142.60	143.00	143.00	146.18	146.34	147.18	147.18
Township vehicles/equipment	180	180	163	136	136	136	132	136	136	136

Source: Charter Township of Meridian records