

Charter Township of Meridian, Michigan

**Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2019**

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



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Meridian Township
5151 Marsh Road
Okemos, MI 48864

P 517.853.4000

Township Board:

Ronald J. Styka
Township Supervisor

Brett Dreyfus
Township Clerk

Philip Deschaine
Township Treasurer

Courtney Wisinski
Township Trustee

**Patricia Herring
Jackson**
Township Trustee

Dan Opsommer
Township Trustee

Kathy Ann Sundland
Township Trustee

Frank L. Walsh
Township Manager

May 27, 2020

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, 2019, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the Charter Township of Meridian issue annually a report on its financial position and activity, and that this report be audited by an independent certified public accounting firm. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the Charter Township of Meridian. All disclosures necessary to enable the reader to gain an understanding of the Charter Township of Meridian’s activities have been included.

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

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

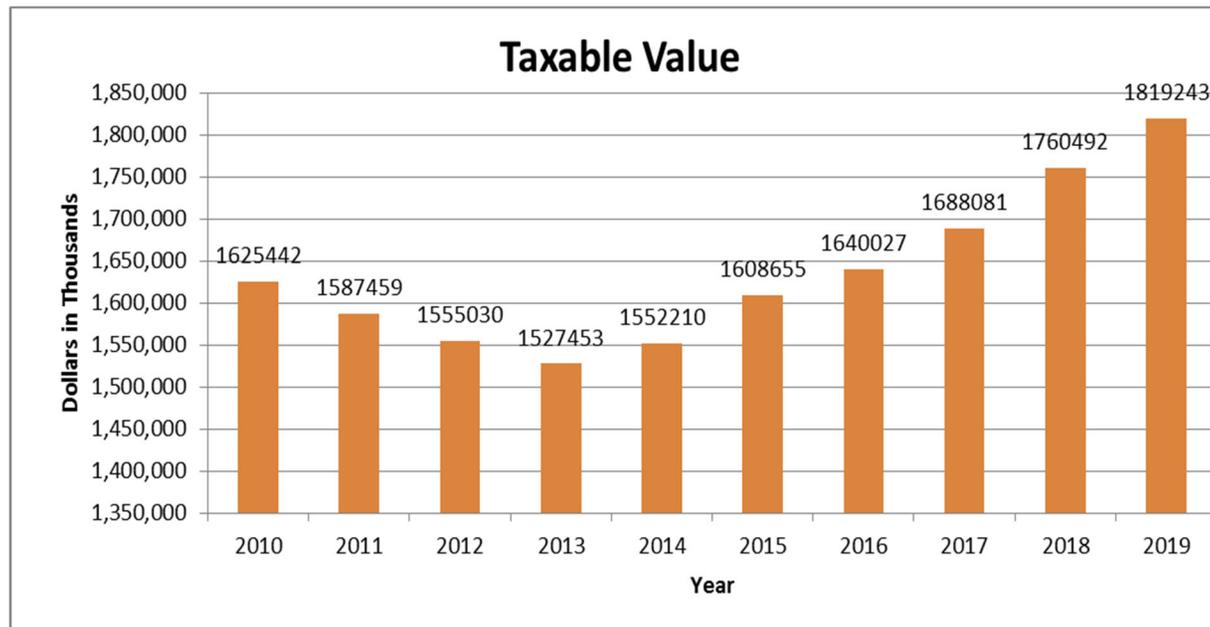
Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government.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

Governmental Structure, Local Economic Condition, and Outlook

The governmental unit, organized in 1842 and chartered in 1959, is approximately 32 square miles in the south-central area of Lower Michigan with a population of approximately 40,000. The municipality is a largely residential area located east of Lansing, the State Capital, and immediately adjacent to East Lansing, home of Michigan State University, and is part of the Lansing Metropolitan Area.

The Charter Township of Meridian was established pursuant to Act 359, Public Act of Michigan, 1947, as amended. The Township is governed by a Township Board, which is composed of a part-time Supervisor, full-time Clerk and full-time Treasurer, and four Trustees serving four-year terms. The Board is vested with all legislative powers, except those otherwise provided by law. The chief administrative officer is the Township Manager who is appointed by the Township Board and serves at its pleasure. The Manager is responsible for carrying out the policies and ordinances of the Township Board, for overseeing the day-to-day operations of the government, and for appointing the heads of the Township's departments, consistent with the duties of a Township superintendent.

The Charter Township of Meridian continues to be an attractive community for residential construction and commercial development. The following chart details the change in Taxable Value over the last ten years. The 2019 taxable value (2020 tax revenue) increased 3.34 percent over 2018 taxable value. This is the sixth consecutive year of growth in taxable value since 2009; the 2019 taxable value is finally 6.2 percent higher than the 2009 taxable value. The Township weathered the financial storm of the past several years by making changes to its organizational structure, increasing the usage of technology to maintain services to keep up with the demand of increased population and business activity, and monitoring and limiting discretionary spending where possible. The year ended December 31, 2019 was a very successful year and continued the growth experienced in 2016 and 2017, with many new residents and businesses moving into the Township.



The State of Michigan's economy continued to experience improvement in 2019 resulting in a 3.76% increase in State-Shared Revenue to the Township, which has been slowly increasing since 2011. Prior to that, it had been declining for five years.

Major Initiatives

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

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

- Meridian Cares, a fundraising initiative to support the Community Resource Commission's (CRC) Emergency Needs Fund, provided assistance to 465 households.
- In a continuing effort to protect neighborhoods, the Township responded to more than 1,078 code enforcement issues in the community. It is incumbent that the Township staff do whatever it takes to protect neighborhoods.
- In 2019, the voters approved a 10-year, \$35 million program to resurface and preserve 147 miles of local roads in the Township. This ten-year program will allow the Township to improve the overall average condition rating of the roads from fair to good.
- The Farmer's Market-"Marketplace on the Green" completed its design and secured funding for a 2020 construction.
- In April, the Township Board approved the MUPUD and SUP for the True North Development plans for Downtown Okemos. In the Haslett community, a market assessment study for the downtown commercial district was completed and indicated a pent up demand for housing, commercial and office space in the core area.
- The Meridian Redi-Ride program was enhanced to provide additional operating hours, and additional capacity for its ridership with a new service agreement with CATA. The voters also reauthorized the renewal of the dedicated 5-year millage to fund its operations.
- In the fall of 2019, the Okemos Road Boardwalk held its ribbon cutting and opened a quarter mile elevated pedestrian/bike bridge over the wetlands along the east side of Okemos Road. The \$1.3 million boardwalk was funded primarily with a grant from the Ingham County Parks and Trails millage.
- The Meridian Police Department completed state accreditation through the Michigan Chiefs of Police joining a very select group in the State of Michigan.
- The Township Police department provided quality service to Township residents. They received over 18,552 calls for service.
- The Township's first deployable finger print scanner was put into use by the Police Department in early 2019.
- The Township implemented its online billing system- "Invoice Cloud" in 2019 to handle utility billing and tax payments. By the end of the year, over 1,900 residents had signed up for the program.
- Our Assessing Department re-inspected 125 parcels and resolved seven tax appeals covering 8 parcels in the Township. Our 2019 taxable value was \$1,819,243,937.
- The Clerk's office held two elections in 2019 (May and August), and processed fifty-six FOIA requests.
- In 2019, the Communication Department underwent a reorganization that reduced the number of fulltime positions from 6 to 3. The reorganization was the result of declining cable franchise and PEG fees, and the impending resignation of the Department's long-time Director, Deborah Guthrie. The Department will continue to provide outstanding communication to our residents with a renewed focus on televising Township Board and Commission meetings, website updates, marketing and social media.

- In May, both zoning and non-zoning medical marihuana facility ordinances were approved by the Township Board. Our first lottery was held in September, with the second in October. Special Use Permit review began in November.
- The Township EMS/Fire department continues to provide superior service to our residence with fire, rescue, and paramedic ambulance service. In 2019, they responded to 5,437 calls. To support those call for assistance, a new ambulance was placed into service over the summer to provide advanced life support services to our residents.
- The eighth outdoor emergency siren was installed in 2019. Seven more sirens are planned for upcoming years to provide adequate coverage throughout the entire Township.
- To support our operations, the IT Department replaced the core telephone system and its associated 250 handsets in 2019. Other projects included cameras at the Public Safety Building and the replacement of several desk computers, including 780 IT requests for service.
- Parks and Recreation opened the small dog park in Nancy Moore Park. The wildly popular park had 172 dog users registered by the end of 2019.
- The Meridian Senior Center, in collaboration with Okemos Public Schools, improved its existing courtyard with a paved loop trail, outdoor furniture, and landscaping. Tis important facility services 510 seniors in the community.
- The Public Works Department completed the installation of new water main segments on Towner and Haslett Road. In addition, over 1,400 feet of sewer main was lined to extend its useful life.
- In 2019, 5.1 miles of local roads were resurfaced. This project included the reconstruction of Towner Road that services the recently completed, Towner Road Park.
- The major residential, commercial, office, industrial, multi-family, and institutional buildings receiving building permits in 2019 were as follows:

<u>Owner Name</u>	<u>Address</u>	<u>Permit Type</u>	<u>Valuation</u>
Delta Dental Plan	4100 Okemos Road	Comm-Remodel	\$5,403,827
University Corp (Van Camp Bldg)	4942 Dawn Ave	Comm-Remodel	\$2,220,000
Delta Dental Plan	4100 Okemos Road	Comm-Addition	\$1,343,977
Delta Dental Plan	4100 Okemos Road	Comm-Misc	\$900,000
Meridian Mall (High Caliber Karting)	1982 Grand River Ave	Comm-Remodel	\$840,000
East Lansing/Meridian Water and Sewer	2470 Burcham	Comm-Misc	\$768,000
East Lansing BF BTS (Firestone Complete Auto Care)	2700 Grand River Ave	Comm-Remodel	\$700,000
H & N Soldan LLC	2283 Grand River Ave	Comm-Remodel	\$350,000
Sparrow Development (MAC)	2900 Hannah Blvd	Comm- Misc	\$275,235
Kentucky Fried Chicken	4876 Marsh Road	Comm- Remodel	\$250,000

Financial Information

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

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

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

Capital Improvements Plan (CIP) – A review of planned public improvements in the next five years, which is updated annually.

Technology Upgrade/Replacement Plan – A 10-year plan which is updated annually as part of the budget process.

Vehicle Replacement Plan – A 10-year plan for replacing township vehicles and heavy equipment that is reviewed annually as part of the budget process.

Tax Revenue Projections – A five-year estimate of future tax revenues based on economic reports, expected change in tax base, and anticipated tax rates that is updated annually.

Policy Governance Manual – Policy statements and priorities set forth by the Township Board, updated annually.

Park Maintenance Plan – A five-year plan for maintaining the Township parks, updated annually.

Water & Sewer Rate Model – A 10-year projection of commodity, capital, and maintenance costs, updated annually.

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

2019 Financial Condition: The financial condition and results of operations for 2019 are discussed in the Management's Discussion & Analysis section of the CAFR. The Township continues to maintain a strong financial position and provides services from current revenues.

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

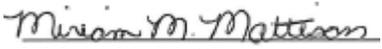
Other Information

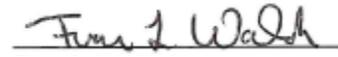
Independent Audit. An annual audit, required by state statute, of accounts, financial records, and transactions has been completed by the independent certified public accounting firm of Yeo & Yeo. The firm was appointed by the Township through an open bid process in 2017. Bids are requested every five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

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Meridian for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018.

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

Respectfully submitted,


Miriam M. Mattison
Director of Finance


Frank L. Walsh
Township Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

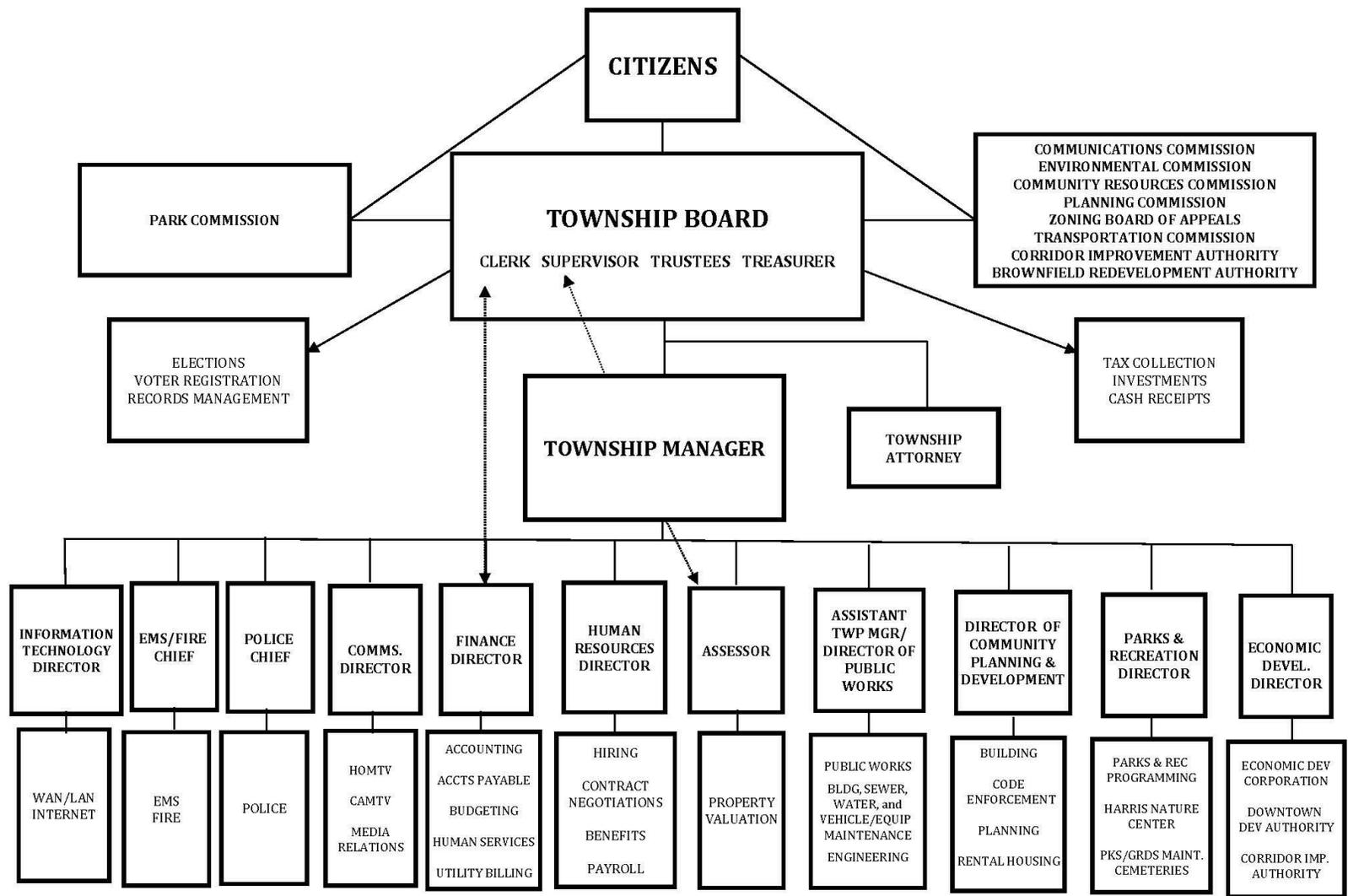
**Charter Township of Meridian
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO



Dotted Lines – Denotes Relationship defined by State Statute

Charter Township of Meridian
List of Elected and Appointed Officials
December 31, 2019

Elected Officials

Township Board

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

Park Commission

Chair	Michael McDonald
Vice Chair	Amanda Lick
Commissioner	Mark Stephens
Commissioner	Ami Van Antwerp
Commissioner	Mary Nardo Farris

Appointed Officials

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



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Independent Auditors' Report

Township Board
Charter Township of Meridian
Ingham County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Meridian, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the East Lansing – Meridian Water and Sewer Authority, a joint venture, which statements reflect total assets constituting 7.49 percent of total assets of business-type activities at December 31, 2019. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the East Lansing – Meridian Water and Sewer Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Meridian, as of December 31, 2019, 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.

Required Supplementary Information

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

Other Supplementary Information

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

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

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

Yeo & Yeo, P.C.

Lansing, Michigan
May 27, 2020

Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2019

The Township's Comprehensive Annual Financial Report (CAFR) is presented in the format required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The 2018 annual report consists of five parts: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplementary information, (4) other supplementary information that presents combining statements for nonmajor governmental funds and fiduciary funds, and (5) a statistical section. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-wide Statements

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

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

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

Fund Financial Statements

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

**Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2019**

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, 2019**

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	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	\$ 60,070,035	\$ 39,792,132	\$ 10,546,452	\$ 10,346,597	\$ 70,616,487	\$ 50,138,729
Capital assets	49,181,361	47,468,980	57,247,339	50,658,810	106,428,700	98,127,790
Investment in joint venture	-	-	5,485,972	5,138,263	5,485,972	5,138,263
Total assets	109,251,396	87,261,112	73,279,763	66,143,670	182,531,159	153,404,782
Deferred outflows of resources						
Deferred OPEB	175,273	371,837	-	-	175,273	371,837
Deferred pension	7,091,094	4,856,966	198,354	171,047	7,289,448	5,028,013
Current liabilities	7,266,367	5,228,803	198,354	171,047	7,464,721	5,399,850
Liabilities						
Current liabilities	2,570,364	1,392,200	400,894	2,029,739	2,971,258	3,421,939
Long-term liabilities	44,533,454	33,681,520	18,165,273	11,715,535	62,698,727	45,397,055
Total liabilities	47,103,818	35,073,720	18,566,167	13,745,274	65,669,985	48,818,994
Deferred inflows of resources						
Property taxes levied for a subsequent period	19,601,292	16,257,985	-	-	19,601,292	16,257,985
Deferred OPEB	2,692,736	181,962	-	-	2,692,736	181,962
Deferred pension	1,088,345	1,836,644	20,656	67,851	1,109,001	1,904,495
Special assessments levied for a subsequent period	1,093,778	1,161,412	-	-	1,093,778	1,161,412
Total deferred inflows of resources	24,476,151	19,438,003	20,656	67,851	24,496,807	19,505,854
Net Position						
Net investment in capital assets	44,162,492	42,956,586	39,914,232	39,886,989	84,076,724	82,843,575
Restricted	23,049,329	10,204,660	-	-	23,049,329	10,204,660
Unrestricted	(22,274,027)	(15,183,054)	14,977,062	12,614,603	(7,296,965)	(2,568,451)
Total net position	\$ 44,937,794	\$ 37,978,192	\$ 54,891,294	\$ 52,501,592	\$ 99,829,088	\$ 90,479,784

**Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2019**

The Charter Township of Meridian had combined net position of \$99.8 million. Business-type activities comprise \$54.9 million and governmental activities make up \$44.9 million of the total net position. The net position increased in total by \$9.3 million, or 10.3%. This increase is due to the \$8.3 million increase in capital assets and a \$20.5 million increase in current assets. This is offset by an increase of \$17.3 million in Long-term liabilities and an increase of \$2.2 million in Deferred pension liabilities.

There was a \$12.8 million increase in the restricted net position.

The current ratio (current assets divided by current liabilities) is still healthy at 23.8, an increase from 14.7 in 2018. The increase in this ratio is related to an increase in the current assets of cash and investments offset by a decrease in current liabilities. This ratio shows that the Township has adequate current assets to meet its current obligations.

Long-term liabilities of \$62.7 million represent 63% of net position; however, \$27.8 million of this is the net pension and OPEB liability. This is a decrease of \$1.5 million from 2018. The Township is working on reducing these pension and OPEB liabilities through contract changes and additional payments.

Governmental Activities

Revenues for governmental activities totaled approximately \$28.3 million in 2019. A total of \$16.8 million was in the form of property tax collections. Revenue from other sources was very consistent with 2018.

Expenses for governmental activities totaled \$21.3 million. More than half (62%) of this expense funded public safety in the Township.

Business-type Activities

Business-type activities in the Township include water and sewer services. Revenue for business-type activities totaled \$12.7 million; \$12.5 million was collected from customers and \$0.2 million is the value of assets contributed by developers. The Township purchases water from the East Lansing-Meridian Water Sewer Authority and the Board of Water and Light, and water is distributed by the Township through mains to customers. The Township contracts for sewage treatment from the City of East Lansing Wastewater Treatment Plant. Township residential customers are billed quarterly for water and sewer service based on water consumption. Commercial customers are billed monthly.

**Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2019**

The following table shows the changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Program revenue:						
Charges for services	\$5,197,427	\$4,769,179	\$12,454,946	\$12,013,521	\$17,652,373	\$16,782,700
Operating grants and contributions	417,725	120,965	-	-	417,725	120,965
Capital grants and contributions	837,245	589,374	154,081	525,759	991,326	1,115,133
General Revenue:						
Property taxes	16,765,631	16,141,656	-	-	16,765,631	16,141,656
State sources	3,710,606	3,578,798	-	-	3,710,606	3,578,798
Unrestricted investment income (loss)	748,187	485,922	55,725	564	803,912	486,486
Gain on Sale of capital assets	22,699	15,659	-	7,648	22,699	23,307
Other miscellaneous income	571,836	777,535	-	-	571,836	777,535
Total revenue	28,271,356	26,479,088	12,664,752	12,547,492	40,936,108	39,026,580
Program Expenses						
General government	3,788,901	4,238,836	-	-	3,788,901	4,238,836
Public safety	13,146,132	12,450,009	-	-	13,146,132	12,450,009
Public works	1,069,541	1,414,793	-	-	1,069,541	1,414,793
Health and welfare	272,805	143,106	-	-	272,805	143,106
Recreation and culture	2,699,832	2,514,076	-	-	2,699,832	2,514,076
Interest on long-term debt	334,543	127,516	-	-	334,543	127,516
Water and sewer	-	-	10,275,050	10,883,248	10,275,050	10,883,248
Total program expenses	21,311,754	20,888,336	10,275,050	10,883,248	31,586,804	31,771,584
Change in Net Position	6,959,602	5,590,752	2,389,702	1,664,244	9,349,304	7,254,996
Net Position – beginning of year	37,978,192	32,387,440	52,501,592	50,837,348	90,479,784	83,224,788
Net Position – end of year	\$44,937,794	\$37,978,192	\$54,891,294	\$52,501,592	\$99,829,088	\$90,479,784

Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2019

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 2020, we see that the taxable value will continue to increase for the fifth year in a row, bringing us 6.2% above 2008. This, coupled with rising costs, continues to create challenges to maintain existing services levels.

Personnel costs represent approximately 71% 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 2019 with an unassigned fund balance of approximately \$8.5 million (compared with \$7.2 million in 2018). 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 \$2.5 million. The overall increase is a result of \$.7 million of redevelopment funds available to spend and an increase of \$.3 million in State-shared revenue and a reduction of expenses for Public Safety expenditures of \$.8 million. The Township has continued to operate with a balanced budget. This has been accomplished with the dedicated efforts of all employees to work more efficiently, manage expenditures, and enhance revenue whenever possible.

The Land Preservation Fund continues to maintain a healthy fund balance of \$6.5 million. The fund balance increased \$.6 million from 2018 mainly attributable to millage collected.

The Local Roads fund has a fund balance of \$11.8 million. This is from the Township receiving bond funds to fix and maintain the road system in the Township.

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).

**Charter Township of Meridian
Management's Discussion and Analysis
December 31, 2019**

The actual vs. budget variances in the General Fund are the result of efforts to keep costs below budget. On the revenue side, the largest positive variances occurred in the State-shared revenue and charges for services related to the Planning department. On the expenditure side, the departments with the largest variances (expenditures under budget) include Police Department, Fire Department, and Meridian Redevelopment. The General fund had no significant budget amendments during the year.

Capital Assets Activity

There were several small capital projects in 2019. The Township is gearing up for two major projects in 2020 of the Market Place on the Green and a new HVAC system in the municipal building

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

Long-term Debt Activity

The Township continued to pay off its debt and made principal payments on the outstanding governmental activities debt of approximately \$491,000 during 2019. Outstanding governmental activities debt at December 31, 2019 including compensated absences was approximately \$16.8 million. The Township added \$12.0 million in new debt for roads.

For business-type activities, the Township recorded \$7.2 million of new debt for wastewater system improvements and paid down approximately \$611,000 of existing debt. Ending business-type debt was \$17.3 million.

More detailed information about long-term liabilities is presented in Note 8 to the financial statements.

Contact Us

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

Charter Township of Meridian
Statement of Net Position
December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 37,680,046	\$ 7,221,481	\$ 44,901,527	\$ 82,079
Investments	9,328,546	-	9,328,546	-
Receivables				
Taxes	10,125,271	-	10,125,271	2,615
Customers	-	2,745,561	2,745,561	-
Special assessments	1,405,975	-	1,405,975	-
Other, net of allowance	655,475	-	655,475	-
Due from other units of government	613,357	-	613,357	-
Internal balances	(53,317)	53,317	-	-
Advance to component unit	124,500	-	124,500	-
Inventories	-	217,192	217,192	-
Prepaid items	190,182	308,901	499,083	-
Investment in joint venture	-	5,485,972	5,485,972	-
Capital assets not being depreciated	34,487,769	394,260	34,882,029	-
Capital assets, net of accumulated depreciation	<u>14,693,592</u>	<u>56,853,079</u>	<u>71,546,671</u>	<u>-</u>
Total assets	<u>109,251,396</u>	<u>73,279,763</u>	<u>182,531,159</u>	<u>84,694</u>
Deferred Outflows of Resources				
Deferred amount related to net OPEB liability	175,273	-	175,273	-
Deferred amount related to net pension liability	<u>7,091,094</u>	<u>198,354</u>	<u>7,289,448</u>	<u>-</u>
Total deferred outflows of resources	<u>7,266,367</u>	<u>198,354</u>	<u>7,464,721</u>	<u>-</u>
Liabilities				
Accounts payable	1,575,270	74,786	1,650,056	-
Accrued and other liabilities	663,398	167,205	830,603	934
Advance from primary government	-	-	-	124,500
Due to other units of government	112,207	-	112,207	-
Performance bonds and other deposits payable	141,038	158,903	299,941	-
Unearned revenue	78,451	-	78,451	-
Long-term debt				
Due within one year	3,654,303	644,927	4,299,230	-
Due in more than one year	13,119,180	16,775,845	29,895,025	-
Net OPEB liability (due in more than one year)	776,533	-	776,533	-
Net pension liability (due in more than one year)	<u>26,983,438</u>	<u>744,501</u>	<u>27,727,939</u>	<u>-</u>
Total liabilities	<u>47,103,818</u>	<u>18,566,167</u>	<u>65,669,985</u>	<u>125,434</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Statement of Net Position
December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources				
Property taxes levied for a subsequent period	\$ 19,601,292	\$ -	\$ 19,601,292	2,463
Special assessments levied for a subsequent period	1,093,778	-	1,093,778	-
Deferred amount related to net OPEB liability	2,692,736	-	2,692,736	-
Deferred amount related to net pension liability	1,088,345	20,656	1,109,001	-
Total deferred inflows of resources	<u>24,476,151</u>	<u>20,656</u>	<u>24,496,807</u>	<u>2,463</u>
Net Position				
Net investment in capital assets	44,162,492	39,914,232	84,076,724	-
Restricted for				
Land preservation	6,497,204	-	6,497,204	-
Pedestrian/bike path millage	1,101,777	-	1,101,777	-
Fire	5,010	-	5,010	-
Police	89,475	-	89,475	-
Senior center millage	241,270	-	241,270	-
Cable TV	296,468	-	296,468	-
Community needs	23,888	-	23,888	-
Library	13,472	-	13,472	-
Grants	132,151	-	132,151	-
CATA millage	17,381	-	17,381	-
Local roads	11,825,875	-	11,825,875	-
Park millage	1,644,597	-	1,644,597	-
Fire station debt service	278,325	-	278,325	-
Road debt service	882,436	-	882,436	-
Unrestricted (deficit)	<u>(22,274,027)</u>	<u>14,977,062</u>	<u>(7,296,965)</u>	<u>(43,203)</u>
Total net position	<u>\$ 44,937,794</u>	<u>\$ 54,891,294</u>	<u>\$ 99,829,088</u>	<u>\$ (43,203)</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities		Total
Primary government								
Governmental activities								
General government	\$ 3,788,901	\$ 679,883	\$ 24,630	\$ -	\$ (3,084,388)	\$ -	\$ (3,084,388)	\$ -
Public safety	13,146,132	2,896,582	36,719	-	(10,212,831)	-	(10,212,831)	-
Public works	1,069,541	417,357	-	-	(652,184)	-	(652,184)	-
Health and welfare	272,805	-	24,646	-	(248,159)	-	(248,159)	-
Recreation and culture	2,699,832	1,203,605	331,730	837,245	(327,252)	-	(327,252)	-
Interest and fiscal charges on long-term debt	334,543	-	-	-	(334,543)	-	(334,543)	-
Total governmental activities	<u>21,311,754</u>	<u>5,197,427</u>	<u>417,725</u>	<u>837,245</u>	<u>(14,859,357)</u>	<u>-</u>	<u>(14,859,357)</u>	<u>-</u>
Business-type activities								
Sewer	4,364,496	5,895,664	-	-	-	1,531,168	1,531,168	-
Water	5,910,554	6,559,282	-	154,081	-	802,809	802,809	-
Total business-type activities	<u>10,275,050</u>	<u>12,454,946</u>	<u>-</u>	<u>154,081</u>	<u>-</u>	<u>2,333,977</u>	<u>2,333,977</u>	<u>-</u>
Total primary government	<u>\$ 31,586,804</u>	<u>\$ 17,652,373</u>	<u>\$ 417,725</u>	<u>\$ 991,326</u>	<u>(14,859,357)</u>	<u>2,333,977</u>	<u>(12,525,380)</u>	<u>-</u>
Component units								
Downtown Development Authority	\$ 7,943	\$ -	\$ -	\$ -				(7,943)
Economic Development Corporation	52,734	10,000	-	-				(42,734)
Total component units	<u>\$ 60,677</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(50,677)</u>
General revenues								
Property taxes					16,765,631	-	16,765,631	32,333
State-shared revenue					3,710,606	-	3,710,606	-
Investment income					748,187	55,725	803,912	183
Gain on sale of capital assets					22,699	-	22,699	-
Miscellaneous					571,836	-	571,836	12,764
Total general revenues					<u>21,818,959</u>	<u>55,725</u>	<u>21,874,684</u>	<u>45,280</u>
Change in net position					6,959,602	2,389,702	9,349,304	(5,397)
Net position - beginning of year					<u>37,978,192</u>	<u>52,501,592</u>	<u>90,479,784</u>	<u>(37,806)</u>
Net position - end of year					<u>\$ 44,937,794</u>	<u>\$ 54,891,294</u>	<u>\$ 99,829,088</u>	<u>\$ (43,203)</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Governmental Funds
Balance Sheet
December 31, 2019

	General	Special Revenue Funds		Debt	Nonmajor Governmental Funds	Total Governmental Funds
		Local Roads	Land Preservation	Service Fund Road Debt		
Assets						
Cash and cash equivalents	\$ 15,069,021	\$ 8,700,046	\$ 3,955,196	\$ 2,581,749	\$ 6,026,607	\$ 36,332,619
Investments	2,526,565	3,973,980	2,828,001	-	-	9,328,546
Receivables						
Taxes	6,800,589	-	306,833	1,821,558	1,196,291	10,125,271
Special assessments	160,912	-	-	-	1,245,063	1,405,975
Other, net of allowance	459,893	2,473	5,579	-	187,530	655,475
Due from other units of government	613,357	-	-	-	-	613,357
Due from other funds	25,227	-	-	-	-	25,227
Prepaid items	174,513	416	644	-	6,901	182,474
Advance to component unit	124,500	-	-	-	-	124,500
Total assets	\$ 25,954,577	\$ 12,676,915	\$ 7,096,253	\$ 4,403,307	\$ 8,662,392	\$ 58,793,444
Liabilities						
Accounts payable	\$ 498,386	\$ 849,532	\$ 1,105	\$ -	\$ 133,263	\$ 1,482,286
Accrued and other liabilities	447,291	498	1,862	-	34,823	484,474
Due to other funds	1,933	-	64	-	73,463	75,460
Due to other units of government	112,207	-	-	-	-	112,207
Performance deposits payable	141,038	-	-	-	-	141,038
Unearned revenue	78,451	-	-	-	-	78,451
Total liabilities	1,279,306	850,030	3,031	-	241,549	2,373,916
Deferred Inflows of Resources						
Unavailable revenue - state shared revenue	613,357	-	-	-	-	613,357
Unavailable revenue - special assessments	-	-	-	-	525,063	525,063
Unavailable revenue - ambulance charges	26,000	-	-	-	-	26,000
Property taxes levied for a subsequent period	13,167,717	1,010	596,018	3,520,871	2,315,676	19,601,292
Special assessments levied for a subsequent period	373,778	-	-	-	720,000	1,093,778
Total deferred inflows of resources	14,180,852	1,010	596,018	3,520,871	3,560,739	21,859,490

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Governmental Funds
Balance Sheet
December 31, 2019

	General	Special Revenue Funds		Debt	Nonmajor Governmental Funds	Total Governmental Funds
		Local Roads	Land Preservation	Service Fund Road Debt		
Fund Balances						
Non-spendable						
Prepaid items	\$ 174,513	\$ 416	\$ 644	\$ -	\$ 6,901	\$ 182,474
Restricted for						
Land preservation	-	-	6,496,560	-	-	6,496,560
Pedestrian/bike path millage	-	-	-	-	1,101,777	1,101,777
Fire	-	-	-	-	5,010	5,010
Police	-	-	-	-	89,475	89,475
Senior center millage	-	-	-	-	241,270	241,270
Cable TV	-	-	-	-	290,098	290,098
Community needs	-	-	-	-	23,888	23,888
Library	-	-	-	-	13,472	13,472
Grants	-	-	-	-	132,151	132,151
Capital area transportation authority millage	-	-	-	-	17,381	17,381
Local roads	-	11,825,459	-	-	-	11,825,459
Park millage	-	-	-	-	1,644,597	1,644,597
Fire station debt service	-	-	-	-	290,780	290,780
Road debt service	-	-	-	882,436	-	882,436
Assigned						
Township improvement	-	-	-	-	1,003,304	1,003,304
Subsequent fiscal year budget	1,812,230	-	-	-	-	1,812,230
Unassigned	8,507,676	-	-	-	-	8,507,676
Total fund balances	10,494,419	11,825,875	6,497,204	882,436	4,860,104	34,560,038
Total liabilities, deferred inflows of resources, and fund balances	\$ 25,954,577	\$ 12,676,915	\$ 7,096,253	\$ 4,403,307	\$ 8,662,392	\$ 58,793,444

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2019

Total fund balances for governmental funds	\$ 34,560,038
Total net position for governmental activities in the statement of net position is different because:	
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	34,487,769
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	12,773,724
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	1,164,420
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(170,151)
Compensated absences	(766,584)
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net OPEB liability	175,273
Deferred inflows of resources resulting from net OPEB liability	(2,692,736)
Deferred outflows of resources resulting from net pension liability	7,034,349
Deferred inflows of resources resulting from net pension liability	(1,082,438)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Bonds payable and other long-term liabilities	(16,001,842)
Net OPEB liability	(776,533)
Net pension liability	(26,770,449)
Internal service funds are included as part of governmental activities.	<u>3,002,954</u>
Net position of governmental activities	<u>\$ 44,937,794</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2019

	General	Special Revenue Funds		Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Local Roads	Land Preservation	Road Debt		
Revenues						
Taxes	\$ 13,172,104	\$ 434,455	\$ 575,252	\$ -	\$ 2,583,820	\$ 16,765,631
Licenses and permits	1,244,294	-	-	-	763,770	2,008,064
Federal grants	1,246	-	-	-	-	1,246
State shared revenue	3,620,718	-	-	-	-	3,620,718
Other state grants	63,894	-	-	-	308,277	372,171
Local contributions	-	-	-	-	4,975	4,975
Charges for services	3,550,319	-	-	-	144,416	3,694,735
Fines and forfeitures	365,653	-	-	-	23,899	389,552
Interest income	391,077	51,357	165,241	1,954	120,516	730,145
Other revenue	397,891	-	-	-	1,039,807	1,437,698
Total revenues	22,807,196	485,812	740,493	1,954	4,989,480	29,024,935
Expenditures						
Current						
General government	5,947,144	-	-	-	-	5,947,144
Public safety	12,594,516	-	-	-	32,381	12,626,897
Public works	74,639	923,798	-	-	1,559,153	2,557,590
Health and welfare	59,179	-	-	-	211,927	271,106
Recreation and culture	644,701	-	141,261	-	2,436,387	3,222,349
Debt service						
Principal retirement	271,034	-	-	-	220,000	491,034
Interest and fiscal charges	72,861	-	-	-	51,468	124,329
Bond issuance costs	-	117,027	-	-	-	117,027
Total expenditures	19,664,074	1,040,825	141,261	-	4,511,316	25,357,476
Excess (deficiency) of revenues over expenditures	3,143,122	(555,013)	599,232	1,954	478,164	3,667,459

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2019

	General	Special Revenue Funds		Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Local Roads	Land Preservation	Road Debt		
Other financing sources (uses)						
Transfers in	\$ -	\$ 400,000	\$ -	-	\$ -	\$ 400,000
Transfers out	(610,000)	-	-	-	-	(610,000)
Issuance of debt	-	11,100,000	-	-	-	11,100,000
Premium on issuance of debt	-	-	-	880,482	-	880,482
Total other financing sources and uses	(610,000)	11,500,000	-	880,482	-	11,770,482
Net change in fund balance	2,533,122	10,944,987	599,232	882,436	478,164	15,437,941
Fund balance - beginning of year	7,961,297	880,888	5,897,972	-	4,381,940	19,122,097
Fund balance - end of year	\$ 10,494,419	\$ 11,825,875	\$ 6,497,204	\$ 882,436	\$ 4,860,104	\$ 34,560,038

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$	15,437,941
Total change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		(1,300,083)
Capital outlay		2,844,735
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
State-shared revenue		25,994
Special assessments		272,941
Ambulance charges		(12,000)
Expenses are recorded when incurred in the statement of activities.		
Accrued interest		(93,187)
Compensated absences		(14,194)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.		
Net change in net pension liability		(4,332,105)
Net change in the deferred outflow of resources related to the net pension liability		2,527,749
Net change in the deferred inflow of resources related to the net pension liability		615,226
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.		
Net change in net OPEB liability		3,449,605
Net change in the deferred outflow of resources related to the net OPEB liability		(196,564)
Net change in the deferred inflow of resources related to the net OPEB liability		(2,510,774)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Debt issued		(11,980,482)
Repayments of long-term debt		491,034
Internal service funds are also included as governmental activities		1,733,766
Change in net position of governmental activities	\$	<u>6,959,602</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Net Position
December 31, 2019

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
Assets				
Current assets				
Cash and cash equivalents	\$ 4,118,864	\$ 3,102,617	\$ 7,221,481	\$ 1,347,427
Receivables				
Customers	1,544,097	1,201,464	2,745,561	-
Due from other funds	44,109	11,366	55,475	-
Inventories	217,192	-	217,192	-
Prepaid items	29,383	279,518	308,901	7,708
Total current assets	<u>5,953,645</u>	<u>4,594,965</u>	<u>10,548,610</u>	<u>1,355,135</u>
Noncurrent assets				
Investment in joint venture	5,485,972	-	5,485,972	-
Capital assets, net of accumulated depreciation	18,364,907	38,488,172	56,853,079	1,919,868
Capital assets not being depreciated	212,730	181,530	394,260	-
Total noncurrent assets	<u>24,063,609</u>	<u>38,669,702</u>	<u>62,733,311</u>	<u>1,919,868</u>
Total assets	<u>30,017,254</u>	<u>43,264,667</u>	<u>73,281,921</u>	<u>3,275,003</u>
Deferred Outflows of Resources				
Deferred amount related to net pension liability	<u>115,102</u>	<u>83,252</u>	<u>198,354</u>	<u>56,745</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Net Position
December 31, 2019

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
Liabilities				
Current liabilities				
Accounts payable	\$ 52,094	\$ 22,692	\$ 74,786	\$ 92,984
Accrued and other liabilities	41,125	126,080	167,205	8,773
Due to other funds	1,253	905	2,158	3,084
Performance bonds and other deposits payable	-	158,903	158,903	-
Current portion of noncurrent liabilities	<u>9,594</u>	<u>635,333</u>	<u>644,927</u>	<u>910</u>
Total current liabilities	<u>104,066</u>	<u>943,913</u>	<u>1,047,979</u>	<u>105,751</u>
Noncurrent liabilities				
Net pension liability	432,030	312,471	744,501	212,989
Long-term debt net of current portion	<u>43,703</u>	<u>16,732,142</u>	<u>16,775,845</u>	<u>4,147</u>
Total noncurrent liabilities	<u>475,733</u>	<u>17,044,613</u>	<u>17,520,346</u>	<u>217,136</u>
Total liabilities	<u>579,799</u>	<u>17,988,526</u>	<u>18,568,325</u>	<u>322,887</u>
Deferred Inflows of Resources				
Deferred amount related to net pension liability	<u>11,983</u>	<u>8,673</u>	<u>20,656</u>	<u>5,907</u>
Net Position				
Net investment in capital assets	18,577,637	21,336,595	39,914,232	1,919,868
Unrestricted	<u>10,962,937</u>	<u>4,014,125</u>	<u>14,977,062</u>	<u>1,083,086</u>
Total net position	<u>\$ 29,540,574</u>	<u>\$ 25,350,720</u>	<u>\$ 54,891,294</u>	<u>\$ 3,002,954</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2019

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
Operating revenue				
Sale of water	\$ 5,676,984	\$ -	\$ 5,676,984	\$ -
Sewage disposal charges	-	5,432,168	5,432,168	-
Charges for services	474,011	461,094	935,105	1,153,190
Other revenue	60,578	2,402	62,980	-
	<u>6,211,573</u>	<u>5,895,664</u>	<u>12,107,237</u>	<u>1,153,190</u>
Total operating revenue				
Operating expenses				
Cost of water purchases	3,186,269	-	3,186,269	-
Cost of sewage treatment	-	1,555,960	1,555,960	-
Operation and maintenance	513,875	336,918	850,793	445,843
General administrative	610,406	545,610	1,156,016	(1,178,990)
Personnel services	862,010	600,572	1,462,582	-
Depreciation	737,994	1,007,515	1,745,509	403,312
	<u>5,910,554</u>	<u>4,046,575</u>	<u>9,957,129</u>	<u>(329,835)</u>
Total operating expenses				
Operating income	<u>301,019</u>	<u>1,849,089</u>	<u>2,150,108</u>	<u>1,483,025</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2019

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
Nonoperating revenue (expenses)				
Investment income	\$ 46,173	\$ 9,552	\$ 55,725	\$ 18,042
Change in value of joint venture	347,709	-	347,709	-
Loss on sale of assets	-	(450)	(450)	22,699
Interest expense	-	(317,471)	(317,471)	-
Total nonoperating revenues (expenses)	<u>393,882</u>	<u>(308,369)</u>	<u>85,513</u>	<u>40,741</u>
Income before contributions and transfers	694,901	1,540,720	2,235,621	1,523,766
Capital contributions - local	154,081	-	154,081	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,000</u>
Change in net position	848,982	1,540,720	2,389,702	1,733,766
Net position - beginning of year	<u>28,691,592</u>	<u>23,810,000</u>	<u>52,501,592</u>	<u>1,269,188</u>
Net position - end of year	<u>\$ 29,540,574</u>	<u>\$ 25,350,720</u>	<u>\$ 54,891,294</u>	<u>\$ 3,002,954</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2019

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
Cash flows from operating activities				
Receipts from customers	\$ 5,604,959	\$ 5,769,421	\$ 11,374,380	\$ -
Receipts from interfund users	-	-	-	1,153,190
Payments to suppliers	(4,323,111)	(4,133,912)	(8,457,023)	(391,627)
Payments to employees	(964,850)	(681,782)	(1,646,632)	(194,697)
Other receipts	60,578	2,402	62,980	-
Net cash provided by operating activities	<u>377,576</u>	<u>956,129</u>	<u>1,333,705</u>	<u>566,866</u>
Cash flows from noncapital financing activities				
Transfer from other funds	-	-	-	210,000
Cash flows from capital and related financing activities				
Proceeds from capital debt	-	7,172,740	7,172,740	-
Purchases/construction of capital assets	(753,589)	(7,426,818)	(8,180,407)	(584,444)
Principal and interest paid on long-term debt	-	(893,694)	(893,694)	-
Proceeds from sale of capital assets	-	-	-	36,102
Net cash used by capital and related financing activities	<u>(753,589)</u>	<u>(1,147,772)</u>	<u>(1,901,361)</u>	<u>(548,342)</u>
Cash flows from investing activities				
Interest received	<u>46,173</u>	<u>9,552</u>	<u>55,725</u>	<u>18,042</u>
Change in cash and cash equivalents	(329,840)	(182,091)	(511,931)	246,566
Cash and cash equivalents - beginning of year	<u>4,448,704</u>	<u>3,284,708</u>	<u>7,733,412</u>	<u>1,100,861</u>
Cash and cash equivalents - end of year	<u>\$ 4,118,864</u>	<u>\$ 3,102,617</u>	<u>\$ 7,221,481</u>	<u>\$ 1,347,427</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2019

	Enterprise Funds			Internal Service Fund
	Water	Sewer	Total	Motor Pool
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 301,019	\$ 1,849,089	\$ 2,150,108	\$ 1,483,025
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	737,994	1,007,515	1,745,509	403,312
Changes in assets and liabilities				
Receivables (net)	(546,036)	(147,314)	(693,350)	-
Due from other funds	13,230	2,685	15,915	-
Inventories	(15,305)	-	(15,305)	-
Prepaid items	(6,962)	(11,014)	(17,976)	(7,708)
Deferred outflows of resources	(14,910)	(12,397)	(27,307)	293,621
Accounts payable	(2,206)	(1,687,343)	(1,689,549)	70,720
Accrued and other liabilities	5,414	(3,414)	2,000	(27)
Due to other funds	(1,318)	248	(1,070)	(8,796)
Performance bonds and other deposits payable	-	23,473	23,473	-
Deferred inflows of resources	(27,759)	(19,436)	(47,195)	(133,073)
Net pension liability	(67,881)	(41,063)	(108,944)	(1,535,211)
Compensated absences	2,296	(4,900)	(2,604)	1,003
Net cash provided by operating activities	<u>\$ 377,576</u>	<u>\$ 956,129</u>	<u>\$ 1,333,705</u>	<u>\$ 566,866</u>
Noncash Capital Financing Activities				
Capital assets acquired through contributions from taxpayers	<u>\$ 154,081</u>	<u>\$ -</u>	<u>\$ 154,081</u>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2019**

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 109,200	\$ 13,563,255
Investments		
Stocks	180,025	-
Mutual funds	10,534,055	-
Receivables		
Accrued interest	3,372	-
Total assets	10,826,652	\$ 13,563,255
Liabilities		
Accounts payable	-	3,556
Due to other units of government	-	13,559,699
Total liabilities	-	\$ 13,563,255
Net Position		
Restricted		
Pension benefits	4,802,376	
Other postemployment benefits	6,024,276	
Total net position	\$ 10,826,652	

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2019

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions	
Contributions	
Employer	\$ <u>647,774</u>
Investment earnings	
Interest and dividends	115,890
Change in fair value	1,508,567
Investment expenses	<u>(18,532)</u>
Net investment income	<u>1,605,925</u>
Other miscellaneous income	<u>183</u>
Total additions	<u>2,253,882</u>
Deductions	
Benefits	532,721
Other deductions	<u>53,780</u>
Total deductions	<u>586,501</u>
Change in net position	1,667,381
Net position - beginning of year	<u>9,159,271</u>
Net position - end of year	<u>\$ 10,826,652</u>

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Component Units
Statement of Net Position
December 31, 2019

	Downtown Development Authority	Economic Development Corporation	Total
Assets			
Cash and cash equivalents	\$ 34,642	\$ 47,437	\$ 82,079
Receivables			
Taxes	<u>2,615</u>	<u>-</u>	<u>2,615</u>
Total assets	<u>37,257</u>	<u>47,437</u>	<u>84,694</u>
Liabilities			
Accrued and other liabilities	934	-	934
Advance due to primary government	<u>124,500</u>	<u>-</u>	<u>124,500</u>
Total liabilities	<u>125,434</u>	<u>-</u>	<u>125,434</u>
Deferred Inflows of Resources			
Property taxes levied for subsequent period	<u>2,463</u>	<u>-</u>	<u>2,463</u>
Net Position			
Unrestricted (deficit)	<u>\$ (90,640)</u>	<u>\$ 47,437</u>	<u>\$ (43,203)</u>

See Accompanying Notes to the Financial Statements

**Charter Township of Meridian
Component Units
Statement of Activities
For the Year Ended December 31, 2019**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Economic Development Corporation	Total
Functions/Programs							
Downtown Development Authority							
Community and economic development	\$ 3,645	\$ -	\$ -	\$ -	\$ (3,645)	\$ -	\$ (3,645)
Interest and fiscal charges on long-term debt	4,298	-	-	-	(4,298)	-	(4,298)
Total Downtown Development Authority	7,943	-	-	-	(7,943)	-	(7,943)
Economic Development Corporation	52,734	10,000	-	-	-	(42,734)	(42,734)
Total component units	\$ 60,677	\$ 10,000	\$ -	\$ -	(7,943)	(42,734)	(50,677)
General revenues							
Property taxes					32,333	-	32,333
Investment income					6	177	183
Miscellaneous					12,764	-	12,764
Total general revenues					45,103	177	45,280
Change in net position					37,160	(42,557)	(5,397)
Net position - beginning of year					(127,800)	89,994	(37,806)
Net position - end of year					\$ (90,640)	\$ 47,437	\$ (43,203)

See Accompanying Notes to the Financial Statements

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies

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

Reporting entity

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

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

Downtown Development Authority – The Downtown Development Authority (DDA) of Okemos was created to halt property value deterioration and increase property tax valuation where possible in its business district, to eliminate the causes of such deterioration, and to promote economic growth in and surrounding the DDA. The DDA's governing body includes the Township supervisor and members who are appointed by the Township supervisor and approved by the Township board. In addition, the DDA's budget is subject to approval by the Township board. The DDA does not issue separate financial statements.

Economic Development Corporation – The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township, so as to provide needed services and facilities of such enterprises to the residents of the Township. The Township board approves the individuals appointed to the Economic Development Corporation's governing body by the Township supervisor and can impose its will. The Economic Development Corporation's financial report can be obtained at the Township clerk's office.

Government-wide and fund financial statements

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

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: 2018 property taxes, portions of state-shared revenue, and interest associated with the current fiscal period.

Conversely, 2019 property taxes, portions of state-shared revenue, certain grants and contracts, and special assessments do not meet the availability criterion because they were not received within the 45 day period of availability or they are levied to support the following year's operations. Receivables have been recorded for these, along with deferred inflows of resources.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

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

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

Fund Accounting

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds. The Township reports the following funds as “major” governmental funds:

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

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

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.

Road Debt Service Fund – This fund is used to account for tax revenue and debt service related to the 2019 bond issuance for road improvements.

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

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

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

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

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

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

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

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

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 2018 taxable valuation of the Township totaled approximately \$1.69 billion, on which ad valorem taxes consisted of the following mills, and resulted in the following revenue, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Purpose	Mills Levied	Ad Valorem Taxes Levied Raised (in millions)
Township operating	4.1670	\$ 7.33
Police protection	0.6030	1.06
Fire protection	0.6353	1.12
Police and fire protection	1.4804	2.60
Community services	0.1487	0.26
Local roads	0.2479	0.44
Bike path	0.3316	0.58
CATA redi ride	0.1983	0.35
Park & recreation	0.6612	1.16
Land preservation	0.3273	0.58
Fire station debt	0.2000	0.35

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

Cash and cash equivalents – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments – Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. Independent appraisals are obtained to determine the fair market value of real estate assets. Pooled investment income is generally allocated to each fund using a weighted average balance for the principal.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of a lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” All trade and property tax receivables are shown net of an allowance for uncollectible amounts of \$17,000.

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

Capital assets – Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g. bike paths and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation, unless received in a service concession arrangement which

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

would require acquisition value to be used rather than fair value.

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

Water and sewer mains	20 to 50 years
Drainage flow rights	44 to 50 years
Buildings, additions and improvements	10 to 30 years
Vehicles	5 to 10 years
Furniture and equipment	5 to 10 years
Machinery and equipment	5 to 10 years
Other tools and equipment	5 to 20 years
Roads and improvements	5 to 20 years

Deferred outflows of resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has deferred outflows of resources related to the defined benefit pension and OPEB plans, made up of employer contributions made subsequent to the measurement date, the variance between the plan’s actual investment earnings compared to the plan’s assumed investment earnings, and changes in assumptions related to economic and demographic factors.

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

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Deferred inflows of resources – In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has several types of items that qualify for reporting in this category. The governmental funds report unavailable revenues, which arise only under the modified accrual basis of accounting, from receivables related to special assessments, state-shared revenue, and certain other revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes and special assessments levied during the year that were intended to finance future periods. The Township has deferred inflows of resources related to the defined benefit pension and OPEB plans, consisting of the variance between the plan’s actual investment earnings compared to the plan’s assumed investment earnings and differences between projected and actual experience, changes in assumptions and experience differences. The

component units also report deferred inflows of resources for property taxes levied for a subsequent period.

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

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

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

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

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

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

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

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

Adoption of New Accounting Standards

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

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

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides postponement of effective dates for certain GASB Statements. This statement was effective upon issuance in May of 2020.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Upcoming Accounting and Reporting Changes

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

Statement No. 87, *Leases* increases the usefulness of the Township's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the Township's leasing activities. The requirements of this Statement are effective for the fiscal year ending December 31, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be

recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending December 31, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending December 30, 2022.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending December 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending December 30, 2023.

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

Note 2 - Stewardship, Compliance, and Accountability

State Construction Code Act

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A

summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Current year permit revenue	\$	808,021
Related expenses:		
Direct costs	\$ (509,569)	
Estimated indirect costs	(93,621)	(603,190)
		(603,190)
Current year surplus		204,831
Cumulative shortfall - beginning of year		(7,006,397)
Cumulative shortfall - end of year	\$	(6,801,566)

Deficit

The Downtown Development Authority, a component unit, has deficit net position of \$90,640.

Note 3 - Deposits and Investments

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

	Cash and Cash		
	Equivalents	Investments	Total
Governmental activities	\$ 37,680,046	\$ 9,328,546	\$ 47,008,592
Business-type activities	7,221,481	-	7,221,481
Total	44,901,527	9,328,546	54,230,073
Fiduciary funds	13,672,455	10,714,080	24,386,535
Component units	82,079	-	82,079
Total	\$ 58,656,061	\$ 20,042,626	\$ 78,698,687

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Unit	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 38,146,326	\$ 13,672,455	\$ 82,079	\$ 51,900,860
Investments in securities, mutual funds and similar vehicles	16,082,197	10,714,080	-	26,796,277
Petty cash and cash on hand	1,550	-	-	1,550
	<u>\$ 54,230,073</u>	<u>\$ 24,386,535</u>	<u>\$ 82,079</u>	<u>\$ 78,698,687</u>

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

The Township has designated 13 banks for the deposit of its funds. The investment policy adopted by the Township board in accordance with Public Act 196 of 1997 has authorized investments as allowed under state statutory authority as listed above.

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

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year-end, the Township's bank balance was \$57,546,239 and \$55,942,267 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. All bank deposits of the component units were insured and collateralized by federal depository insurance at year end. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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	\$ 9,328,546	\$ -	\$5,604,157	\$2,752,299	\$ 972,090
Money market mutual funds	6,753,651	6,753,651	N/A	N/A	N/A
	<u>16,082,197</u>				
Fiduciary Funds					
Stocks	180,025	N/A	N/A	N/A	N/A
Mutual funds	10,534,055	N/A	N/A	N/A	N/A
	<u>10,714,080</u>				
	<u>\$26,796,277</u>				

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
U.S. agency securities	\$ 9,328,546	AA+	S&P
Money market mutual funds	6,753,651	AAAm	S&P
	<u>16,082,197</u>		
Fiduciary Funds			
Stocks	180,025	Not rated	Not rated
Mutual funds	10,534,055	Not rated	Not rated
	<u>10,714,080</u>		
	<u>\$26,796,277</u>		

Concentration of credit risk:

Government-wide

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

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

Federal National Mortgage	\$5,354,566
U.S. Treasury Bills	3,973,980
Michigan Class	6,753,651

These investments are 100% of the Township's primary government investments.

Pension and Similar Trust Funds

Pension and similar trust funds are authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

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

Vantagepoint Model Portfolio Conservative Growth Fund	\$ 6,024,276
Western Asset Intermediate Bond Fund	1,280,309
Ishares S&P 500 Index Fund	1,515,680
PNC International Equity Fund	645,812
Principal Mid Cap Fund	662,225
Tributary Small Company Fund Institution	246,433

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

These investments are 97% of the Township's total fiduciary investments.

Note 4 - Fair Value Measurements

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

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

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

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

Investment	Balance at December 31, 2019	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
U.S. agency securities				
Residential mortgage backed securities	\$ 5,354,566	\$ -	\$ 5,354,566	\$ -
U.S. Treasury bills	3,973,980	-	3,973,980	-
Money market mutual fund	6,753,651	6,753,651	-	-
	<u>16,082,197</u>	<u>6,753,651</u>	<u>9,328,546</u>	<u>-</u>
Fiduciary Funds				
Common and preferred stock	180,025	180,025	-	-
Mutual funds	10,534,055	10,534,055	-	-
	<u>10,714,080</u>	<u>10,714,080</u>	<u>-</u>	<u>-</u>
	<u>\$ 26,796,277</u>	<u>\$ 17,467,731</u>	<u>\$ 9,328,546</u>	<u>\$ -</u>

Note 5 - Unearned Revenue

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

Primary government	
Charges for services	<u>\$ 78,451</u>

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land and land improvements	\$ 32,803,132	\$ 1,184,089	\$ -	\$ 33,987,221
Construction in progress	14,450	486,098	-	500,548
Total capital assets not being depreciated	32,817,582	1,670,187	-	34,487,769
Capital assets being depreciated				
Local roads	6,463,994	876,647	-	7,340,641
Buildings, additions and improvements	12,775,524	192,966	-	12,968,490
Furniture and equipment	8,463,937	104,935	-	8,568,872
Drainage flow rights	4,992,489	-	-	4,992,489
Total capital assets being depreciated	32,695,944	1,174,548	-	33,870,492
Less accumulated depreciation for				
Local roads	5,233,004	572,945	-	5,805,949
Buildings, additions and improvements	5,662,658	414,610	-	6,077,268
Furniture and equipment	7,783,533	212,070	-	7,995,603
Drainage flow rights	1,117,490	100,458	-	1,217,948
Total accumulated depreciation	19,796,685	1,300,083	-	21,096,768
Net capital assets being depreciated	12,899,259	(125,535)	-	12,773,724
Capital assets, net	\$ 45,716,841	\$ 1,544,652	\$ -	\$ 47,261,493
Internal Service Fund:				
Capital assets being depreciated				
Machinery and equipment	\$ 318,090	\$ -	\$ 33,319	\$ 284,771
Vehicles	4,954,464	584,444	265,040	5,273,868
Total capital assets being depreciated	5,272,554	584,444	298,359	5,558,639
Less accumulated depreciation for				
Machinery and equipment	245,396	11,690	33,319	223,767
Vehicles	3,275,019	391,622	251,637	3,415,004
Total accumulated depreciation	3,520,415	403,312	284,956	3,638,771
Net capital assets being depreciated	1,752,139	181,132	13,403	1,919,868
Capital assets, net	\$ 1,752,139	\$ 181,132	\$ 13,403	\$ 1,919,868
Governmental capital assets not being depreciated	\$ 32,817,582	\$ 1,670,187	\$ -	\$ 34,487,769
Net governmental capital assets being depreciated	14,651,398	55,597	13,403	14,693,592
Net governmental activities capital assets	\$ 47,468,980	\$ 1,725,784	\$ 13,403	\$ 49,181,361

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 363,060	\$ -	\$ -	\$ 363,060
Construction in progress	-	31,200	-	31,200
Total capital assets not being depreciated	363,060	31,200	-	394,260
Capital assets being depreciated				
Buildings and improvements	4,086,251	-	-	4,086,251
Other tools and equipment	3,503,699	207,723	-	3,711,422
Water and sewer mains	69,887,038	922,825	5,000	70,804,863
Participation in East Lansing Sewage System	13,004,672	7,172,740	-	20,177,412
Total capital assets being depreciated	90,481,660	8,303,288	5,000	98,779,948
Less accumulated depreciation for				
Buildings and improvements	3,696,865	34,049	-	3,730,914
Other tools and equipment	2,749,834	97,335	-	2,847,169
Water and sewer mains	32,740,627	1,282,304	4,550	34,018,381
Participation in East Lansing Sewage System	998,584	331,821	-	1,330,405
Total accumulated depreciation	40,185,910	1,745,509	4,550	41,926,869
Net capital assets being depreciated	50,295,750	6,557,779	450	56,853,079
Business-type capital assets, net	\$ 50,658,810	\$ 6,588,979	\$ 450	\$ 57,247,339

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

Governmental activities	
General government	\$ 213,235
Public safety	249,617
Public works	673,404
Health and welfare	15,852
Recreation and culture	147,975
	<u>1,300,083</u>

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	403,312
Total governmental activities	<u>1,703,395</u>

Business-type activities	
Water	737,994
Sewer	1,007,515
Total business-type activities	<u>1,745,509</u>

Total primary government	<u>\$ 3,448,904</u>
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Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Construction Commitments

The Township entered into a contract for the Marketplace on the Green project for \$949,120. As of December 31, 2019, no amounts had been spent.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due from/to other funds		
General fund	Land preservation fund	\$ 64
General fund	Nonmajor governmental funds	23,005
General fund	Sewer fund	905
General fund	Water fund	1,253
Sewer fund	General fund	828
Sewer fund	Nonmajor governmental funds	10,538
Water fund	General fund	1,105
Water fund	Nonmajor governmental funds	43,004
		<u>\$ 80,702</u>

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

Advances due to/from primary government and component units

General fund	Component units	<u>\$ 124,500</u>
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The advance from General Fund to the component unit was made to assist in financing the acquisition and installation of twenty-five historic LED lighting fixtures and poles in downtown Okemos. The repayment terms of the advance include annual installments of \$24,500 to \$25,000, plus interest payable at 3% through 2027.

The details for interfund transfers are as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General fund	Local roads fund (1)	\$ 400,000
General fund	Motor pool fund (2)	<u>210,000</u>
		<u>\$ 610,000</u>

(1) To support local roads.

(2) To support purchase of public safety vehicles and equipment.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 - Long-Term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Installment purchase agreements are also general obligations of the government. Compensated absences are typically satisfied by the general fund, internal service fund, water fund and sewer fund.

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds and notes payable									
General obligation bonds									
Fire Station Construction Bond	\$ 3,500,000	2028	1.50% - 2.80%	\$225,000 - \$270,000	\$ 2,430,000	\$ -	\$ 220,000	\$ 2,210,000	\$ 225,000
Road Construction Bond	11,100,000	2023	5.00%	\$1,525,000 - \$3,360,000	-	11,100,000	-	11,100,000	3,050,000
Special assessment obligations									
Tow ar Gardens	3,485,000	2026	4.98%	\$187,320	1,498,560	-	187,320	1,311,240	187,320
Tow ar Gardens II	183,761	2019	N/A	N/A	30,627	-	30,627	-	-
Tow ar Snell	965,000	2026	5.40%	\$25,125	201,000	-	25,125	175,875	25,125
Brianwood	211,500	2026	5.33%	\$10,575	84,600	-	10,575	74,025	10,575
Kinawa	190,000	2032	4.19%	\$10,000	140,000	-	10,000	130,000	10,000
Ember Oaks	35,800	2033	5.25%	\$1,790	26,850	-	1,790	25,060	1,790
Smith Consolidated	111,953	2036	3.22%	\$5,592-\$5,598	100,757	-	5,597	95,160	5,598
Total					4,512,394	11,100,000	491,034	15,121,360	3,515,408
Less deferred amounts									
For issuance premiums					-	880,482	-	880,482	-
Total					4,512,394	11,980,482	491,034	16,001,842	3,515,408
Compensated absences									
Internal service fund obligations					752,390	677,924	663,730	766,584	137,985
Compensated absences					4,054	7,267	6,264	5,057	910
Total governmental activities					<u>\$ 5,268,838</u>	<u>\$12,665,673</u>	<u>\$ 1,161,028</u>	<u>\$ 16,773,483</u>	<u>\$ 3,654,303</u>
Business-type activities									
Bonds and notes payable									
Other governmental obligations									
2013 SRF Wastewater Optimization Bonds	\$ 681,738	2033	2.00%	\$31,771-\$41,410	\$ 535,097	\$ -	\$ 30,550	\$ 504,547	\$ 31,771
2015 SRF Wastewater Optimization Bonds	4,999,500	2036	2.50%	\$211,646-\$313,297	4,604,538	-	204,980	4,399,558	211,646
2017 SRF Wastewater Optimization Bonds	5,632,185	2038	2.50%	\$93,785-\$562,251	5,632,185	2,334,747	375,924	7,591,008	385,730
2019 SRF Wastewater Optimization Bonds	4,837,994	2040	2.00%	\$632,554-\$737,137	-	4,837,994	-	4,837,994	-
Total					10,771,820	7,172,741	611,454	17,333,107	629,147
Compensated absences									
Water Fund					51,001	9,599	7,303	53,297	9,594
Sewer Fund					39,268	47,262	52,162	34,368	6,186
Total business-type activities					<u>\$ 10,862,089</u>	<u>\$ 7,229,602</u>	<u>\$ 670,919</u>	<u>\$ 17,420,772</u>	<u>\$ 644,927</u>

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Year Ending December 31,	Governmental Activities	
	Bonds	
	Principal	Interest
2020	\$ 3,515,408	\$ 593,265
2021	3,635,408	502,538
2022	3,835,408	331,399
2023	2,005,408	150,117
2024	485,408	60,179
2025 - 2029	1,567,980	104,993
2030 - 2034	65,150	7,965
2035 - 2036	11,190	541
	<u>\$ 15,121,360</u>	<u>\$ 1,750,997</u>

Year Ending December 31,	Business-type Activities	
	Bonds	
	Principal	Interest
2020	\$ 629,147	\$ 594,843
2021	1,309,175	587,579
2022	1,339,914	530,876
2023	1,367,795	472,879
2024	1,401,834	413,692
2025 - 2029	5,827,076	1,195,058
2030 - 2034	4,183,863	382,978
2034 - 2036	1,274,303	15,560
	<u>\$ 17,333,107</u>	<u>\$ 4,193,465</u>

Other Debt

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

As of December 31, 2019, there were three series of Limited Obligation Revenue Bonds outstanding, with an aggregate principal amount payable of \$8,005,000.

Note 9 - Risk Management

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

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 - Employee Retirement Systems

Charter Township of Meridian Employees' Retirement System

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

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

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

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

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

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

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

Charter Township of Meridian
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For the Year Ended December 31, 2019

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.

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

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

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

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

Disability Benefits – A participant eligible for a disability retirement benefit under the plan document shall be entitled to a monthly pension commencing as of the first day of the month coincident with or next following the participant’s normal retirement date in an amount equal to what the participant’s normal retirement benefit would be if the participant had remained in service until his or her normal retirement

Charter Township of Meridian
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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, 2019, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	48
Inactive plan members entitled to, but not yet receiving benefits	15
Active employees*	<u>1</u>
	<u>64</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, 2019, the Township contributed \$200,000, or 188% of 2019 annual payroll.

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

refrain from dramatically shifting asset class allocations over short time spans. The Plan's asset allocation policy is as follows:

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

Concentrations – As of December 31, 2019 the Plan held the following investments that represent 5% or more of the Plan's fiduciary net position.

Vantagepoint Model Portfolio Conservative Growth Fund	\$ 6,024,276
Western Asset Intermediate Bond Fund	1,280,309
Ishares S&P 500 Index Fund	1,515,680
PNC International Equity Fund	645,812
Principal Mid Cap Fund	662,225
Tributary Small Company Fund Institution	246,433

Rate of Return – For the year ended December 31, 2019, the annual money-weighted rate of return on Plan investments, net of investment expense, was 22.46%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Funding Policy – Historically, the Township has made periodic employer contributions at actuarially determined rates; however, this is a closed plan with only one active employee that was over 100% funded in 2008. The Township suspended contributions, so as to not

Charter Township of Meridian
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For the Year Ended December 31, 2019

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 through 2019. Administrative costs of the Plan are financed through investment earnings.

Net Pension Liability – The components of the net pension liability as of December 31, 2019 were as follows:

Total pension liability - ending	\$ 5,169,705
Plan fiduciary net position - ending	4,802,376
Net pension liability	<u>\$ 367,329</u>
Plan fiduciary net position as a percentage of total pension liability	92.89%

Actuarial Assumptions – The December 31, 2019 total pension liability was determined by an actuarial valuation as of December 31, 2019. The measurement date was December 31, 2019 and all census data provided to the actuary was as of December 31, 2019, therefore no update procedures to roll forward the estimated liability to December 31, 2019 were needed. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.50%
Salary increases	4.50%
Investment rate of return	6.00% Net of pension plan investment expenses, including inflation

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

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

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

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

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Total Pension Liability	
Service cost	\$ 7,933
Interest on the total pension liability	302,038
Other changes	54,195
Benefit payments and refunds	<u>(448,911)</u>
Net change in total pension liability	(84,745)
Total pension liability - beginning	<u>5,254,450</u>
Total pension liability - ending (a)	<u><u>\$ 5,169,705</u></u>
Plan Fiduciary Net Position	
Employer contributions	\$ 200,000
Pension plan net investment income	880,823
Benefit payments and refunds	(448,911)
Pension plan administrative expense	<u>(74)</u>
Net change in plan fiduciary net position	631,838
Plan fiduciary net position - beginning	<u>4,170,538</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 4,802,376</u></u>
Net pension liability (a-b)	<u><u>\$ 367,329</u></u>
Plan fiduciary net position as a percentage of total pension liability	92.89%
Covered payroll	\$ 106,283
Net pension liability as a percentage of covered payroll	345.61%

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	\$ 776,305	\$ 367,329	\$ 9,242

Pension Expense and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2019, the Township recognized pension expense of \$60,238. As of December 31, 2019, the Township reported deferred outflows of resources related to pensions from the following sources:

	<u>Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	<u><u>\$ (349,968)</u></u>

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

<u>Year Ending December 31,</u>	
2020	\$ (89,401)
2021	(102,305)
2022	(30,650)
2023	<u>(127,612)</u>
	<u><u>\$ (349,968)</u></u>

Charter Township of Meridian
Notes to the Financial Statements
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Municipal Employees' Retirement System of Michigan

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

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

01 - AFSCME	<u>Closed to new hires</u>
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	5.00%
Act 88	Yes (Adopted 7/10/2001)

02 - Police POAM	<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	8.29%
D-2	D-2 (25%)
Act 88	Yes (Adopted 7/10/2001)

05 - Firefighters IAFF	<u>Closed to new hires</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	7.76%
D-2	D-2 (25%)
Act 88	Yes (Adopted 7/10/2001)

10 - Clerical	<u>Closed to new hires</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	5.00%
Act 88	Yes (Adopted 7/10/2001)

Charter Township of Meridian
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For the Year Ended December 31, 2019

<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	5.00%
Act 88	Yes (Adopted 7/10/2001)

<u>12 - Clerical on/aft 1/1/17</u>	<u>Open Division</u>
Benefit Multiplier	1.50% Multiplier (no 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	5.00%
Act 88	Yes (Adopted 7/10/2001)

<u>13 - AFSCME on/aft 1/1/17</u>	<u>Open Division</u>
Benefit Multiplier	1.50% 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	5.00%
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)

<u>50 - Firefighters IAFF on/aft 1/1/17</u>	<u>Open Division</u>
Benefit Multiplier	1.75% Multiplier (no max)
Normal Retirement Age	60
Vesting	10 years
Early Retirement (Unreduced)	55/25
Early Retirement (Reduced)	50/25 or 55/15
Final Average Compensation	3 years
Employee Contributions	7.76%
D-2	D-2 (25%)
Act 88	Yes (Adopted 7/10/2001)

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

Employees Covered by Benefit Terms – As of the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	93
Inactive plan members entitled to, but not yet receiving benefits	28
Active employees	<u>114</u>
	<u>235</u>

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, 2019, the employee and employer contribution rates were as follows:

	Percentage of Payroll	
	Employer Contributions	Employee Contributions
01 - AFSCME	-	5.00%
02 - Police POAM	22.53%	8.29%
05 - Firefighters IAFF	-	7.76%
10 - Clerical	-	5.00%
11 - Teamsters	13.48%	5.00%
12 - Clerical on/aft 1/1/17	5.59%	5.00%
13 - AFSCME on/aft 1/1/17	2.87%	5.00%
20 - Police POAM	60.62%	11.24%
50 - Firefighters IAFF on/aft 1/1/17	-	7.76%

Net Pension Liability – The net pension liability reported as of December 31, 2019 was determined using a measure of the total pension liability and the pension net position as of December 31, 2018. The December 31, 2018 total pension liability was determined by an actuarial valuation performed as of that date.

Actuarial Assumptions – The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	3.75%	
Investment rate of return	7.75%	Gross of pension plan investment expenses, including inflation

Mortality rates were based on a 50% female/ 50% male blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; RP-2014 Juvenile Mortality Tables.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the most recent actuarial experience study in 2015.

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

The target allocation and best estimates of arithmetic real rates of return as of December 31, 2018, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	55.50%	8.65%	4.80%	2.50%	3.41%
Global fixed income	18.50%	3.76%	0.70%	2.50%	0.23%
Real assets	13.50%	9.72%	1.31%	2.50%	0.97%
Diversifying strategies	12.50%	7.50%	0.94%	2.50%	0.63%
	<u>100.00%</u>		<u>7.75%</u>		<u>5.24%</u>

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

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

Total Pension Liability	
Service cost	\$ 984,557
Interest on the total pension liability	5,023,418
Differences between expected and actual experience	(17,758)
Benefit payments and refunds	<u>(3,327,410)</u>
Net change in total pension liability	2,662,807
Total pension liability - beginning	<u>63,964,145</u>
Total pension liability - ending (a)	<u>\$ 66,626,952</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 3,802,749
Employee contributions	500,743
Pension plan net investment loss	(1,638,422)
Benefit payments and refunds	(3,327,410)
Pension plan administrative expense	<u>(79,386)</u>
Net change in plan fiduciary net position	(741,726)
Plan fiduciary net position - beginning	<u>40,008,068</u>
Plan fiduciary net position - ending (b)	<u>\$ 39,266,342</u>
Net pension liability (a-b)	<u>\$ 27,360,610</u>
Plan fiduciary net position as a percentage of total pension liability	58.93%
Covered payroll	\$ 6,473,935
Net pension liability as a percentage of covered payroll	422.63%

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 35,622,441	\$ 27,360,610	\$ 20,467,213

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2019, the Township recognized pension expense of \$3,625,490. As of December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount to Amortize
Difference between expected and actual experience	\$ -	\$ (759,033)	\$ (759,033)
Changes in assumptions	499,205	-	499,205
Net difference between projected and actual earnings on plan investments	2,935,536	-	2,935,536
Contributions subsequent to the measurement date*	<u>3,854,707</u>	-	-
Total	<u>\$ 7,289,448</u>	<u>\$ (759,033)</u>	<u>\$ 2,675,708</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2020.

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

Year Ending December 31,	
2020	\$ 1,162,618
2021	125,161
2022	412,942
2023	<u>974,987</u>
	<u>\$ 2,675,708</u>

Financial Statement Reconciliation

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Pension Expense
Charter Township of Meridian Employees' Retirement System	\$ 367,329	\$ -	\$ (349,968)	\$ 60,238
Municipal Employee's Retirement System of Michigan	<u>27,360,610</u>	<u>7,289,448</u>	<u>(759,033)</u>	<u>3,625,490</u>
	<u>\$27,727,939</u>	<u>\$ 7,289,448</u>	<u>\$ (1,109,001)</u>	<u>\$ 3,685,728</u>

Note 11 - Defined Contribution Plan Description

Meridian Charter Township Money Purchase Plan

The Township provides pension benefits to its nonunion, professional supervisory, and professional nonsupervisory employees through a defined contribution plan which is administered by ICMA. The Township also provides a defined contribution Retirement Health Savings Plan (RHS) for all employees, except the police and fire union personnel, through a plan administered by Vantage Care. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan provisions and contribution requirements were established through negotiation with the Township’s competitive bargaining units. For the pension plan, the Township contributes 10% of employees’ gross earnings, while employees contribute 3.5%. For the healthcare plan, the Township contributes 2% of employees’ gross earnings, while

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 \$270,144 and \$96,709 during the current year and employees contributed \$94,551 and \$65,581 for the pension and healthcare plans, respectively.

Note 12 - Other Postemployment Benefits

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

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

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

Retiree Coverage and Eligibility

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

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

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

Spouse Coverage

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

Coverage for Beneficiary of Deceased Active Employee

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

Coverage for Beneficiary of Deceased Retired Employee

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Employees covered by benefit terms - At December 31, 2019, the plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	29
Inactive plan members entitled to, but not yet receiving benefits	34
Active plan members	73
	<u>136</u>

Contributions – The Township, in accordance with labor contracts, has the authority to establish and amend the contribution requirements of the Township and plan members. The Township establishes rates based on an actuarially determined rate. For the year ended December 31, 2019, the Township's contributed \$447,774. Plan members are required to contribute 0 percent to the plan.

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

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

Rate of return - For the year ended December 31, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 22.46%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net OPEB liability – The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability as of December 31, 2019 were as follows:

Total OPEB liability	\$ 6,800,809
Plan fiduciary net position	<u>(6,024,276)</u>
Net OPEB liability	<u>\$ 776,533</u>

Plan fiduciary net position as a percentage of the total OPEB liability is 88.58%.

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Salary increases	N/A
Investment rate of return	5.00%, including inflation, net of administrative and investment expenses
Healthcare cost trend rates	Non-medicare: 8.50% in 2019, grading to 4.50% in 2035. Medicare: 7.00% in 2019, grading to 4.50% in 2029.

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Mortality rates were based on the following:

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

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

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

Discount rate - A single discount rate of 4.91% was used to measure the total OPEB liability. This single discount rate was based on a combination of the expected rate of return on OPEB plan investments of 5.00% and the municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the levels in the actuarial report. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members, which results in the use of a single discount rate.

Changes in Net OPEB Liability

Total OPEB Liability	
Service cost	\$ 101,169
Interest on the total OPEB liability	451,588
Differences between expected and actual experience	(3,048,686)
Changes in assumptions	218,141
Benefit payments and refunds	<u>(136,274)</u>
Net change in total OPEB liability	(2,414,062)
Total OPEB liability - beginning	<u>9,214,871</u>
Total OPEB liability - ending (a)	<u><u>\$ 6,800,809</u></u>

Plan Fiduciary Net Position

Employer contributions	\$ 447,774
OPEB plan net investment income	724,043
Benefit payments and refunds	<u>(136,274)</u>
Net change in plan fiduciary net position	1,035,543
Plan fiduciary net position - beginning	<u>4,988,733</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 6,024,276</u></u>

Net OPEB liability (a-b)

	<u><u>\$ 776,533</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	88.58%
Covered payroll	N/A
Net OPEB liability as a percentage of covered payroll	N/A

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

	1% Decrease	Current Discount Rate	1% Increase
	3.96%	4.96%	5.96%
Net OPEB liability	\$ 1,891,132	\$ 776,533	\$ (114,172)

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

Year Ending December 31,	
2020	\$ (590,026)
2021	(590,026)
2022	(590,025)
2023	(682,984)
2024	(64,402)
	<u>\$ (2,517,463)</u>

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

	1% Decrease	Current Healthcare Trend Rate Assumption	1% Increase
Net OPEB liability	\$ (139,638)	\$ 776,533	\$ 1,926,457

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended December 31, 2018 the employer recognized OPEB expense of (\$430,767). The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount to Amortize
Difference between expected and actual experience	\$ -	\$ (2,571,892)	\$ (2,571,892)
Changes in assumptions	175,273	(26,267)	149,006
Net difference between projected and actual earnings on plan investments	-	(94,577)	(94,577)
Total	<u>\$ 175,273</u>	<u>\$ (2,692,736)</u>	<u>\$ (2,517,463)</u>

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

	Pension Trust Fund	Employer Funded Retiree Health Insurance Trust Fund	Total
Assets			
Cash and cash equivalents	\$ 109,200	\$ -	\$ 109,200
Investments			
Stocks	180,025	-	180,025
Mutual funds	4,509,779	6,024,276	10,534,055
Receivables			
Accrued interest	<u>3,372</u>	<u>-</u>	<u>3,372</u>
Total assets	<u>4,802,376</u>	<u>6,024,276</u>	<u>10,826,652</u>
Net Position			
Restricted - held in trust for pension benefits and other employee benefits	<u>\$ 4,802,376</u>	<u>\$ 6,024,276</u>	<u>\$ 10,826,652</u>

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Additions

Contributions

Employer	\$ 200,000	\$ 447,774	\$ 647,774
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Investment earnings

Interest and dividends	115,890	-	115,890
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Change in fair value	783,282	725,285	1,508,567
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Investment expenses	(18,532)	-	(18,532)
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Net investment income	<u>880,640</u>	<u>725,285</u>	<u>1,605,925</u>
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Other miscellaneous income

	<u>183</u>	<u>-</u>	<u>183</u>
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Total additions	<u>1,080,823</u>	<u>1,173,059</u>	<u>2,253,882</u>
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Deductions

Benefits	396,447	136,274	532,721
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Other deductions	<u>52,538</u>	<u>1,242</u>	<u>53,780</u>
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Total deductions	<u>448,985</u>	<u>137,516</u>	<u>586,501</u>
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Change in net position	631,838	1,035,543	1,667,381
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Net position - beginning of year	<u>4,170,538</u>	<u>4,988,733</u>	<u>9,159,271</u>
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Net position - end of year	<u>\$ 4,802,376</u>	<u>\$ 6,024,276</u>	<u>\$ 10,826,652</u>
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Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 14 - Joint Venture

East Lansing – Meridian Water and Sewer Authority

The Township is a member of the East Lansing – Meridian Water and Sewer Authority, which provides water services to the residents of the City of East Lansing and the Charter Township of Meridian. The participating communities provide annual funding for its operations. During the current year, the Township contributed \$3,186,269 for its operations and debt. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Township appoints three members to the joint venture’s governing board, which then approves the annual budget.

The following financial information of the joint venture is obtained from audited financial statements as of June 30, 2019. Complete financial statements for the East Lansing – Meridian Water and Sewer Authority can be obtained from the administrative office at 410 Abbot Road, East Lansing, Michigan.

Total assets	\$ 10,021,087
Total deferred outflows of resources	433,271
Total liabilities	1,589,179
Total deferred inflows of resources	260,375
Total net position	8,604,804
Total operating revenue	4,946,878
Total operating expenses	3,765,473
Total nonoperating revenue (expense)	(617,095)
Change in net position	564,310

The Township’s equity in this joint venture as of December 31, 2019 is \$5,485,972, which is recorded in the Water Fund.

Note 15 - Tax Abatements

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

For the fiscal year ended December 31, 2019, the Township’s property tax revenues were reduced by \$79,263 under these programs. These long-term agreements expire in varying years with one agreement expiring only when the property ceases to be used for the purpose specified in the abatement agreement.

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

Note 16 - Property Tax Appeals

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

Charter Township of Meridian
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 17 - Subsequent Event

As a result of the global coronavirus pandemic of 2020, many organizations' financial picture has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the global picture continues to change daily. While management is hopeful that the impact is temporary in nature, a description of known and anticipated circumstances expected to have a significant impact on the Township as of the date of management's review is as follows:

Investments – The stock market has experienced significant, double digit percentage declines and extreme volatility over the past couple of months leading up to the report date. The Township's investment performance is expected to experience similar volatility over the same period.

Revenues and Liquidity – The Township foresees changes to income, but does not expect to experience significant liquidity issues at this time, however, the effect the pandemic may have on taxable values is unknown. Future state shared revenues are expected to be lower as a result of fewer sales tax collections.

Receivables – The Township is prepared to see future delays in collection of receivables; however, the extent of any future delays in payment remain uncertain. As of the date of the report, the Township has not experienced significant issues.

Required Supplementary Information

**Charter Township of Meridian
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 12,809,200	\$ 13,009,200	\$ 13,172,104	\$ 162,904
Licenses and permits	1,052,000	1,152,000	1,244,294	92,294
Federal grants	2,000	2,000	1,246	(754)
State-shared revenue	3,300,000	3,300,000	3,620,718	320,718
State grants	80,000	80,000	63,894	(16,106)
Charges for services	3,254,400	3,257,300	3,550,319	293,019
Fines and forfeitures	361,500	361,500	365,653	4,153
Interest income	108,485	338,485	391,077	52,592
Other revenue				
Other miscellaneous income	293,460	375,160	397,891	22,731
Total revenues	<u>21,261,045</u>	<u>21,875,645</u>	<u>22,807,196</u>	<u>931,551</u>
Expenditures				
General government	6,035,695	6,392,320	5,947,144	(445,176)
Public safety	13,353,340	13,436,940	12,594,516	(842,424)
Public works	182,300	86,300	74,639	(11,661)
Health and welfare	59,425	59,425	59,179	(246)
Community and economic development	130,000	130,000	-	(130,000)
Recreation and culture	1,138,045	1,144,545	644,701	(499,844)
Debt service				
Principal retirement	271,035	271,035	271,034	(1)
Interest and fiscal charges	72,865	72,865	72,861	(4)
Transfers out	610,000	610,000	610,000	-
Total expenditures	<u>21,852,705</u>	<u>22,203,430</u>	<u>20,274,074</u>	<u>(1,929,356)</u>
Net change in fund balance	(591,660)	(327,785)	2,533,122	2,860,907
Fund balance - beginning of year	7,961,297	7,961,297	7,961,297	-
Fund balance - end of year	<u>\$ 7,369,637</u>	<u>\$ 7,633,512</u>	<u>\$ 10,494,419</u>	<u>\$ 2,860,907</u>

**Charter Township of Meridian
Required Supplementary Information
Budgetary Comparison Schedule
Local Roads Fund
For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Taxes	\$ 424,400	\$ 433,400	\$ 434,455	\$ 1,055
Local contributions	172,500	172,500	-	(172,500)
Investment income	1,000	26,000	51,357	25,357
Issuance of debt	-	11,100,000	11,100,000	-
Transfers in	400,000	400,000	400,000	-
	<u>997,900</u>	<u>12,131,900</u>	<u>11,985,812</u>	<u>(146,088)</u>
Total revenues				
Expenditures				
Current				
Public works	907,973	957,973	923,798	(34,175)
Debt service				
Bond issuance costs	<u>117,027</u>	<u>117,027</u>	<u>117,027</u>	<u>-</u>
	<u>1,025,000</u>	<u>1,075,000</u>	<u>1,040,825</u>	<u>(34,175)</u>
Total expenditures				
Net change in fund balance	(27,100)	11,056,900	10,944,987	(111,913)
Fund balance - beginning of year	<u>880,888</u>	<u>880,888</u>	<u>880,888</u>	<u>-</u>
Fund balance - end of year	<u>\$ 853,788</u>	<u>\$ 11,937,788</u>	<u>\$ 11,825,875</u>	<u>\$ (111,913)</u>

**Charter Township of Meridian
Required Supplementary Information
Budgetary Comparison Schedule
Land Preservation Fund
For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 559,200	\$ 559,200	\$ 575,252	\$ 16,052
Investment income	45,000	59,000	165,241	106,241
Total revenues	604,200	618,200	740,493	122,293
Expenditures				
Current				
Recreation and culture	268,420	271,420	141,261	(130,159)
Net change in fund balance	335,780	346,780	599,232	252,452
Fund balance - beginning of year	5,897,972	5,897,972	5,897,972	-
Fund balance - end of year	\$ 6,233,752	\$ 6,244,752	\$ 6,497,204	\$ 252,452

Charter Township of Meridian
Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

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

The budgetary comparison schedules for the General Fund and major special revenue funds are presented on the same basis of accounting used in preparing the adopted budgets.

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

Excess of Expenditures Over Appropriations in Budgeted Funds

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

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
Fire Restricted / Designated Fund	\$ -	\$ 4,801	\$ 4,801
Police Restricted/Designated Fund	26,000	27,564	1,564
Senior Center Millage Fund	140,250	192,136	51,886
Fire Station Construction Fund	-	16	16

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

Charter Township of Meridian
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Charter Township of Meridian Employee's Retirement Pension Plan
For the Year Ended December 31, 2019

Fiscal year ended December 31,	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 7,933	\$ 7,751	\$ 14,978	\$ 14,830	\$ 12,993	\$ 10,867
Interest on the total pension liability	302,038	307,616	318,040	324,025	307,223	302,325
Differences between expected and actual experience	54,195	25,530	(86,411)	(22,387)	(124,938)	131,492
Changes in assumptions	-	-	-	-	474,087	-
Benefit payments and refunds	(448,911)	(418,997)	(414,434)	(418,211)	(362,253)	(365,991)
Net change in total pension liability	(84,745)	(78,100)	(167,827)	(101,743)	307,112	78,693
Total pension liability - beginning	5,254,450	5,332,550	5,500,377	5,602,120	5,295,008	5,216,315
Total pension liability - ending (a)	<u>\$ 5,169,705</u>	<u>\$ 5,254,450</u>	<u>\$ 5,332,550</u>	<u>\$ 5,500,377</u>	<u>\$ 5,602,120</u>	<u>\$ 5,295,008</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 200,000	\$ 300,000	\$ 400,000	\$ 400,000	\$ 250,000	\$ 260,000
Net investment income (loss)	880,823	(217,924)	593,541	162,002	86,536	296,201
Benefit payments and refunds	(448,911)	(418,997)	(414,434)	(418,211)	(362,253)	(365,991)
Administrative expense	(74)	(25)	(46)	(25)	(69,808)	(72,944)
Net change in plan fiduciary net position	631,838	(336,946)	579,061	143,766	(95,525)	117,266
Plan fiduciary net position - beginning	4,170,538	4,507,484	3,928,423	3,784,657	3,880,182	3,762,916
Plan fiduciary net position - ending (b)	<u>\$ 4,802,376</u>	<u>\$ 4,170,538</u>	<u>\$ 4,507,484</u>	<u>\$ 3,928,423</u>	<u>\$ 3,784,657</u>	<u>\$ 3,880,182</u>
Net pension liability (a-b)	<u>\$ 367,329</u>	<u>\$ 1,083,912</u>	<u>\$ 825,066</u>	<u>\$ 1,571,954</u>	<u>\$ 1,817,463</u>	<u>\$ 1,414,826</u>
Plan fiduciary net position as a percentage of total pension liability	92.89%	79.37%	84.53%	71.42%	67.56%	73.28%
Covered payroll	\$ 106,283	\$ 104,560	\$ 102,156	\$ 100,153	\$ 99,161	\$ 97,050
Net pension liability as a percentage of covered payroll	345.61%	1,036.64%	807.65%	1,569.55%	1,832.84%	1,457.83%

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

**Charter Township of Meridian
Required Supplementary Information
Schedule of Employer Contributions
Charter Township of Meridian Employee's Retirement Pension Plan
For the Year Ended December 31, 2019**

Actuarial Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2010	\$ 167,461	\$ -	\$ 167,461	\$ 137,872	0.00%
12/31/2011	311,763	-	311,763	138,975	0.00%
12/31/2012	437,567	450,808	(13,241)	138,984	324.36%
12/31/2013	457,795	-	457,795	85,570	0.00%
12/31/2014	421,346	260,000	161,346	97,050	267.90%
12/31/2015	403,377	250,000	153,377	99,161	252.12%
12/31/2016	430,449	400,000	30,449	100,153	399.39%
12/31/2017	206,057	400,000	(193,943)	102,156	391.56%
12/31/2018	151,469	300,000	(148,531)	104,560	286.92%
12/31/2019	146,745	200,000	(53,255)	106,283	188.18%

Notes to Schedule of Employer Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	December 31, 2018
Notes	Actuarially determined contribution rates are calculated as of December 31 each year, which is 1 day prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	8 years
Asset valuation method	4-year smoothed market
Inflation	4.5%
Salary increases	4.5%
Investment rate of return	6.0%
Retirement age	The final active member is assumed to retire at age 66.
Mortality	Fully generational RP-2014 Healthy Annuitant Tables after adjustment to the base year 2006 for males and females with MP-2015 mortality improvement scales.

Charter Township of Meridian
Required Supplementary Information
Schedule of Investment Returns
Charter Township of Meridian Employee's Retirement Pension Plan
For the Year Ended December 31, 2019

<u>Fiscal Year</u> <u>Ending December 31,</u>	<u>Annual Money-</u> <u>Weighted Rate of</u> <u>Return, Net of</u> <u>Investment</u> <u>Expense</u>
2014	8.01%
2015	2.23%
2016	4.35%
2017	15.46%
2018	-5.34%
2019	22.46%

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

Charter Township of Meridian
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Municipal Employees' Retirement System of Michigan
For the Year Ended December 31, 2019

Fiscal year ended December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 984,557	\$ 1,010,514	\$ 1,000,303	\$ 981,161	\$ 972,200
Interest on the total pension liability	5,023,418	4,901,121	4,711,548	4,473,927	4,260,390
Differences between expected and actual experience	(17,758)	(948,982)	(268,400)	(344,829)	-
Changes in assumptions	-	-	-	2,496,029	-
Changes in benefits	-	(201,785)	-	-	-
Other changes	-	(9,031)	-	-	-
Benefit payments and refunds	<u>(3,327,410)</u>	<u>(3,092,898)</u>	<u>(3,064,869)</u>	<u>(2,837,026)</u>	<u>(2,460,442)</u>
Net change in total pension liability	2,662,807	1,658,939	2,378,582	4,769,262	2,772,148
Total pension liability - beginning	<u>63,964,145</u>	<u>62,305,206</u>	<u>59,926,624</u>	<u>55,157,362</u>	<u>52,385,214</u>
Total pension liability - ending (a)	<u>\$ 66,626,952</u>	<u>\$ 63,964,145</u>	<u>\$ 62,305,206</u>	<u>\$ 59,926,624</u>	<u>\$ 55,157,362</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 3,802,749	\$ 3,460,367	\$ 2,835,443	\$ 2,065,675	\$ 1,863,475
Employee contributions	500,743	519,853	454,938	434,297	552,292
Net investment income (loss)	(1,638,422)	4,636,217	3,637,926	(517,185)	1,898,696
Benefit payments and refunds	(3,327,410)	(3,092,898)	(3,064,869)	(2,837,026)	(2,460,442)
Administrative expense	<u>(79,386)</u>	<u>(73,113)</u>	<u>(71,256)</u>	<u>(70,405)</u>	<u>(69,906)</u>
Net change in plan fiduciary net position	(741,726)	5,450,426	3,792,182	(924,644)	1,784,115
Plan fiduciary net position - beginning	<u>40,008,068</u>	<u>34,557,642</u>	<u>30,765,460</u>	<u>31,690,104</u>	<u>29,905,989</u>
Plan fiduciary net position - ending (b)	<u>\$ 39,266,342</u>	<u>\$ 40,008,068</u>	<u>\$ 34,557,642</u>	<u>\$ 30,765,460</u>	<u>\$ 31,690,104</u>
Net pension liability (a-b)	<u>\$ 27,360,610</u>	<u>\$ 23,956,077</u>	<u>\$ 27,747,564</u>	<u>\$ 29,161,164</u>	<u>\$ 23,467,258</u>
Plan fiduciary net position as a percentage of total pension liability	58.93%	62.55%	55.47%	51.34%	57.45%
Covered payroll	\$ 6,473,935	\$ 6,324,075	\$ 6,197,969	\$ 6,122,164	\$ 6,100,190
Net pension liability as a percentage of covered payroll	422.63%	378.81%	447.69%	476.32%	384.70%

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

Charter Township of Meridian
Required Supplementary Information
Schedule of Employer Contributions
Municipal Employees' Retirement System of Michigan
For the Year Ended December 31, 2019

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2010	\$ 1,608,084	\$ 1,909,606	\$ (301,522)	\$ 6,469,114	29.52%
12/31/2011	1,550,208	1,684,217	(134,009)	6,268,267	26.87%
12/31/2012	1,691,100	1,724,094	(32,994)	6,166,430	27.96%
12/31/2013	1,799,256	1,863,475	(64,219)	6,444,197	28.92%
12/31/2014	1,917,900	1,852,078	65,822	6,100,190	30.36%
12/31/2015	2,001,384	3,049,113	(1,047,729)	6,122,164	49.80%
12/31/2016	1,835,443	2,835,443	(1,000,000)	6,197,969	45.75%
12/31/2017	2,318,478	3,460,368	(1,141,890)	6,324,075	54.72%
12/31/2018	2,302,708	3,802,749	(1,500,041)	6,453,286	58.93%
12/31/2019	2,354,749	3,854,707	(1,499,958)	6,586,586	58.52%

Notes to Schedule of Employer Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date

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

Other

The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry-age

Amortization method

Level percentage of pay, open

Remaining amortization period

22 years

Asset valuation method

5 year smoothed

Inflation

2.50%

Salary increases

3.75%

Investment rate of return

7.75%

Retirement age

60 years

Mortality

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

Charter Township of Meridian
Required Supplementary Information
Other Post Employment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended December 31, 2019

Fiscal year ended December 31,	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 101,169	\$ 190,743	\$ 184,032
Interest	451,588	433,155	422,016
Differences between expected and actual experience	(3,048,686)	(177,273)	(146,888)
Changes in assumptions	218,141	(38,069)	49,580
Benefit payments	(136,274)	(126,136)	(123,649)
Net change in total OPEB liability	(2,414,062)	282,420	385,091
Total OPEB liability - beginning	9,214,871	8,932,451	8,547,360
Total OPEB liability - ending (a)	<u>\$ 6,800,809</u>	<u>\$ 9,214,871</u>	<u>\$ 8,932,451</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 447,774	\$ 450,136	\$ 295,649
Net investment income (loss)	724,043	(212,818)	395,193
Benefit payments and refunds	(136,274)	(126,136)	(123,649)
Net change in plan fiduciary net position	1,035,543	111,182	567,193
Plan fiduciary net position - beginning	4,988,733	4,877,551	4,310,358
Plan fiduciary net position - ending (b)	<u>\$ 6,024,276</u>	<u>\$ 4,988,733</u>	<u>\$ 4,877,551</u>
Net OPEB liability (a-b)	<u>\$ 776,533</u>	<u>\$ 4,226,138</u>	<u>\$ 4,054,900</u>
Plan fiduciary net position as a percentage of total OPEB liability	88.58%	54.14%	54.60%
Covered payroll	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A

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

**Charter Township of Meridian
Required Supplementary Information
Other Post Employment Benefits
Schedule of Employer Contributions
For the Year Ended December 31, 2019**

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2017	\$ 453,565	\$ 295,649	\$ 157,916	N/A	N/A
12/31/2018	449,295	450,136	(841)	N/A	N/A
12/31/2019	207,005	447,774	(240,769)	N/A	N/A

Notes to Schedule of Employer Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	December 31, 2018
Notes	Actuarially determined contribution rates are calculated as of December 31 of even numbered years, which is 1 day prior to the beginning of the fiscal year biennium in which contributions are reported. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	N/A
Investment rate of return	5.00%, including inflation, net of administrative and investment expenses
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition.
Mortality	Pre and Post Retirement: RPH-2014 Health Annuitant Mortality Table for males and females, adjusted backward to 2006 with MP-2017. The provision for future mortality improvement is the fully generational projection table MP-2017, beginning in 2006.
	Disabled Retirement: RPH-2014 Disabled Mortality Table for males and females is used, adjusted backward to 2006 with MP-2017. The provision for future mortality improvement is the fully generational projection table MP-2017, beginning in 2006.
Health care trend rates	Non-Medicare: 8.50% in 2019, grading to 4.50% in 2035. Medicare: 7.00% in 2019, grading to 4.50% in 2029.
Aging factors	The tables used in developing the retiree premium are based on a recent Society of Actuaries study of health costs.

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

<u>Fiscal Year Ending December 31,</u>	<u>Annual Return % *</u>
2017	9.01%
2018	-5.34%
2019	22.46%

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

GASB Statement No. 74 was implemented for the fiscal year ended December 31, 2017 and does not require retroactive implementation.

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

Other Supplementary Information

Charter Township of Meridian
Description of Funds
Nonmajor Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Charter Township of Meridian
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Special Revenue Funds						
	Pedestrian/ Bike Path Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Senior Center Millage	Cable TV	Community Needs	Library
Assets							
Cash and cash equivalents	\$ 1,420,860	\$ 5,010	\$ 107,118	\$ 370,617	\$ 158,027	\$ 23,763	\$ 13,472
Receivables							
Taxes	310,864	-	-	78,055	-	-	-
Customers	-	-	-	-	186,914	616	-
Special assessments	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	6,370	-	-
Total assets	<u>\$ 1,731,724</u>	<u>\$ 5,010</u>	<u>\$ 107,118</u>	<u>\$ 448,672</u>	<u>\$ 351,311</u>	<u>\$ 24,379</u>	<u>\$ 13,472</u>
Liabilities							
Accounts payable	\$ 25,873	\$ -	\$ 859	\$ 56,147	\$ 40,872	\$ -	\$ -
Accrued and other liabilities	2,096	-	2,874	166	9,710	-	-
Due to other funds	-	-	13,910	-	4,261	491	-
Total liabilities	<u>\$ 27,969</u>	<u>\$ -</u>	<u>\$ 17,643</u>	<u>\$ 56,313</u>	<u>\$ 54,843</u>	<u>\$ 491</u>	<u>\$ -</u>
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	-	-	-	-	-
Property taxes levied for a subsequent period	601,978	-	-	151,089	-	-	-
Special assessments levied for a subsequent period	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>601,978</u>	<u>-</u>	<u>-</u>	<u>151,089</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Charter Township of Meridian
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019**

	Special Revenue Funds						
	Pedestrian/ Bike Path Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Senior Center Millage	Cable TV	Community Needs	Library
Fund Balances							
Non-spendable							
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 6,370	\$ -	\$ -
Restricted for							
Pedestrian/bike path millage	1,101,777	-	-	-	-	-	-
Fire	-	5,010	-	-	-	-	-
Police	-	-	89,475	-	-	-	-
Senior center millage	-	-	-	241,270	-	-	-
Cable TV	-	-	-	-	290,098	-	-
Community needs	-	-	-	-	-	23,888	-
Library	-	-	-	-	-	-	13,472
Grants	-	-	-	-	-	-	-
Capital area transportation authority millage	-	-	-	-	-	-	-
Park millage	-	-	-	-	-	-	-
Fire station debt service	-	-	-	-	-	-	-
Assigned - township improvement	-	-	-	-	-	-	-
Total fund balances	<u>1,101,777</u>	<u>5,010</u>	<u>89,475</u>	<u>241,270</u>	<u>296,468</u>	<u>23,888</u>	<u>13,472</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,731,724</u>	<u>\$ 5,010</u>	<u>\$ 107,118</u>	<u>\$ 448,672</u>	<u>\$ 351,311</u>	<u>\$ 24,379</u>	<u>\$ 13,472</u>

**Charter Township of Meridian
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019**

	Special Revenue Funds			Debt Service	Capital Projects Funds		Total Nonmajor Governmental Funds
	Grants	CATA Millage	Park Millage	Fund Fire Station Debt Service	Fire Station Construction	Township Improvement Revolving	
Assets							
Cash and cash equivalents	\$ 132,151	\$ 18,561	\$ 2,307,649	\$ 466,075	\$ -	\$ 1,003,304	\$ 6,026,607
Receivables							
Taxes	-	-	619,885	187,487	-	-	1,196,291
Customers	-	-	-	-	-	-	187,530
Special assessments	-	-	-	-	-	1,245,063	1,245,063
Prepaid items	-	-	531	-	-	-	6,901
Total assets	<u>\$ 132,151</u>	<u>\$ 18,561</u>	<u>\$ 2,928,065</u>	<u>\$ 653,562</u>	<u>\$ -</u>	<u>\$ 2,248,367</u>	<u>\$ 8,662,392</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ 9,512	\$ -	\$ -	\$ -	\$ 133,263
Accrued and other liabilities	-	396	19,182	399	-	-	34,823
Due to other funds	-	-	54,801	-	-	-	73,463
Total liabilities	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 83,495</u>	<u>\$ 399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,549</u>
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	-	-	-	525,063	525,063
Property taxes levied for a subsequent period	-	784	1,199,442	362,383	-	-	2,315,676
Special assessments levied for a subsequent period	-	-	-	-	-	720,000	720,000
Total deferred inflows of resources	<u>-</u>	<u>784</u>	<u>1,199,442</u>	<u>362,383</u>	<u>-</u>	<u>1,245,063</u>	<u>3,560,739</u>

**Charter Township of Meridian
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019**

	Special Revenue Funds			Debt Service	Capital Projects Funds		Total Nonmajor Governmental Funds
	Grants	CATA Millage	Park Millage	Fund	Fire Station Construction	Township Improvement Revolving	
				Fire Station Debt Service			
Fund Balances							
Non-spendable							
Prepaid items	\$ -	\$ -	\$ 531	\$ -	\$ -	\$ -	\$ 6,901
Restricted for							
Pedestrian/bike path millage	-	-	-	-	-	-	1,101,777
Fire	-	-	-	-	-	-	5,010
Police	-	-	-	-	-	-	89,475
Senior center millage	-	-	-	-	-	-	241,270
Cable TV	-	-	-	-	-	-	290,098
Community needs	-	-	-	-	-	-	23,888
Library	-	-	-	-	-	-	13,472
Grants	132,151	-	-	-	-	-	132,151
Capital area transportation authority millage	-	17,381	-	-	-	-	17,381
Park millage	-	-	1,644,597	-	-	-	1,644,597
Fire station debt service	-	-	-	290,780	-	-	290,780
Assigned - township improvement	-	-	-	-	-	1,003,304	1,003,304
Total fund balances	132,151	17,381	1,645,128	290,780	-	1,003,304	4,860,104
Total liabilities, deferred inflows of resources, and fund balances	\$ 132,151	\$ 18,561	\$ 2,928,065	\$ 653,562	\$ -	\$ 2,248,367	\$ 8,662,392

Charter Township of Meridian
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue Funds						
	Pedestrian/ Bike Path Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Senior Center Millage	Cable TV	Community Needs	Library
Revenues							
Taxes	\$ 580,642	\$ -	\$ -	\$ 145,806	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	763,770	-	-
Other state grants	-	-	6,407	-	-	-	-
Local contributions	-	-	1,636	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	23,899	-	-	-	-
Interest income	24,690	119	1,444	6,284	2,856	237	228
Other revenue	838,755	25	10,167	-	2,085	24,646	-
Total revenues	<u>1,444,087</u>	<u>144</u>	<u>43,553</u>	<u>152,090</u>	<u>768,711</u>	<u>24,883</u>	<u>228</u>
Expenditures							
Current							
Public safety	-	4,801	27,564	-	-	-	-
Public works	1,431,397	-	-	-	-	-	-
Health and welfare	-	-	-	192,136	-	19,791	-
Recreation and culture	-	-	-	-	769,202	-	-
Debt service							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>1,431,397</u>	<u>4,801</u>	<u>27,564</u>	<u>192,136</u>	<u>769,202</u>	<u>19,791</u>	<u>-</u>
Net change in fund balance	12,690	(4,657)	15,989	(40,046)	(491)	5,092	228
Fund balance - beginning of year	1,089,087	9,667	73,486	281,316	296,959	18,796	13,244
Fund balance - end of year	<u>\$ 1,101,777</u>	<u>\$ 5,010</u>	<u>\$ 89,475</u>	<u>\$ 241,270</u>	<u>\$ 296,468</u>	<u>\$ 23,888</u>	<u>\$ 13,472</u>

Charter Township of Meridian
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue Funds			Debt Service	Capital Projects Funds		Total Nonmajor Governmental Funds
	Grants	CATA Millage	Park Millage	Fire Station Debt Service	Fire Station Construction	Township Improvement Revolving	
Revenues							
Taxes	\$ -	\$ 347,494	\$ 1,159,145	\$ 350,733	\$ -	\$ -	\$ 2,583,820
Licenses and permits	-	-	-	-	-	-	763,770
Other state grants	-	-	301,870	-	-	-	308,277
Local contributions	839	-	2,500	-	-	-	4,975
Charges for services	-	-	-	-	-	144,416	144,416
Fines and forfeitures	-	-	-	-	-	-	23,899
Interest income	2,278	3,897	42,096	5,328	-	31,059	120,516
Other revenue	-	-	164,129	-	-	-	1,039,807
Total revenues	3,117	351,391	1,669,740	356,061	-	175,475	4,989,480
Expenditures							
Current							
Public safety	-	-	-	-	16	-	32,381
Public works	-	-	-	-	-	127,756	1,559,153
Health and welfare	-	-	-	-	-	-	211,927
Recreation and culture	-	350,000	1,317,185	-	-	-	2,436,387
Debt service							
Principal retirement	-	-	-	220,000	-	-	220,000
Interest and fiscal charges	-	-	-	51,468	-	-	51,468
Total expenditures	-	350,000	1,317,185	271,468	16	127,756	4,511,316
Net change in fund balance	3,117	1,391	352,555	84,593	(16)	47,719	478,164
Fund balance - beginning of year	129,034	15,990	1,292,573	206,187	16	955,585	4,381,940
Fund balance - end of year	\$ 132,151	\$ 17,381	\$ 1,645,128	\$ 290,780	\$ -	\$ 1,003,304	\$ 4,860,104

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Pedestrian/Bike Path Millage Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Taxes	\$ 567,400	\$ 567,400	\$ 580,642	\$ 13,242
Investment income	5,000	5,000	24,690	19,690
Other revenue	<u>1,577,250</u>	<u>1,577,250</u>	<u>838,755</u>	<u>(738,495)</u>
Total revenues	2,149,650	2,149,650	1,444,087	(705,563)
Expenditures				
Current				
Public works	<u>1,560,365</u>	<u>1,560,365</u>	<u>1,431,397</u>	<u>(128,968)</u>
Net change in fund balance	589,285	589,285	12,690	(576,595)
Fund balance - beginning of year	<u>1,089,087</u>	<u>1,089,087</u>	<u>1,089,087</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,678,372</u>	<u>\$ 1,678,372</u>	<u>\$ 1,101,777</u>	<u>\$ (576,595)</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Fire Restricted / Designated Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Investment income	\$ -	\$ -	\$ 119	\$ 119
Other revenue	-	-	25	25
Total revenues	-	-	144	144
Expenditures				
Current				
Public safety	-	-	4,801	4,801
Net change in fund balance	-	-	(4,657)	(4,657)
Fund balance - beginning of year	9,667	9,667	9,667	-
Fund balance - end of year	<u>\$ 9,667</u>	<u>\$ 9,667</u>	<u>\$ 5,010</u>	<u>\$ (4,657)</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Police Restricted/Designated Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Federal grants	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
Other state grants	7,000	7,000	6,407	(593)
Local contributions	-	-	1,636	1,636
Fines and forfeitures	8,500	8,500	23,899	15,399
Investment income	100	100	1,444	1,344
Other revenue	<u>5,100</u>	<u>5,100</u>	<u>10,167</u>	<u>5,067</u>
Total revenues	22,200	22,200	43,553	21,353
Expenditures				
Current				
Public safety	<u>26,000</u>	<u>26,000</u>	<u>27,564</u>	<u>1,564</u>
Net change in fund balance	(3,800)	(3,800)	15,989	19,789
Fund balance - beginning of year	<u>73,486</u>	<u>73,486</u>	<u>73,486</u>	<u>-</u>
Fund balance - end of year	<u>\$ 69,686</u>	<u>\$ 69,686</u>	<u>\$ 89,475</u>	<u>\$ 19,789</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Senior Center Millage Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Taxes	\$ 142,500	\$ 142,500	\$ 145,806	\$ 3,306
Investment income	300	300	6,284	5,984
Total revenues	142,800	142,800	152,090	9,290
Expenditures				
Current				
Health and welfare	140,250	140,250	192,136	51,886
Net change in fund balance	2,550	2,550	(40,046)	(42,596)
Fund balance - beginning of year	281,316	281,316	281,316	-
Fund balance - end of year	\$ 283,866	\$ 283,866	\$ 241,270	\$ (42,596)

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Cable TV Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Licenses and permits	\$ 762,500	\$ 762,500	\$ 763,770	\$ 1,270
Investment income	500	500	2,856	2,356
Other revenue	-	-	2,085	2,085
	<u>763,000</u>	<u>763,000</u>	<u>768,711</u>	<u>5,711</u>
Expenditures				
Current				
Recreation and culture	<u>805,925</u>	<u>805,925</u>	<u>769,202</u>	<u>(36,723)</u>
Net change in fund balance	(42,925)	(42,925)	(491)	42,434
Fund balance - beginning of year	<u>296,959</u>	<u>296,959</u>	<u>296,959</u>	<u>-</u>
Fund balance - end of year	<u>\$ 254,034</u>	<u>\$ 254,034</u>	<u>\$ 296,468</u>	<u>\$ 42,434</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Community Needs Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Investment income	\$ 25	\$ 25	\$ 237	\$ 212
Other revenue	<u>7,500</u>	<u>7,500</u>	<u>24,646</u>	<u>17,146</u>
Total revenues	7,525	7,525	24,883	17,358
Expenditures				
Current				
Health and welfare	<u>11,000</u>	<u>20,000</u>	<u>19,791</u>	<u>(209)</u>
Net change in fund balance	(3,475)	(12,475)	5,092	17,567
Fund balance - beginning of year	<u>18,796</u>	<u>18,796</u>	<u>18,796</u>	<u>-</u>
Fund balance - end of year	<u>\$ 15,321</u>	<u>\$ 6,321</u>	<u>\$ 23,888</u>	<u>\$ 17,567</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Library Fund
For the Year Ended December 31, 2019**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Amended Budget</u>
Revenues				
Investment income	\$ -	\$ -	\$ 228	\$ 228
Net change in fund balance	-	-	228	228
Fund balance - beginning of year	<u>13,244</u>	<u>13,244</u>	<u>13,244</u>	<u>-</u>
Fund balance - end of year	<u>\$ 13,244</u>	<u>\$ 13,244</u>	<u>\$ 13,472</u>	<u>\$ 228</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Grants Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Other state grants	\$ 21,000	\$ -	\$ -	\$ -
Local contributions	-	-	839	839
Investment income	200	200	2,278	2,078
Other revenue	50	50	-	(50)
	<u>21,250</u>	<u>250</u>	<u>3,117</u>	<u>2,867</u>
Total revenues	21,250	250	3,117	2,867
Expenditures				
Current				
Public safety	21,000	-	-	-
	<u>21,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	250	250	3,117	2,867
Fund balance - beginning of year	129,034	129,034	129,034	-
	<u>129,034</u>	<u>129,034</u>	<u>129,034</u>	<u>-</u>
Fund balance - end of year	\$ 129,284	\$ 129,284	\$ 132,151	\$ 2,867
	<u>\$ 129,284</u>	<u>\$ 129,284</u>	<u>\$ 132,151</u>	<u>\$ 2,867</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
CATA Millage Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Taxes	\$ 339,450	\$ 339,450	\$ 347,494	\$ 8,044
Investment income	500	500	3,897	3,397
Total revenues	339,950	339,950	351,391	11,441
Expenditures				
Current				
Recreation and culture	350,000	350,000	350,000	-
Net change in fund balance	(10,050)	(10,050)	1,391	11,441
Fund balance - beginning of year	15,990	15,990	15,990	-
Fund balance - end of year	\$ 5,940	\$ 5,940	\$ 17,381	\$ 11,441

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Park Millage Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Taxes	\$ 1,131,500	\$ 1,131,500	\$ 1,159,145	\$ 27,645
Other state grants	807,500	807,500	301,870	(505,630)
Local contributions	110,000	110,000	2,500	(107,500)
Investment income	5,225	5,225	42,096	36,871
Other revenue	<u>148,800</u>	<u>148,800</u>	<u>164,129</u>	<u>15,329</u>
Total revenues	2,203,025	2,203,025	1,669,740	(533,285)
Expenditures				
Current				
Recreation and culture	<u>2,111,775</u>	<u>2,111,775</u>	<u>1,317,185</u>	<u>(794,590)</u>
Net change in fund balance	91,250	91,250	352,555	261,305
Fund balance - beginning of year	<u>1,292,573</u>	<u>1,292,573</u>	<u>1,292,573</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,383,823</u>	<u>\$ 1,383,823</u>	<u>\$ 1,645,128</u>	<u>\$ 261,305</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Fire Station Debt Service Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Taxes	\$ 349,100	\$ 349,100	\$ 350,733	\$ 1,633
Investment income	500	500	5,328	4,828
Total revenues	<u>349,600</u>	<u>349,600</u>	<u>356,061</u>	<u>6,461</u>
Expenditures				
Debt service				
Principal retirement	220,000	220,000	220,000	-
Interest and fiscal charges	<u>51,470</u>	<u>51,470</u>	<u>51,468</u>	<u>(2)</u>
Total expenditures	<u>271,470</u>	<u>271,470</u>	<u>271,468</u>	<u>(2)</u>
Net change in fund balance	78,130	78,130	84,593	6,463
Fund balance - beginning of year	<u>206,187</u>	<u>206,187</u>	<u>206,187</u>	<u>-</u>
Fund balance - end of year	<u>\$ 284,317</u>	<u>\$ 284,317</u>	<u>\$ 290,780</u>	<u>\$ 6,463</u>

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Fire Station Construction Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Investment income	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current				
Public safety	-	-	16	16
Net change in fund balance	-	-	(16)	(16)
Fund balance - beginning of year	16	16	16	-
Fund balance - end of year	\$ 16	\$ 16	\$ -	\$ (16)

**Charter Township of Meridian
Other Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Fund
Township Improvement Revolving Fund
For the Year Ended December 31, 2019**

	Original Budget	Amended Budget	Actual	Actual Over (Under) Amended Budget
Revenues				
Charges for services	\$ 125,000	\$ 137,000	\$ 144,416	\$ 7,416
Investment income	15,000	25,000	31,059	6,059
Total revenues	140,000	162,000	175,475	13,475
Expenditures				
Current				
Public works	120,000	130,500	127,756	(2,744)
Net change in fund balance	20,000	31,500	47,719	16,219
Fund balance - beginning of year	955,585	955,585	955,585	-
Fund balance - end of year	\$ 975,585	\$ 987,085	\$ 1,003,304	\$ 16,219

**Charter Township of Meridian
Other Supplementary Information
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2019**

	Balance <u>December 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>December 31, 2019</u>
<u>Tax Collection Fund</u>				
Assets				
Cash and cash equivalents	\$ 12,770,178	\$ 129,315,111	\$ (128,522,034)	\$ 13,563,255
Liabilities				
Accounts payable	\$ 3,696	\$ 51,654,662	\$ (51,654,802)	\$ 3,556
Due to other units of government	<u>12,766,482</u>	<u>84,759,131</u>	<u>(83,965,914)</u>	<u>13,559,699</u>
Total liabilities	<u>\$ 12,770,178</u>	<u>\$ 136,413,793</u>	<u>\$ (135,620,716)</u>	<u>\$ 13,563,255</u>

Statistical Section

Charter Township of Meridian Statistical Section

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

The statistical section is organized into the following main categories:

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

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

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

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

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

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

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

	December 31									
	(in thousands of dollars)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net investment in capital assets	\$ 30,393	\$ 33,401	\$ 33,781	\$ 34,428	\$ 34,416	\$ 36,166	\$ 37,311	\$ 40,613	\$ 42,957	\$ 44,162
Restricted	6,385	5,580	5,948	6,553	7,345	8,400	9,757	9,150	10,204	23,050
Unrestricted	7,134	8,060	8,877	9,018	10,629	(10,661)	(11,611)	(11,910)	(15,183)	(22,274)
Total net position	\$ 43,912	\$ 47,041	\$ 48,606	\$ 49,999	\$ 52,390	\$ 33,905	\$ 35,457	\$ 37,853	\$ 37,978	\$ 44,938
Business-type Activities:										
Net investment in capital assets	\$ 41,805	\$ 42,339	\$ 41,380	\$ 40,589	\$ 40,452	\$ 39,764	\$ 39,273	\$ 39,865	\$ 39,887	\$ 39,914
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,387	6,070	7,090	7,839	8,972	7,433	9,077	10,972	12,615	14,977
Total net position	\$ 49,192	\$ 48,409	\$ 48,470	\$ 48,428	\$ 49,424	\$ 47,197	\$ 48,350	\$ 50,837	\$ 52,502	\$ 54,891
Primary Government:										
Net investment in capital assets	\$ 72,198	\$ 75,740	\$ 75,161	\$ 75,017	\$ 74,868	\$ 75,930	\$ 76,584	\$ 80,478	\$ 82,844	\$ 84,076
Restricted	6,385	5,580	5,948	6,553	7,345	8,400	9,757	9,150	10,204	23,050
Unrestricted	14,521	14,130	15,967	16,857	19,601	(3,228)	(2,534)	(938)	(2,568)	(7,297)
Total net position	\$ 93,104	\$ 95,450	\$ 97,076	\$ 98,427	\$ 101,814	\$ 81,102	\$ 83,807	\$ 88,690	\$ 90,480	\$ 99,829

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

	Fiscal Year Ended December 31									
	(in thousands of dollars)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
General government	\$ 3,254	\$ 3,371	\$ 4,244	\$ 4,284	\$ 3,941	\$ 4,346	\$ 4,347	\$ 4,785	\$ 4,239	\$ 3,789
Public safety	10,416	10,048	9,901	10,922	9,799	10,937	12,247	11,454	12,450	13,146
Public works	830	708	1,072	1,072	1,277	946	1,230	1,132	1,414	1,070
Health and welfare	68	55	63	169	166	162	159	180	143	273
Recreation and culture	1,946	2,256	2,071	1,684	2,118	2,258	2,484	3,078	2,514	2,700
Interest on long-term debt	276	244	183	367	221	168	148	138	128	334
Total expenses	16,790	16,682	17,534	18,498	17,522	18,817	20,615	20,767	20,888	21,312
Program revenue:										
Charges for services:										
General government	60	55	415	391	383	416	414	667	699	680
Public safety	2,676	2,790	2,352	3,064	2,658	2,574	2,724	2,895	2,685	2,897
Public works	17	87	105	113	89	121	82	120	204	417
Recreation and culture	151	218	325	307	321	338	346	1,181	1,181	1,203
Total charges for services	2,904	3,150	3,197	3,875	3,451	3,449	3,566	4,863	4,769	5,197
Operating grants and contributions	367	475	163	283	175	127	137	172	121	418
Capital grants and contributions	-	-	-	-	-	-	-	-	589	-
Total program revenue	3,271	3,625	3,360	4,158	3,626	3,576	3,703	5,035	5,479	5,615
Excess of expenses over revenue	(13,519)	(13,057)	(14,174)	(14,340)	(13,896)	(15,241)	(16,912)	(15,732)	(15,409)	(15,697)
General revenue:										
Property taxes	13,365	11,981	11,488	11,464	11,710	13,005	13,464	13,695	16,142	16,766
State-shared revenue	2,495	2,819	2,891	2,960	3,085	3,087	3,165	3,496	3,579	3,711
Investment income (loss)	372	184	98	(46)	212	152	128	238	486	748
Franchise fees*	802	819	873	822	856	1,021	1,058	-	-	-
Miscellaneous income	277	383	389	533	424	562	694	723	793	1,432
Total general revenue	17,311	16,186	15,739	15,733	16,287	17,827	18,509	18,152	21,000	22,657
Transfers	-	-	-	-	-	-	(45)	(24)	-	-
Change in net position	\$ 3,792	\$ 3,129	\$ 1,565	\$ 1,393	\$ 2,391	\$ 2,586	\$ 1,552	\$ 2,396	\$ 5,591	\$ 6,960

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

	Fiscal Year Ended December 31									
	(in thousands of dollars)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating revenue:										
Sale of water	\$ 3,369	\$ 3,421	\$ 4,055	\$ 4,026	\$ 4,152	\$ 4,104	\$ 5,320	\$ 5,287	\$ 5,391	\$ 5,677
Sewage disposal charge	3,052	2,993	3,479	3,587	3,800	3,833	4,185	4,580	5,240	5,432
Charges for services	956	736	974	1,150	1,061	887	979	1,335	997	935
Other	196	92	246	433	35	42	26	46	48	63
Total operating revenue	<u>7,573</u>	<u>7,242</u>	<u>8,754</u>	<u>9,196</u>	<u>9,048</u>	<u>8,866</u>	<u>10,510</u>	<u>11,248</u>	<u>11,676</u>	<u>12,107</u>
Operating expense:										
Cost of water produced/purchased	2,033	2,211	2,595	2,518	2,458	2,556	2,505	2,852	3,091	3,186
Cost of sewage treatment	1,455	1,433	1,430	1,855	1,789	2,301	2,393	1,870	2,651	1,556
Other operation and maintenance costs	2,082	2,068	2,278	2,541	2,871	2,959	2,685	3,083	752	851
Billing and administrative costs	1,167	1,160	1,161	1,076	1,082	1,101	1,160	1,192	2,579	2,619
Depreciation	1,563	1,619	1,654	1,795	1,650	1,680	1,647	1,686	1,600	1,745
Total operating expenses	<u>8,300</u>	<u>8,491</u>	<u>9,118</u>	<u>9,785</u>	<u>9,850</u>	<u>10,597</u>	<u>10,390</u>	<u>10,683</u>	<u>10,673</u>	<u>9,957</u>
Operating income (loss)	(727)	(1,249)	(364)	(589)	(802)	(1,731)	120	565	1,003	2,150
Nonoperating revenue (expense):										
Investment income	31	9	3	3	4	3	1	1	1	55
Gain (loss) from joint venture	(174)	(158)	179	163	234	(31)	300	296	337	348
Grant revenue	-	-	-	-	569	932	402	514	7	-
Interest expense	(41)	(32)	(29)	(37)	(12)	(39)	(98)	(126)	(210)	(317)
Total nonoperating revenue (expense)	<u>(184)</u>	<u>(181)</u>	<u>153</u>	<u>129</u>	<u>795</u>	<u>865</u>	<u>605</u>	<u>685</u>	<u>135</u>	<u>86</u>
Income (loss) – Before capital contributions and transfer	(911)	(1,430)	(211)	(460)	(7)	(866)	725	1,250	1,138	2,236
Capital contributions	150	647	272	418	1,003	195	383	1,213	526	154
Transfers from other funds	-	-	-	-	-	-	45	24	-	-
Transfers to other funds	-	-	-	-	-	-	-	-	-	-
Change in net position	<u>\$ (761)</u>	<u>\$ (783)</u>	<u>\$ 61</u>	<u>\$ (42)</u>	<u>\$ 996</u>	<u>\$ (671)</u>	<u>\$ 1,153</u>	<u>\$ 2,487</u>	<u>\$ 1,664</u>	<u>\$ 2,390</u>
Change in net position – primary government	<u>\$ 3,031</u>	<u>\$ 2,346</u>	<u>\$ 1,626</u>	<u>\$ 1,351</u>	<u>\$ 3,387</u>	<u>\$ 1,915</u>	<u>\$ 2,705</u>	<u>\$ 4,883</u>	<u>\$ 7,255</u>	<u>\$ 9,350</u>

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

	As of December 31									
	(in thousands of dollars)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Post-GASB No. 54:										
Nonspendable	\$ -	\$ 692	\$ 675	\$ 564	\$ 217	\$ 297	\$ 289	\$ 119	\$ 140	\$ 174
Assigned	-	-	-	-	-	-	-	1,111	592	1,812
Unassigned	-	4,901	5,281	6,280	6,896	7,307	7,137	5,627	7,229	8,508
Pre-GASB No. 54:										
Reserved	442	-	-	-	-	-	-	-	-	-
Unreserved – undesignated	4,805	-	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 5,247</u>	<u>\$ 5,593</u>	<u>\$ 5,956</u>	<u>\$ 6,844</u>	<u>\$ 7,113</u>	<u>\$ 7,604</u>	<u>\$ 7,426</u>	<u>\$ 6,857</u>	<u>\$ 7,961</u>	<u>\$ 10,494</u>
All Other Governmental Funds										
Post-GASB No. 54:										
Nonspendable	\$ -	\$ 160	\$ 150	\$ 8	\$ 7	\$ 31	\$ 13	\$ 11	\$ 8	\$ 8
Restricted	-	5,418	5,798	9,840	10,501	8,368	9,744	9,139	10,197	23,055
Assigned	-	993	1,041	1,162	1,170	1,131	1,059	1,150	956	1,003
Unassigned	-	(401)	(407)	(349)	(1)	-	-	-	-	-
Pre-GASB No. 54:										
Reserved – Special Revenue Fund	190	-	-	-	-	-	-	-	-	-
Unreserved and undesignated –										
Reported in:										
Special revenue funds	5,834	-	-	-	-	-	-	-	-	-
Debt service funds	329	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 6,353</u>	<u>\$ 6,170</u>	<u>\$ 6,582</u>	<u>\$ 10,661</u>	<u>\$ 11,677</u>	<u>\$ 9,530</u>	<u>\$ 10,816</u>	<u>\$ 10,300</u>	<u>\$ 11,161</u>	<u>\$ 24,066</u>

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

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

	Year Ended December 31									
	(in thousands of dollars)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue										
Property taxes	\$ 13,365	\$ 11,981	\$ 11,488	\$ 11,464	\$ 11,710	\$ 13,005	\$ 13,464	\$ 13,695	\$ 16,142	\$ 16,766
Licenses and permits	662	536	618	1,153	841	737	796	2,280	1,946	2,008
Intergovernmental revenue	2,840	3,282	3,021	3,106	3,229	3,226	3,252	3,555	4,198	3,999
Special assessments	339	195	225	238	134	163	121	137	150	144
Charges for services	3,353	3,297	3,363	3,403	3,364	3,434	3,503	3,200	3,506	3,551
Investment income (loss)	372	184	98	(46)	212	152	128	236	476	730
Other	1,302	1,561	1,514	1,727	1,640	1,902	2,160	1,062	1,149	1,827
Total revenue	22,233	21,036	20,327	21,045	21,130	22,619	23,424	24,165	27,567	29,025
Expenditures										
Current:										
General government	4,505	4,059	5,391	5,030	4,925	5,010	5,208	5,832	5,257	5,595
Public safety	10,250	10,060	9,766	10,172	10,263	10,273	11,287	11,042	12,656	12,552
Public works	364	265	511	328	539	287	519	823	1,205	424
Health and welfare	68	54	62	168	166	161	168	163	123	240
Recreation and culture	1,909	2,257	2,083	1,771	2,185	2,275	2,711	2,552	2,629	2,700
Capital outlay	3,730	2,600	1,224	1,574	1,019	5,852	1,732	4,003	2,816	3,114
Debt service:										
Principal	414	1,333	332	262	516	659	480	486	491	491
Interest	266	244	184	212	232	217	155	145	136	124
Debt issuance costs	-	-	-	62	-	-	-	-	-	117
Total expenditures	21,506	20,872	19,553	19,579	19,845	24,734	22,260	25,046	25,313	25,357
Excess of revenues over (under) expenditures	727	164	774	1,466	1,285	(2,115)	1,164	(881)	2,254	3,668
Other financing sources (uses)										
Proceeds from issuance of long-term debt	-	-	-	3,500	-	-	-	-	-	11,100
Premium on issuance of debt	-	-	-	-	-	-	-	-	-	880
Transfers in	(272)	(1,471)	141	137	467	462	190	451	550	400
Transfers out	272	1,471	(141)	(137)	(467)	(462)	(247)	(700)	(840)	(610)
Insurance recoveries	-	-	-	-	-	-	-	43	-	-
Sale of capital assets	-	-	-	-	-	459	-	3	-	-
Total other financing sources (uses)	-	-	-	3,500	-	459	(57)	(203)	(290)	11,770
Net change in fund balance	\$ 727	\$ 164	\$ 774	\$ 4,966	\$ 1,285	\$ (1,656)	\$ 1,107	\$ (1,084)	\$ 1,964	\$ 15,438
Debt service as a percentage of noncapital expenditures	3.83%	8.63%	2.82%	2.64%	3.97%	4.64%	3.09%	3.00%	2.82%	2.73%
Capital outlay as a percentage of total expenditures	17.34%	12.46%	6.26%	8.04%	5.13%	23.66%	7.78%	15.98%	11.12%	12.28%

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
2010	\$ 1,192,662	\$ 432,780	\$ 1,625,442	6.92%	\$ 3,420,119	47.53%
2011	1,166,537	420,922	1,587,459	6.92%	3,310,277	47.96%
2012	1,159,890	395,140	1,555,030	6.97%	3,198,797	48.61%
2013	1,128,124	399,329	1,527,453	7.17%	3,124,917	48.88%
2014	1,151,524	400,686	1,552,210	7.84%	3,209,695	48.36%
2015	1,182,156	426,509	1,608,665	7.84%	3,447,893	46.66%
2016	1,206,787	433,240	1,640,027	7.82%	3,642,106	45.03%
2017	1,242,176	445,905	1,688,081	9.02%	3,784,714	44.60%
2018	1,290,897	469,595	1,760,492	9.00%	3,943,992	44.64%
2019	1,346,089	473,155	1,819,244	10.50%	4,141,308	43.93%

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

Tax Year	Millage Rates - Direct Township Taxes				Overlapping Taxes													
	General Operating	Debt	Special Purpose	Total Direct Taxes	Ingham County	Lansing Community College	Ingham Intermediate School District	Okemos School - Homestead	Okemos School - Non-Homestead	Haslett School - Homestead	Haslett School - Non-Homestead	Williamston School - Homestead	Williamston School - Non-Homestead	East Lansing School - Homestead	East Lansing School - Non-Homestead	Capital Regional Airport Authority	Capital Area District Library	Capital Area Transit Authority
2010	4.20	-	2.72	6.92	14.07	3.81	5.99	13.53	31.53	15.11	33.11	14.05	32.05	15.05	32.29			
2011	4.20	-	2.72	6.92	14.11	3.81	5.99	13.99	31.99	15.11	33.11	14.05	32.05	14.28	32.29			
2012	4.20	-	2.77	6.97	14.75	3.81	5.99	13.99	31.99	15.11	33.11	14.05	32.05	14.29	32.29			
2013	4.20	0.20	2.77	7.17	14.76	3.81	5.99	13.99	31.99	16.36	34.36	15.05	33.05	15.41	33.41			
2014	4.20	0.20	3.44	7.84	15.26	3.81	5.99	13.99	31.99	16.36	34.36	15.73	33.73	15.38	33.38			
2015	4.20	0.20	3.44	7.84	15.09	3.81	5.99	13.99	31.99	16.36	34.36	15.59	33.59	12.74	30.74			
2016	4.18	0.20	3.44	7.82	15.33	3.81	5.99	13.99	31.99	16.35	34.35	15.58	33.58	12.49	30.49			
2017	4.17	0.20	4.64	9.02	15.34	3.81	5.99	13.99	31.99	16.33	34.33	15.57	33.57	14.28	32.28			
2018	4.17	0.20	4.63	9.00	11.34	3.81	6.00	13.99	31.99	16.33	34.33	15.57	33.57	14.28	32.26	0.70	1.56	3.01
2019	4.17	0.20	6.13	10.50	11.34	3.81	6.00	13.99	31.99	16.33	34.33	15.58	33.58	13.50	31.50	0.70	1.56	3.01

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

Source: Charter Township of Meridian Treasurer

**Charter Township of Meridian
Principal Property Taxpayers**

Taxpayer	2019 Taxable Value	Percentage of Total	2010 Taxable Value	Percentage of Total	2010 Rank
1 Consumers Energy	\$ 26,517,306	1.46%	\$ 17,047,831	1.05%	3
2 Meridian Mall, LP	22,117,851	1.22%	22,842,423	1.41%	1
3 C150 2929 Hannah Lofts, LLC	21,500,995	1.18%			
4 East Lansing I, LLC	14,427,514	0.79%			
5 East Lansing Athletic Club, Inc.	10,100,424	0.56%			
6 TEG Central, LLC	9,996,929	0.55%			
7 Okemos Pointe, LLC	9,298,893	0.51%			
8 Brandywine Creek II, LLC	8,730,746	0.48%	8,505,394	0.52%	6
9 TEG Club Meridian, LLC	8,341,500	0.46%			
10 ACC OP, LLC	8,159,627	0.45%			

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
2009	2010	\$ 11,242,675	\$ 10,832,317	96.35%	\$ 17,451	\$ 10,849,768	96.51%
2010	2011	10,950,422	10,579,279	96.61%	14,587	10,593,866	96.74%
2011	2012	10,779,268	10,476,566	97.19%	11,671	10,488,237	97.30%
2012	2013	10,913,178	10,494,474	96.16%	9,397	10,503,871	96.25%
2013	2014	12,158,875	11,843,345	97.40%	10,490	11,853,835	97.49%
2014	2015	12,602,616	12,309,015	97.67%	14,730	12,323,745	97.79%
2015	2016	12,797,544	12,513,915	97.78%	11,080	12,524,995	97.87%
2016	2017	15,189,137	14,838,327	97.69%	7,355	14,845,682	97.74%
2017	2018	15,745,273	15,479,066	98.31%	21,849	15,500,915	98.45%
2018	2019	19,000,536	18,647,722	98.14%	7,166	18,654,888	98.18%

Source: Charter Township of Meridian Assessor and Treasurer

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
General obligation bonds	\$ -	\$ -	\$ -	\$ 3,500,000	\$ 3,290,000	\$ 3,080,000	\$ 2,865,000	\$ 2,650,000	\$ 2,430,000	\$ 2,210,000
Installment purchase agreements	1,518,350	372,446	264,000	225,000	184,000	-	-	-	-	-
Road construction bond	-	-	-	-	-	-	-	-	-	11,100,000
Drain assessments	3,345,300	3,122,280	3,122,280	3,308,821	3,043,384	2,777,947	2,624,463	2,353,428	2,082,394	1,811,360
Total	4,863,650	3,494,726	3,386,280	7,033,821	6,517,384	5,857,947	5,489,463	5,003,428	4,512,394	15,121,360
Business-type Activities										
Installment purchase agreements	798,600	679,800	556,050	427,350	349,450	1,773,094	5,024,672	5,370,166	10,771,821	17,333,107
Total debt of the government	\$ 5,662,250	\$ 4,174,526	\$ 3,942,330	\$ 7,461,171	\$ 6,866,834	\$ 7,631,041	\$ 10,514,135	\$ 10,373,594	\$ 15,284,215	\$ 32,454,467
Total taxable value (\$000s)	\$ 1,625,442	\$ 1,587,459	\$ 1,555,030	\$ 1,527,453	\$ 1,552,210	\$ 1,608,665	\$ 1,640,027	\$ 1,688,081	\$ 1,760,492	\$ 1,819,244
Debt as a Percentage of Taxable Value	0.35%	0.26%	0.25%	0.49%	0.44%	0.47%	0.64%	0.61%	0.87%	1.78%
Total Population	39,688	39,688	39,688	39,688	39,688	39,688	39,688	39,688	39,688	39,688
Total Debt per Capita	\$ 143	\$ 105	\$ 99	\$ 188	\$ 173	\$ 192	\$ 265	\$ 261	\$ 385	\$ 818

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
2010	\$ -	\$ -	\$ -	\$ 1,518,350	\$ 1,518,350	\$ 1,625,442	9.34%	39,688	38
2011	-	-	-	372,446	372,446	1,587,459	2.35%	39,688	9
2012	-	-	-	264,000	264,000	1,555,030	1.70%	39,688	7
2013	-	3,500,000	-	225,000	3,725,000	1,527,453	24.39%	39,688	94
2014	-	3,290,000	-	184,000	3,474,000	1,552,210	22.38%	39,688	88
2015	-	3,080,000	-	-	3,080,000	1,608,665	19.15%	39,688	78
2016	-	2,865,000	-	-	2,865,000	1,640,027	17.47%	39,688	72
2017	-	2,650,000	-	-	2,650,000	1,688,081	15.70%	39,688	67
2018	-	2,430,000	-	-	2,430,000	1,760,492	13.80%	39,688	61
2019	11,100,000	2,210,000	-	-	13,310,000	1,819,244	73.16%	39,688	335

Charter Township of Meridian
Direct and Overlapping Governmental Activities Debt
December 31, 2019

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Ingham County	\$38,692,905	22.54%	\$ 8,721,381
East Lansing School District	85,048,377	14.69%	12,493,607
Okemos School District	32,665,525	88.31%	28,846,925
Williamston School District	45,353,247	7.85%	3,560,230
Haslett School District	68,432,299	67.49%	46,184,959
Ingham Intermediate School District	1,169,000	19.03%	222,461
Lansing Community College	102,475,000	15.39%	15,770,903
Total overlapping debt			<u>115,800,466</u>
Direct Township debt			<u>15,121,360</u>
Total direct and overlapping debt			<u><u>\$ 130,921,826</u></u>

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

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

Fiscal Year	Water and Sewer Revenue Bonds						Special Assessment Bonds				
	Gross Revenue	Applicable Expenses	Net Revenue	Debt Service			Special Assessment Collections	Debt Service			
				Principal	Interest	Coverage		Principal	Interest	Coverage	
2010	-	-	-	-	-	-	-	-	-	-	
2011	-	-	-	-	-	-	-	-	-	-	
2012	-	-	-	-	-	-	-	-	-	-	
2013	-	-	-	-	-	-	-	-	-	-	
2014	-	-	-	-	-	-	-	-	-	-	
2015	-	-	-	-	-	-	-	-	-	-	
2016	-	-	-	-	-	-	-	-	-	-	
2017	-	-	-	-	-	-	-	-	-	-	
2018	-	-	-	-	-	-	-	-	-	-	
2019	-	-	-	-	-	-	-	-	-	-	

Charter Township of Meridian
Legal Debt Margin
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Calculation of Debt Limit										
State equalized valuation	\$ 1,710,102,110	\$ 1,655,181,000	\$ 1,599,398,400	\$ 1,562,458,500	\$ 1,604,386,223	\$ 1,723,946,700	\$ 1,821,053,200	\$ 1,892,356,824	\$ 1,971,995,800	\$ 2,070,653,588
10% of taxable value	171,010,211	165,518,100	159,939,840	156,245,850	160,438,622	172,394,670	182,105,320	189,235,682	197,199,580	207,065,359
Calculation of debt subject to limit										
Total debt	6,625,676	5,014,421	4,770,392	8,273,557	7,637,481	8,330,658	11,298,335	11,196,846	16,130,928	33,303,774
Less debt not subject to limit:										
Special assessment bonds	3,345,300	3,122,280	3,122,280	3,308,821	3,043,384	2,777,947	2,624,463	2,353,428	2,082,395	1,811,360
Contractual adjustment	1,518,350	372,446	264,000	225,000	241,400	8,200	-	-	-	-
Employee compensated absences	963,426	839,895	828,062	812,386	770,647	699,617	784,200	823,252	846,714	849,305
Total	5,827,076	4,334,621	4,214,342	4,346,207	4,055,431	3,485,764	3,408,663	3,176,680	2,929,109	2,660,665
Net debt subject to limit	\$ 798,600	\$ 679,800	\$ 556,050	\$ 3,927,350	\$ 3,582,050	\$ 4,844,894	\$ 7,889,672	\$ 8,020,166	\$ 13,201,819	\$ 30,643,109
Legal debt margin	\$ 170,211,611	\$ 164,838,300	\$ 159,383,790	\$ 152,318,500	\$ 156,856,572	\$ 167,549,776	\$ 174,215,648	\$ 181,215,516	\$ 183,997,761	\$ 176,422,250
Net debt subject to limit as a percentage debt limit	0.47%	0.41%	0.35%	2.51%	2.23%	2.81%	4.33%	4.24%	6.69%	14.80%

Charter Township of Meridian Demographic and Economic Statistics

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Township's Unemployment Rate
1970	23,827	\$ 103,933	\$ 4,362	5.70%
1980	28,735	308,815	10,747	6.20%
1990	35,644	594,506	16,679	3.10%
2000	39,125	1,259,434	32,190	1.80%
2010	39,688	1,483,180	37,371	6.00%

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

**Charter Township of Meridian
Principal Employers**

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

N/A = Information is not available
 2018 switched source to LEAP
 Source: LEAP Largest Employers Lansing Michigan
 2019 information not yet available

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	39	39	38	39	37	37	39	32	33	33
Public safety:										
Police	49	45	45	45	45	45	45	45	46	46
Fire and EMS	40	36	35	35	34	34	34	35	36	36
Community planning and development	11	11	11	11	11	12	12	16	17	18
Public works	22	23	23	22	22	21	21	20	21	22
Parks and recreation	10	9	9	9	10	10	11	15	15	13
Total	171	162	160	160	159	158	161	163	168	168

Source: Charter Township of Meridian records

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Election data:										
Registered voters	27,758	29,128	29,664	28,947	29,099	29,070	31,257	30,263	30,954	31,106
Voters (at polls or absentee)	16,076	3,701	21,640	5,816	16,513	8,791	22,934	5,625	21,344	7,116
Percent voting	57.9%	12.7%	73.0%	20.1%	56.7%	30.2%	73.4%	18.6%	69.0%	22.9%
Police:										
Physical arrests	932	978	975	864	855	765	700	559	577	563
Traffic violations	4,622	3,666	3,789	2,883	2,618	2,366	2,272	1,752	1,922	2,096
Investigations	490	430	305	256	208	234	366	398	263	222
Fire:										
Fire runs	612	532	600	737	714	623	925	1,181	991	1,217
Emergency medical runs	3,490	3,711	3,842	3,619	3,683	3,884	4,028	3,988	4,226	4,220
Inspections	233	125	348	312	275	205	158	173	285	412
Water										
Number of customers billed	13,000	13,000	13,000	13,000	13,000	13,000	12,310	12,300	12,250	12,300
Total gallons purchased (000s)	1,276,306	1,374,163	1,405,345	1,435,717	1,376,308	1,135,397	1,212,208	1,304,855	1,306,647	1,287,860
Average consumption per year	98	106	108	110	106	87	98	106	107	105
Sewer - Average daily sewage treatment	4,018,086	3,924,000	3,863,859	3,764,964	4,290,875	4,264,226	4,233,669	4,742,521	4,617,594	4,715,567

Source: Charter Township of Meridian records

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (number of officers and sergeants)	39	36	35	36	36	37	35	34	34	38
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	5	5	5
Pedestrian/Bicycle pathways (miles)	72.62	72.79	73.30	73.55	73.63	74.50	74.50	76.00	76.00	76.00
Parks and recreation:										
Acreage	904	904	904	904	904	911	911	911	911	911
Mowing acres	208	213	213	213	215	219	215	215	215	215
Developed parks/playgrounds	17	17	17	17	17	22	22	22	23	23
Developed fields (soccer, baseball, etc.)	10	10	10	10	13	14	14	14	15	15
Water										
Mains (miles)	164.00	165.00	165.61	166.18	167.74	168.08	168.08	171.66	225.66	226.00
Fire hydrants	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	2,279	2,284
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	143.00	143.00	146.18	146.34	147.18	147.18	147.35	148.87	192.54	192.54
Township vehicles/equipment	136	136	132	136	136	136	136	136	136	138

Source: Charter Township of Meridian records

Note: In 2018 an asset management study was done resulting in significant increases in fire hydrants, water main miles and sanitary sewer miles.