
Charter Township of Plymouth

Wayne County, Michigan

Financial Report
with Supplemental Information
December 31, 2017

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Plymouth

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Plymouth (the "Township") as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Charter Township of Plymouth'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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Plymouth as of December 31, 2017 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Charter Township of Plymouth

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedule, the pension schedules of net pension liability and contributions, and the OPEB schedule of funding progress, 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, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of Plymouth's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Plante & Moran, PLLC

June 15, 2018

As management of the Charter Township of Plymouth (the "Township"), we offer readers this narrative overview and analysis of the financial activities for the year ended December 31, 2017.

Financial Highlights

- At the end of the 2017 fiscal year, the assets of the Township exceeded its liabilities by nearly \$55 million. When viewed separately, the governmental activities had liabilities in excess of assets by \$2.5 million, and the business-type activities had assets in excess of liabilities of \$57.3 million.
- The Township upgraded its financial rating with Standard & Poor's rating service to AA+.
- General Fund revenue exceeded expenditures by approximately \$144,000, increasing fund balance to \$4.1 million.
- The Water and Sewer Fund's experienced a \$2.6 million increase in net position. The increase is due to various factors, including water and sewer benefit fee receipts, increased water rates, and the reduction in the cost of sewage treatment.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position (deficit) and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows by nearly \$55 million at the close of the most recent fiscal year.

The analysis below presents separate tables for the governmental activities and the business-type activities. The governmental activities include most of the Township's basic services, such as fire/paramedic service, police/dispatch service, parks, building, community development, and general administration. Most of the funding is provided by property taxes, state-shared revenue, charges for service, and agreements.

The business-type activities consist of the Water and Sewer Fund, Solid Waste Disposal Fund, Golf Fund, Special Assessments Fund, and the Senior Transportation Fund.

- The Township provides water to residents from the Great Lakes Water Authority water system. We provide sewage treatment through the Western Townships Utilities Authority, which collects sewage, equalizes it, and sends it to both the Great Lakes Water Authority sewage treatment plant and the Ypsilanti Community Utilities Authority sewage treatment plant.
- The Solid Waste Disposal Fund was created to account for revenue and expenses for trash collection and recycling programs requiring separate accounting and financing.
- The Golf Fund was created to account for revenue and expenses for golf course operations. The course is operated by a management company, Billy Casper Golf, which is responsible for day-to-day operations.
- The Special Assessment Fund was created to account for revenue and expenses for certain special assessments (road paving and sidewalk repairs) requiring separate accounting and financing.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

- The Senior Transportation Fund provides for senior transportation within the Plymouth community.

Township's Net Position

	Governmental Activities				
	2015	2016	2017	Change	Percent Change
Assets					
Current and other assets:					
Cash and investments	\$ 7,096,048	\$ 6,807,206	\$ 6,245,427	\$ (561,779)	(0.1)%
Receivables	9,674,859	9,871,708	7,996,047	(1,875,661)	(0.2)
Other assets	103,604	129,184	125,545	(3,639)	-
Capital assets	18,423,129	17,871,806	17,496,784	(375,022)	-
Total assets	35,297,640	34,679,904	31,863,803	(2,816,101)	(0.1)
Deferred Outflows of Resources	958,717	3,518,876	2,409,424	(1,109,452)	(0.3)
Liabilities					
Current liabilities	4,714,708	5,091,944	2,592,248	(2,499,696)	(0.5)
Noncurrent liabilities:					
Due within one year	1,129,629	1,188,062	1,156,823	(31,239)	-
Due in more than one year	23,083,162	26,552,320	25,921,964	(630,356)	-
Total liabilities	28,927,499	32,832,326	29,671,035	(3,161,291)	(0.1)
Deferred Inflows of Resources	6,990,871	6,838,398	7,049,375	210,977	-
Net Position					
Net investment in capital assets	11,691,430	11,614,532	12,003,218	388,686	-
Restricted	1,247	442,494	942,856	500,362	1.1
Unrestricted	(11,354,690)	(13,528,970)	(15,393,257)	(1,864,287)	0.1
Total net position	<u>\$ 337,987</u>	<u>\$ (1,471,944)</u>	<u>\$ (2,447,183)</u>	<u>\$ (975,239)</u>	<u>0.7 %</u>

	Business-type Activities				
	2015	2016	2017	Change	Percent Change
Assets					
Current and other assets:					
Cash and investments	\$ 4,352,349	\$ 5,319,988	\$ 7,228,115	\$ 1,908,127	0.4 %
Receivables	4,520,597	4,958,627	3,925,896	(1,032,731)	(0.2)
Other assets	17,479,667	19,106,637	21,147,234	2,040,597	0.1
Capital assets	32,445,155	31,719,103	30,549,610	(1,169,493)	-
Total assets	58,797,768	61,104,355	62,850,855	1,746,500	-
Liabilities					
Current liabilities	1,620,036	1,960,331	2,342,387	382,056	0.2
Noncurrent liabilities:					
Due within one year	340,566	334,046	344,525	10,479	-
Due in more than one year	3,386,785	3,207,228	2,894,661	(312,567)	(0.1)
Total liabilities	5,347,387	5,501,605	5,581,573	79,968	-
Net Position					
Net investment in capital assets	30,023,197	29,174,004	28,361,658	(812,346)	-
Unrestricted	23,427,184	26,428,746	28,907,624	2,478,878	0.1
Total net position	<u>\$ 53,450,381</u>	<u>\$ 55,602,750</u>	<u>\$ 57,269,282</u>	<u>\$ 1,666,532</u>	<u>- %</u>

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

The unrestricted net position of the Township's governmental activities decreased during the current year primarily as a result of unfunded pension and other postemployment benefit liabilities.

The net position of the Township's business-type activities totals \$57.3 million. This is an increase over 2016 of \$1.7 million. The increase is attributable primarily to water and sewer operations.

Township's Changes in Net Position

	Governmental Activities				
	2015	2016	2017	Change	Percent Change
Revenue					
Program revenue:					
Charges for services	\$ 2,372,297	\$ 2,522,471	\$ 2,213,312	\$ (309,159)	(0.1)%
Operating grants	794,170	731,670	172,396	(559,274)	(0.8)
Capital grants	-	-	750,099	750,099	-
General revenue:					
Taxes	6,884,439	6,990,871	6,925,641	(65,230)	-
State-shared revenue and grants	2,141,271	2,216,473	3,342,787	1,126,314	0.5
Investment earnings	31,018	56,438	117,685	61,247	1.1
Other revenue	730,339	797,449	823,287	25,838	-
Total revenue	12,953,534	13,315,372	14,345,207	1,029,835	0.1
Expenses					
General government	2,132,399	2,563,962	2,231,726	(332,236)	(0.1)
Public safety	10,138,319	10,949,918	10,995,516	45,598	-
Public works	143,867	53,287	859,877	806,590	15.1
Community services	43,727	91,252	15,583	(75,669)	(0.8)
Planning and zoning	202,696	208,776	238,037	29,261	0.1
Recreation and culture	628,839	1,092,347	848,644	(243,703)	(0.2)
Debt service	193,192	165,761	131,063	(34,698)	(0.2)
Total expenses	13,483,039	15,125,303	15,320,446	195,143	-
Change in Net Position	\$ (529,505)	\$ (1,809,931)	\$ (975,239)	\$ 834,692	(0.5)%

	Business-type Activities				
	2015	2016	2017	Change	Percent Change
Revenue					
Program revenue:					
Charges for services	\$ 15,194,917	\$ 18,045,764	\$ 16,462,203	\$ (1,583,561)	(0.1)%
Operating grants	-	-	1,177,711	1,177,711	-
Capital contributions	1,363,268	1,661,699	745,141	(916,558)	(0.6)
General revenue:					
Investment earnings	194,007	145,923	136,738	(9,185)	(0.1)
Other revenue	-	-	9,590	9,590	-
Total revenue	16,752,192	19,853,386	18,531,383	(1,322,003)	(0.1)
Expenses					
Water and sewer	12,862,752	13,314,528	13,800,740	486,212	-
Solid waste disposal	1,413,467	1,487,884	1,497,626	9,742	-
Golf course	760,916	773,066	784,495	11,429	-
Special assessments	101,269	1,996,194	628,162	(1,368,032)	(0.7)
Senior transportation	15,239	129,345	153,828	24,483	0.2
Total expenses	15,153,643	17,701,017	16,864,851	(836,166)	-
Change in Net Position	\$ 1,598,549	\$ 2,152,369	\$ 1,666,532	\$ (485,837)	(0.2)%

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

The Township's total governmental activity revenue was \$14.3 million, which is an increase from 2016 of \$1,029,835. This was caused by various factors, including state-shared revenue, grants, and \$126,000 from the City of Plymouth, Michigan for healthcare costs incurred for retired firefighters who were part of the joint fire department.

General government expenses increased by approximately \$195,000 primarily due to unreimbursed crack sealing expenditures.

In 2017, business-type activities revenue totaled \$18.5 million, a decrease from 2016 of over \$1.3 million. The decrease is primarily due to reduction in grants and related revenue in 2017.

Expenses for business-type activities totaled \$16.9 million, a decrease from 2016 of approximately \$836,000 primarily due to a reduction in sewage costs.

General Fund

The General Fund experienced a 4 percent increase in revenue primarily due to increases in State Revenue Sharing, a municipal risk insurance refund, reimbursement from the City of Plymouth, Michigan for retired firefighters' healthcare and grants from FEMA and Wayne County, Michigan. Expenditures also increased by 4 percent. General government expenditures increased due to a crack sealing program for roads, contractual help in the clerk and treasurer departments, and equipment purchases. Public safety expenditures increased due to the hiring of three firefighters, purchase of equipment, and unanticipated repairs and maintenance. The result was an increase of approximately \$144,000 to fund balance.

Water and Sewer Fund

The Water and Sewer Fund experienced a \$2.6 million increase in net position. The increase is due to various factors, including water and sewer benefit fee receipts, increased water rates, and the reduction in the cost of sewage treatment.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. The most significant budget changes during the year were in general government. Township departments overall were above the final amended budget by approximately \$602,000, resulting in total expenditures of \$14.1 million. This was an increase of \$567,000 compared to 2016. The most significant increases were in general government and public safety due to various factors, such as firefighter personnel costs, purchase of fire equipment, the crack sealing program, and contractual services.

Capital Assets and Debt Administration

As of year end, the Township had \$48.0 million invested in a variety of capital assets, including buildings, fire and police equipment, and water and sewer lines. This represents a decrease from 2016 as a result of depreciation expense. Roads within the Township are accounted for and maintained by the County of Wayne, Michigan (therefore, are not included in the capital assets totaling \$48.0 million). A summary of capital assets is presented in Note 5 to the financial statements.

At the end of the current fiscal year, the Charter Township of Plymouth had total bonded debt outstanding of approximately \$7.7 million. This is a decrease of \$1.1 million compared to 2016. A summary of long-term debt is presented in Note 7 to the financial statements.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The State of Michigan relies on various taxes and fees to provide governmental activities to its citizens. Local governments rely primarily on property taxes and state-shared revenue to provide governmental activities to their citizens. For business-type activities (including water and sewer, solid waste disposal, and special assessments) and certain governmental activities (including permitting and development), the user pays a related fee or charge associated with the service. During 2017, the Township continued seeing positive change. Home sale prices continued to rise, state-shared revenue continued to increase, building permits continued to increase, and unemployment in the Charter Township of Plymouth remains low. Even with the economic outlook improving, the township board continues to look for improvements in services while reducing legacy costs that the Township will be able to sustain into the future.

Requests for Further Information

This financial report is intended to provide a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, please contact the office of the Township Clerk at 9955 N. Haggerty Road, Plymouth, MI 48170. This report, township budgets, and other financial information are available on the Township's website at www.plymouthtp.org.

Charter Township of Plymouth

Statement of Net Position (Deficit)

December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 6,245,427	\$ 7,228,115	\$ 13,473,542	\$ 2,280,633
Receivables:				
Property taxes receivable	2,939,220	79,401	3,018,621	181,092
Special assessments receivable	-	1,726,663	1,726,663	-
Receivables from sales to customers on account	-	3,242,330	3,242,330	-
Other receivables	13,914	83,863	97,777	1,250
Due from other governments	2,910,205	922,433	3,832,638	-
Due from component units (Note 6)	3,914	-	3,914	-
Due from primary government (Note 6)	-	-	-	8,874
Internal balances	2,128,794	(2,128,794)	-	-
Inventory	-	34,926	34,926	-
Prepaid expenses	125,545	241,259	366,804	-
Investment in WTUA (Note 1)	-	20,871,049	20,871,049	-
Capital assets: (Note 5)				
Assets not subject to depreciation	3,739,001	1,639,999	5,379,000	-
Assets subject to depreciation - Net	13,757,783	28,909,611	42,667,394	-
Total assets	31,863,803	62,850,855	94,714,658	2,471,849
Deferred Outflows of Resources (Note 9)	2,409,424	-	2,409,424	-
Liabilities				
Accounts payable	643,588	2,271,058	2,914,646	25,125
Due to other governmental units	622,754	267	623,021	-
Due to component units (Note 6)	8,874	-	8,874	-
Due to primary government (Note 6)	-	-	-	3,914
Accrued liabilities and other	400,914	71,062	471,976	-
Unearned revenue	916,118	-	916,118	-
Noncurrent liabilities:				
Due within one year (Note 7)	1,156,823	344,525	1,501,348	-
Due in more than one year:				
Compensated absences (Note 7)	629,937	96,502	726,439	-
Net pension liability (Note 9)	9,497,661	-	9,497,661	-
Net OPEB obligation (Note 10)	10,919,303	883,888	11,803,191	-
Long-term debt (Note 7)	4,875,063	1,914,271	6,789,334	-
Total liabilities	29,671,035	5,581,573	35,252,608	29,039
Deferred Inflows of Resources - Property taxes levied for next year (Note 4)	7,049,375	-	7,049,375	180,142
Net Position (Deficit)				
Net investment in capital assets	12,003,218	28,361,658	40,364,876	-
Restricted (Note 12)	942,856	-	942,856	-
Unrestricted	(15,393,257)	28,907,624	13,514,367	2,262,668
Total net position (deficit)	<u>\$ (2,447,183)</u>	<u>\$ 57,269,282</u>	<u>\$ 54,822,099</u>	<u>\$ 2,262,668</u>

Charter Township of Plymouth

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,231,726	\$ 273,100	\$ -	\$ 4,019
Public safety:				
Police	4,689,589	51,895	-	332,740
Fire	3,892,546	74,834	125,721	-
Dispatch	1,878,188	552,356	-	-
Building inspections	535,193	1,110,905	-	-
Public works	859,877	-	-	71,158
Community services	15,583	-	46,675	342,182
Planning and zoning	238,037	150,222	-	-
Recreation and culture	848,644	-	-	-
Interest on long-term debt	131,063	-	-	-
Total governmental activities	15,320,446	2,213,312	172,396	750,099
Business-type activities:				
Water and Sewer	13,800,740	14,363,581	1,177,711	745,141
Solid Waste Disposal	1,497,626	1,406,402	-	-
Golf Course	784,495	538,848	-	-
Special Assessments	628,162	8,643	-	-
Senior Transportation	153,828	144,729	-	-
Total business-type activities	16,864,851	16,462,203	1,177,711	745,141
Total primary government	\$ 32,185,297	\$ 18,675,515	\$ 1,350,107	\$ 1,495,240
Component units:				
Downtown Development Authority	\$ 112,243	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	23,312	-	-	-
Total component units	\$ 135,555	\$ -	\$ -	\$ -

General revenue:
 Property taxes
 State-shared revenue
 Interest and rents
 Cable franchise fees
 Gain on sale of capital assets
 Other miscellaneous income

Total general revenue

Change in Net Position
Net Position - Beginning of year
Net Position - End of year

Statement of Activities

Year Ended December 31, 2017

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,954,607)	\$ -	\$ (1,954,607)	\$ -
(4,304,954)	-	(4,304,954)	-
(3,691,991)	-	(3,691,991)	-
(1,325,832)	-	(1,325,832)	-
575,712	-	575,712	-
(788,719)	-	(788,719)	-
373,274	-	373,274	-
(87,815)	-	(87,815)	-
(848,644)	-	(848,644)	-
(131,063)	-	(131,063)	-
(12,184,639)	-	(12,184,639)	-
-	2,485,693	2,485,693	-
-	(91,224)	(91,224)	-
-	(245,647)	(245,647)	-
-	(619,519)	(619,519)	-
-	(9,099)	(9,099)	-
-	1,520,204	1,520,204	-
(12,184,639)	1,520,204	(10,664,435)	-
-	-	-	(112,243)
-	-	-	(23,312)
-	-	-	(135,555)
6,925,641	-	6,925,641	443,330
3,342,787	-	3,342,787	92,403
117,685	136,738	254,423	4,124
757,495	-	757,495	-
39,145	9,590	48,735	-
26,647	-	26,647	-
11,209,400	146,328	11,355,728	539,857
(975,239)	1,666,532	691,293	404,302
(1,471,944)	55,602,750	54,130,806	1,858,366
\$ (2,447,183)	\$ 57,269,282	\$ 54,822,099	\$ 2,262,668

Charter Township of Plymouth

Governmental Funds Balance Sheet

December 31, 2017

	General Fund	Improvement Revolving Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 3)	\$ 5,784,237	\$ 8	\$ 461,182	\$ 6,245,427
Receivables:				
Property taxes receivable	2,939,220	-	-	2,939,220
Other receivables	-	13,914	-	13,914
Due from other governments	2,910,205	-	-	2,910,205
Due from component units (Note 6)	3,914	-	-	3,914
Due from other funds (Note 6)	1,408,798	148,954	2,134	1,559,886
Advances to other funds (Note 6)	752,012	-	-	752,012
Prepaid expenses	125,545	-	-	125,545
	\$ 13,923,931	\$ 162,876	\$ 463,316	\$ 14,550,123
Total assets				
Liabilities				
Accounts payable	\$ 636,715	\$ -	\$ 6,873	\$ 643,588
Due to other governmental units	612,465	10,289	-	622,754
Due to component units (Note 6)	8,874	-	-	8,874
Due to other funds (Note 6)	137,788	31,467	13,849	183,104
Accrued liabilities and other	370,181	-	-	370,181
Unearned revenue	916,118	-	-	916,118
	2,682,141	41,756	20,722	2,744,619
Total liabilities				
Deferred Inflows of Resources (Note 4)	7,186,867	-	-	7,186,867
Fund Balances				
Nonspendable:				
Prepays	125,545	-	-	125,545
Long-term advances	752,012	-	-	752,012
Restricted (Note 12)	500,262	-	442,594	942,856
Assigned - Capital improvements	-	121,120	-	121,120
Unassigned	2,677,104	-	-	2,677,104
	4,054,923	121,120	442,594	4,618,637
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,923,931	\$ 162,876	\$ 463,316	\$ 14,550,123

Charter Township of Plymouth

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position (Deficit)

December 31, 2017

Fund Balances Reported in Governmental Funds	\$ 4,618,637
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	17,496,784
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	137,492
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(5,493,566)
Accrued interest is not due and payable in the current period and is not reported in the funds	(193)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,168,257)
Pension benefits	(7,088,237)
Retiree healthcare benefits	(10,919,303)
Accrued longevity pay for employees is not reported as a fund liability until it is due and payable	(5,540)
Accrued insurance claims are not reported as a fund liability until the payment is due and payable	(25,000)
Net Position of Governmental Activities	<u>\$ (2,447,183)</u>

Charter Township of Plymouth

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2017

	General Fund	Improvement Revolving Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 6,925,641	\$ -	\$ -	\$ 6,925,641
State-shared revenue and grants:				
Federal grants	516,969	-	294,789	811,758
State-shared revenue and grants	3,342,787	71,158	37,951	3,451,896
Charges for services:				
Intragovernmental service charge	723,053	-	-	723,053
City of Plymouth, Michigan	398,843	-	-	398,843
Fines and forfeitures	113,452	-	-	113,452
Licenses and permits	1,257,727	-	-	1,257,727
Interest and rentals	114,714	510	2,461	117,685
Other revenue:				
Cable franchise fees	762,495	-	-	762,495
Other miscellaneous income	526,845	-	-	526,845
Other charges for services	65,148	-	-	65,148
Total revenue	14,747,674	71,668	335,201	15,154,543
Expenditures				
Current services:				
General government	3,765,714	-	-	3,765,714
Public safety	9,143,330	-	-	9,143,330
Public works	519,421	-	-	519,421
Community services	132,843	-	-	132,843
Planning and zoning	207,326	-	-	207,326
Recreation and culture	344,869	-	-	344,869
Capital outlay	-	200	187,148	187,348
Debt service	-	919,770	-	919,770
Total expenditures	14,113,503	919,970	187,148	15,220,621
Excess of Revenue Over (Under) Expenditures	634,171	(848,302)	148,053	(66,078)
Other Financing Sources (Uses)				
Transfers in (Note 6)	-	526,586	-	526,586
Transfers out (Note 6)	(526,586)	-	-	(526,586)
Issuance of refunding bonds	-	956,324	-	956,324
Payment to bond refunding escrow agent	-	(931,371)	-	(931,371)
Sale of capital assets	36,576	-	23,055	59,631
Total other financing (uses) sources	(490,010)	551,539	23,055	84,584
Net Change in Fund Balances	144,161	(296,763)	171,108	18,506
Fund Balances - Beginning of year	3,910,762	417,883	271,486	4,600,131
Fund Balances - End of year	\$ 4,054,923	\$ 121,120	\$ 442,594	\$ 4,618,637

Charter Township of Plymouth

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended December 31, 2017

Net Change in Fund Balances Reported in Governmental Funds	\$ 18,506
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(991,088)
Capital asset additions	643,852
Net book value of assets disposed of	(27,786)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(170,914)
Issuing debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(24,953)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	788,661
Interest expense is recognized in the government-wide statements as it accrues	48
Some employee costs (pension, OPEB, compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>(1,211,565)</u>
Change in Net Position of Governmental Activities	<u>\$ (975,239)</u>

Charter Township of Plymouth

Proprietary Funds Statement of Net Position

December 31, 2017

	Enterprise Funds					Total
	Water and Sewer	Solid Waste Disposal	Special Assessments	Nonmajor Enterprise - Golf Fund	Nonmajor Enterprise - Senior Transportation	
Assets						
Current assets:						
Cash and cash equivalents	\$ 7,124,951	\$ -	\$ 86,734	\$ 14,380	\$ 2,050	\$ 7,228,115
Receivables:						
Property taxes receivable	79,401	-	-	-	-	79,401
Special assessments receivable	-	-	320,560	-	-	320,560
- Due within one year	-	-	-	-	-	-
Receivables from sales to customers on account	3,020,267	222,063	-	-	-	3,242,330
Other receivables	62,372	-	-	-	21,491	83,863
Due from other governments	720,432	-	185,171	-	16,830	922,433
Due from other funds (Note 6)	49,870	1,316,828	-	-	-	1,366,698
Inventory	-	-	-	34,926	-	34,926
Prepaid expenses	220,890	2,862	-	17,389	118	241,259
Total current assets	11,278,183	1,541,753	592,465	66,695	40,489	13,519,585
Noncurrent assets:						
Advances to other funds (Note 6)	1,686,322	-	-	-	-	1,686,322
Special assessment receivables - Greater than one year	-	-	1,406,103	-	-	1,406,103
Investment in WTUA	20,871,049	-	-	-	-	20,871,049
Capital assets: (Note 5)						
Assets not subject to depreciation	912,923	-	-	727,076	-	1,639,999
Assets subject to depreciation - Net	28,647,111	1,995	-	227,715	32,790	28,909,611
Total noncurrent assets	52,117,405	1,995	1,406,103	954,791	32,790	54,513,084
Total assets	63,395,588	1,543,748	1,998,568	1,021,486	73,279	68,032,669
Liabilities						
Current liabilities:						
Accounts payable	1,888,276	235,215	139,419	5,400	2,748	2,271,058
Due to other governmental units	267	-	-	-	-	267
Due to other funds (Note 6)	1,557,575	1,129,376	-	38,033	18,496	2,743,480
Accrued liabilities and other	46,374	2,369	-	15,207	7,112	71,062
Compensated absences (Note 7)	69,584	1,260	-	-	-	70,844
Current portion of long-term debt (Note 7)	203,704	-	-	69,977	-	273,681
Total current liabilities	3,765,780	1,368,220	139,419	128,617	28,356	5,430,392
Noncurrent liabilities:						
Advances from other funds (Note 6)	-	-	1,758,334	680,000	-	2,438,334
Compensated absences (Note 7)	94,445	2,057	-	-	-	96,502
Net OPEB obligation (Note 10)	812,363	71,525	-	-	-	883,888
Long-term debt (Note 7)	1,721,801	-	-	192,470	-	1,914,271
Total noncurrent liabilities	2,628,609	73,582	1,758,334	872,470	-	5,332,995
Total liabilities	6,394,389	1,441,802	1,897,753	1,001,087	28,356	10,763,387
Net Position						
Net investment in capital assets	27,634,529	1,995	-	692,344	32,790	28,361,658
Unrestricted	29,366,670	99,951	100,815	(671,945)	12,133	28,907,624
Total net position	\$ 57,001,199	\$ 101,946	\$ 100,815	\$ 20,399	\$ 44,923	\$ 57,269,282

See notes to financial statements.

Charter Township of Plymouth

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2017

	Enterprise Funds					Total
	Water and Sewer	Solid Waste Disposal	Special Assessments	Nonmajor Enterprise - Golf Fund	Nonmajor Enterprise - Senior Transportation	
Operating Revenue						
Sale of water	\$ 5,131,672	\$ -	\$ -	\$ -	\$ -	\$ 5,131,672
Sewage disposal charges	7,364,818	-	-	-	-	7,364,818
Meter charges	1,433,714	-	-	-	-	1,433,714
Solid waste charges	-	1,375,230	-	-	-	1,375,230
Special assessment charges	-	-	8,643	-	-	8,643
Installation fees	7,737	-	-	-	-	7,737
Golf course fees and sales	-	-	-	538,848	-	538,848
Other miscellaneous revenue	425,640	-	-	-	144,729	570,369
Charges to other funds	-	31,172	-	-	-	31,172
Total operating revenue	14,363,581	1,406,402	8,643	538,848	144,729	16,462,203
Operating Expenses						
Cost of water	4,255,868	-	-	-	-	4,255,868
Cost of sewage treatment	3,160,803	-	-	-	-	3,160,803
Solid waste disposal	-	1,384,684	-	-	-	1,384,684
Salaries and fringe benefits	1,384,215	85,597	-	146,762	119,997	1,736,571
Intergovernmental service charge	723,053	-	-	-	-	723,053
Miscellaneous	4,092	2,086	-	291,416	22,979	320,573
Change in investment in WTUA	1,304,617	-	-	-	-	1,304,617
Special assessment project costs	-	-	484,588	-	-	484,588
Repair and maintenance	311,346	-	-	131,907	-	443,253
Professional service and administrative expense	59,376	23,993	-	87,569	-	170,938
Depreciation	1,359,408	1,266	-	96,184	10,852	1,467,710
Total operating expenses	12,562,778	1,497,626	484,588	753,838	153,828	15,452,658
Operating Income (Loss)	1,800,803	(91,224)	(475,945)	(214,990)	(9,099)	1,009,545
Nonoperating Revenue (Expense)						
Investment income	80,970	-	55,050	712	6	136,738
Interest expense	(45,373)	-	(143,574)	(30,657)	-	(219,604)
Other nonoperating expenses	(1,192,589)	-	-	-	-	(1,192,589)
Gain on sale of assets	9,590	-	-	-	-	9,590
Operating grants	1,177,711	-	-	-	-	1,177,711
Total nonoperating (expense) revenue	30,309	-	(88,524)	(29,945)	6	(88,154)
Income (Loss) - Before capital contributions	1,831,112	(91,224)	(564,469)	(244,935)	(9,093)	921,391
Capital Contributions - Benefit fees	745,141	-	-	-	-	745,141
Change in Net Position	2,576,253	(91,224)	(564,469)	(244,935)	(9,093)	1,666,532
Net Position - Beginning of year	54,424,946	193,170	665,284	265,334	54,016	55,602,750
Net Position - End of year	<u>\$ 57,001,199</u>	<u>\$ 101,946</u>	<u>\$ 100,815</u>	<u>\$ 20,399</u>	<u>\$ 44,923</u>	<u>\$ 57,269,282</u>

Charter Township of Plymouth

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2017

	Enterprise Funds					Total
	Water and Sewer	Solid Waste Disposal	Special Assessments	Nonmajor Enterprise - Golf Fund	Nonmajor Enterprise - Senior Transportation	
Cash Flows from Operating Activities						
Receipts from customers	\$ 14,101,813	\$ 1,403,567	\$ 1,746,514	\$ 538,848	\$ 144,729	\$ 17,935,471
Internal activity - Receipts (payments) from other funds	1,554,373	(43,962)	-	(379,554)	(51,628)	1,079,229
Payments to suppliers	(9,938,863)	(1,280,196)	(705,407)	(517,876)	(26,816)	(12,469,158)
Payments to employees and fringes	(1,206,267)	(79,409)	-	(19,492)	(118,555)	(1,423,723)
Claims paid	(250,410)	-	-	(139,006)	(1,096)	(390,512)
Distribution to joint venture	(1,304,617)	-	-	-	-	(1,304,617)
Other (payments) receipts	(689,583)	-	-	8,771	49,980	(630,832)
Net cash and cash equivalents provided by (used in) operating activities	2,266,446	-	1,041,107	(508,309)	(3,386)	2,795,858
Cash Flows from Noncapital Financing Activities						
Operating grants	1,177,711	-	-	-	-	1,177,711
Loans received from other funds	-	-	-	140,000	-	140,000
Loans made to other funds	(73,162)	-	(1,349,914)	-	-	(1,423,076)
Operating grant expense	(1,192,589)	-	-	-	-	(1,192,589)
Net cash and cash equivalents (used in) provided by noncapital financing activities	(88,040)	-	(1,349,914)	140,000	-	(1,297,954)
Cash Flows from Capital and Related Financing Activities						
Special assessment collections	-	-	250,568	-	-	250,568
Benefit fees	578,621	-	-	-	-	578,621
Proceeds from sale of capital assets	9,590	-	-	-	-	9,590
Purchase of capital assets	(127,745)	-	-	(2,213)	(1,739)	(131,697)
Principal and interest paid on capital debt	(266,964)	-	-	(166,633)	-	(433,597)
Net cash and cash equivalents (used in) provided by capital and related financing activities	193,502	-	250,568	(168,846)	(1,739)	273,485
Cash Flows Provided by Investing Activities - Interest received on investments	80,970	-	55,050	712	6	136,738
Net Increase (Decrease) in Cash and Cash Equivalents	2,452,878	-	(3,189)	(536,443)	(5,119)	1,908,127
Cash and Cash Equivalents - Beginning of year	4,672,073	-	89,923	550,823	7,169	5,319,988
Cash and Cash Equivalents - End of year	<u>\$ 7,124,951</u>	<u>\$ -</u>	<u>\$ 86,734</u>	<u>\$ 14,380</u>	<u>\$ 2,050</u>	<u>\$ 7,228,115</u>

Charter Township of Plymouth

Proprietary Funds Statement of Cash Flows (Continued)

Year Ended December 31, 2017

	Enterprise Funds					Total
	Water and Sewer	Solid Waste Disposal	Special Assessments	Nonmajor Enterprise - Golf Fund	Nonmajor Enterprise - Senior Transportation	
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating income (loss)	\$ 1,800,803	\$ (91,224)	\$ (475,945)	\$ (214,990)	\$ (9,099)	\$ 1,009,545
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	1,359,408	1,266	-	96,184	10,852	1,467,710
Changes in assets and liabilities:						
Receivables	(951,351)	(2,835)	1,737,871	8,771	49,980	842,436
Due to and from other funds	1,554,373	(43,962)	-	(379,554)	(51,628)	1,079,229
Inventories	-	-	-	(7,519)	-	(7,519)
Prepaid and other assets	(136,977)	1,100	-	6,701	98	(129,078)
Accrued and other liabilities	10,310	6,188	-	(19,492)	1,996	(998)
Accounts payable	(1,370,120)	129,467	(220,819)	1,590	(5,585)	(1,465,467)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 2,266,446</u>	<u>\$ -</u>	<u>\$ 1,041,107</u>	<u>\$ (508,309)</u>	<u>\$ (3,386)</u>	<u>\$ 2,795,858</u>
Significant Noncash Transactions -						
Contributed capital	\$ 166,520	\$ -	\$ -	\$ -	\$ -	\$ 166,520

Charter Township of Plymouth

Fiduciary Funds
Statement of Fiduciary Assets and Liabilities

December 31, 2017

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 4,550,458
Receivables	<u>623,021</u>
Total assets	<u>\$ 5,173,479</u>
Liabilities	
Due to other governmental units	\$ 4,550,552
Refundable deposits, bonds, etc.	<u>622,927</u>
Total liabilities	<u>\$ 5,173,479</u>

Charter Township of Plymouth

Component Units Statement of Net Position

December 31, 2017

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 683,170	\$ 1,597,463	\$ 2,280,633
Receivables - Property taxes	173,624	8,718	182,342
Due from primary government (Note 6)	-	8,874	8,874
Total assets	856,794	1,615,055	2,471,849
Liabilities			
Accounts payable	12,381	12,744	25,125
Due to primary government (Note 6)	3,914	-	3,914
Total liabilities	16,295	12,744	29,039
Deferred Inflows of Resources - Property taxes levied for the following year	172,374	7,768	180,142
Net Position - Unrestricted	\$ 668,125	\$ 1,594,543	\$ 2,262,668

Charter Township of Plymouth

Component Units Statement of Activities

Year Ended December 31, 2017

	Expenses	Net (Expense) Revenue and Changes in Net Position		
		Downtown Development Authority	Brownfield Redevelopment Authority	Total
Functions/Programs				
Downtown Development Authority	\$ 112,243	\$ (112,243)	\$ -	\$ (112,243)
Brownfield Redevelopment Authority	23,312	-	(23,312)	(23,312)
Total	\$ 135,555	\$ (112,243)	\$ (23,312)	\$ (135,555)
General revenue:				
Property taxes		420,968	22,362	443,330
State-shared revenue		92,403	-	92,403
Interest and rents		908	3,216	4,124
Total general revenue		514,279	25,578	539,857
Change in Net Position		402,036	2,266	404,302
Net Position - Beginning of year		266,089	1,592,277	1,858,366
Net Position - End of year		\$ 668,125	\$ 1,594,543	\$ 2,262,668

Note 1 - Significant Accounting Policies

Basis of Presentation

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

Reporting Entity

The Charter Township of Plymouth is governed by an elected seven-member board of trustees. Although blended component units are legally separate entities, in substance, they are part of the Township's operations. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. 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

Downtown Development Authority

The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, to eliminate blighting influences and Brownfield impacts, and to promote the overall image of the downtown district. The township board of trustees appoints the Downtown Development Authority's governing body and has the ability to impose its will. It is reported within the component unit column in the government-wide financial statements to emphasize that it is legally separate from the Township. The Downtown Development Authority does not publish a separately issued financial statement. The Downtown Development Authority can be contacted at its administrative offices at 9955 N. Haggerty Rd, Plymouth, MI 48170.

The Brownfield Redevelopment Authority was created to finance environmental cleanup within the boundaries of the Township. The township board of trustees appoints the Brownfield Redevelopment Authority's governing body and has the ability to impose its will. It is reported within the component unit column in the government-wide financial statements to emphasize that it is legally separate from the Township. The Brownfield Redevelopment Authority does not publish a separately issued financial statement. The Brownfield Redevelopment Authority can be contacted at its administrative offices at 9955 N. Haggerty Rd, Plymouth, MI 48170.

Jointly Governed Organization

The Township is a member of the Western Townships Utilities Authority (WTUA), which provides sewage disposal services to the townships of Canton, Northville, and Plymouth. The participating communities provide annual funding for its operations through payment of monthly sewer use invoices and semiannual debt payments. During the current year, the Township paid WTUA approximately \$3,209,000 for its operations and \$3,208,000 for its debt. WTUA has currently been funded with \$279,000 of working capital and is current in its debt payments. The investment in WTUA is reported in the financial statements net of the Township's portion of assets and debt. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, MI 48187.

Accounting and Reporting Principles

The Charter Township of Plymouth follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Note 1 - Significant Accounting Policies (Continued)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these 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 revenue reported for the various functions concerned.

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.

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 revenue was used. The various funds are aggregated into three broad fund types:

Governmental Funds

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, capital project funds, and permanent funds. The Township reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Improvement Revolving Fund is used to account for capital improvement projects.

Proprietary Funds

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

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

Note 1 - Significant Accounting Policies (Continued)

- The Solid Waste Disposal Fund is used to account for the results of operations for providing solid waste services (trash pickup and household hazardous waste disposal) to citizens of the Township. The revenue is generated through a user charge to citizens requesting solid waste services.
- The Special Assessment Fund is used to account for the results of operations of the special assessments captured by the Township.

Fiduciary Funds

Fiduciary funds include the collection of taxes on behalf of the county, school district, and other taxing entities, as well as building bonds and developer deposits that are to be returned upon successful completion of the development or building projects. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Interfund Activity

During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

Note 1 - Significant Accounting Policies (Continued)

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

Specific Balances and Transactions

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 are stated at fair value.

Inventories and Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, and equipment, 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 \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets have been depreciated using the straight-line method for real property and the 150 percent declining balance for personal property through the fiscal year ended December 31, 2011. Effective for the fiscal year ended December 31, 2012, the Township going forward is using the straight-line method for both real and personal property depreciation over the following useful lives:

	<u>Depreciable Life - Years</u>
Water and sewer transportation lines	50
Buildings and improvements	30-40
Meters and supplies	15
Furnishings, vehicles, and equipment	2-20
Sidewalks	25
Road improvements	40

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an “other financing source,” as well as bond premiums and discounts. The improvement revolving fund is generally used to liquidate governmental long-term debt.

Note 1 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources result from four transactions: the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, difference between projected and actual experience, changes in assumption related to economic and demographic factors, and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting. Accordingly, it is reported only in the governmental funds balance sheet. The governmental funds and government-wide statements report revenue from property taxes levied for the following year and other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

The Township will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The Township will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The township board of trustees is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Note 1 - Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The Township has, by resolution, authorized the finance director to assign fund balance. The township board of trustees has, by resolution, authorized the treasurer to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2016 tax is levied and collectible on December 1, 2016 and is recognized as revenue in the year ended December 31, 2017, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2016 taxable valuation of the Township totaled \$1,756,000,000 (a portion of which is abated and a portion of which is captured by the DDA and BRDA), on which taxes levied consisted of .81650 mills for operating purposes and 3.18350 mills for police and fire services. This resulted in approximately \$1,401,000 for operating and \$5,465,000 for police and fire services. These amounts are recognized in the General Fund financial statements as tax revenue (net of adjustments for delinquent amounts and prior year tax tribunal changes).

Pension

The Township offers a defined benefit pension plan to its retirees. 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 and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

Other Postemployment Benefit Costs

The Township offers retiree healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay any amounts when employees separate from service with the Township. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Typically, the General Fund or the Water and Sewer Fund, based on whichever an employee is assigned (and to which the employee's salary and wages are charged), will also be the fund to liquidate any compensated absences.

Note 1 - Significant Accounting Policies (Continued)

Use of Estimates

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

Upcoming Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Township to recognize on the face of the financial statements its net OPEB liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2018.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires 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. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2020.

December 31, 2017

Note 2 - Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations in Budgeted Funds

The Township had significant expenditure budget variances during the year, as discussed in the note to required supplemental information.

Construction Code Fees

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

Surplus at January 1, 2017		\$	171,008
Current year permit revenue			1,107,506
Related expenses:			
Direct costs	\$	519,025	
Estimated indirect costs		259,227	778,252
			<u>778,252</u>
Cumulative surplus December 31, 2017 (Note 12)		\$	<u>500,262</u>

Fund Deficits

The Township's governmental activities have a deficit in unrestricted net position and total net position at the government-wide level, but a positive unreserved fund balance at the fund level. This net position deficit is caused primarily by the net OPEB obligation and net pension liability in the governmental activities.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated four banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Township's deposits and investments comply with all required laws and regulations.

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$16,336,780 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. 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. The component units had a bank balance of \$2,281,847. The federal depository insurance coverage pertains to all of the deposits of the Township; hence, the specific coverage pertaining to the component units, if any, is not determinable.

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 owns no investment securities with fixed maturity dates. The Township's investment policy has no restrictions on maturity lengths (other than that found in state law, described below).

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 Township had no investments in commercial paper.

Note 4 - Deferred Inflows of Resources

At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	Governmental Funds	Government- wide Statements
Property taxes levied for the next fiscal year	\$ 7,049,375	\$ 7,049,375
Revenue received beyond 60 days:		
Block grant	48,535	-
Wayne County, Michigan	36,035	-
City of Plymouth, Michigan dispatch	33,304	-
City of Plymouth, Michigan health care	19,618	-
Total deferred inflows	\$ 7,186,867	\$ 7,049,375

December 31, 2017

Note 5 - Capital Assets

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

Governmental Activities

	Balance January 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2017
Capital assets not being depreciated:					
Land	\$ 3,731,178	\$ -	\$ -	\$ -	\$ 3,731,178
Construction in progress	86,692	(86,692)	7,823	-	7,823
Subtotal	3,817,870	(86,692)	7,823	-	3,739,001
Capital assets being depreciated:					
Buildings and improvements	16,337,800	-	12,290	-	16,350,090
Sidewalks	1,205,525	-	-	-	1,205,525
Road improvements	815,902	-	-	-	815,902
Furnishings, vehicles, and equipment	8,682,559	86,692	623,739	(556,480)	8,836,510
Subtotal	27,041,786	86,692	636,029	(556,480)	27,208,027
Accumulated depreciation:					
Buildings and improvements	5,350,072	-	453,148	-	5,803,220
Sidewalks	584,202	-	60,587	-	644,789
Road improvements	142,780	-	-	-	142,780
Furnishings, vehicles, and equipment	6,910,796	-	477,353	(528,694)	6,859,455
Subtotal	12,987,850	-	991,088	(528,694)	13,450,244
Net capital assets being depreciated	14,053,936	86,692	(355,059)	(27,786)	13,757,783
Net governmental activities capital assets	\$ 17,871,806	\$ -	\$ (347,236)	\$ (27,786)	\$ 17,496,784

December 31, 2017

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2017
Capital assets not being depreciated:					
Land	\$ 1,636,134	\$ -	\$ -	\$ -	\$ 1,636,134
Construction in progress	3,865	-	-	-	3,865
Subtotal	1,639,999	-	-	-	1,639,999
Capital assets being depreciated:					
Water and sewer transportation lines	53,989,363	-	166,520	-	54,155,883
Buildings and improvements	4,834,012	-	-	-	4,834,012
Meters and supplies	2,090,736	-	102,353	(216,892)	1,976,197
Equipment and other	3,254,256	-	29,344	(87,182)	3,196,418
Subtotal	64,168,367	-	298,217	(304,074)	64,162,510
Accumulated depreciation:					
Water and sewer transportation	28,499,901	-	1,067,097	-	29,566,998
Buildings and improvements	2,466,294	-	127,783	-	2,594,077
Meters and supplies	1,259,751	-	-	(216,892)	1,042,859
Equipment and other	1,863,317	-	272,830	(87,182)	2,048,965
Subtotal	34,089,263	-	1,467,710	(304,074)	35,252,899
Net capital assets being depreciated	30,079,104	-	(1,169,493)	-	28,909,611
Net business-type activity capital assets	\$ 31,719,103	\$ -	\$ (1,169,493)	\$ -	\$ 30,549,610

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

Governmental activities:	
General government	\$ 78,038
Police	137,188
Public works	60,587
Fire	124,599
Dispatch	70,087
Building inspections	14,903
Planning and zoning	1,911
Recreation and culture	503,775
Total governmental activities	<u>\$ 991,088</u>
Business-type activities:	
Water and sewer	\$ 1,359,408
Solid waste and disposal	1,266
Golf fund	96,184
Senior transportation	10,852
Total business-type activities	<u>\$ 1,467,710</u>

December 31, 2017

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Disposal Fund	\$ 1,129,376
	Nonmajor enterprise funds	24,826
	Water and Sewer Fund	240,747
	Nonmajor governmental funds	13,849
	Total General Fund	1,408,798
Improvement Revolving Fund	General Fund	135,654
	Nonmajor enterprise fund	13,300
	Total Improvement Revolving Fund	148,954
Water and Sewer Fund	Improvement Revolving Fund	31,467
	Nonmajor enterprise funds	18,403
	Total Water and Sewer Fund	49,870
Solid Waste Disposal Fund	Water and Sewer Fund	1,316,828
Nonmajor governmental fund	General Fund	2,134
	Total	<u>\$ 2,926,584</u>

Advances to Other Funds

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Nonmajor enterprise fund	\$ 680,000
	Special Assessment Fund	72,012
	Total General Fund	752,012
Water and Sewer Fund	Special Assessment Fund	1,686,322
	Total	<u>\$ 2,438,334</u>

Due to/from Primary Government and Component Units

Receivable	Payable	Amount
General Fund	Downtown Development Authority	\$ 3,914
Brownfield Redevelopment Authority	General Fund	8,874
	Total	<u>\$ 12,788</u>

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

December 31, 2017

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

The transfer from the General Fund to the Improvement Revolving Fund represents the annual amount set aside to fund debt payments.

Advances - The long-term advance from the General Fund to the Golf Fund is to cover operations and debt payments. Repayment of the loan will begin in 2019 with an interest rate of 4 percent being charged to the Golf Fund. The long-term advance from the General Fund and the Water and Sewer Fund to the Special Assessment Fund is to cover the cost of special assessment projects and will be repaid with an interest rate of 4 percent.

Note 7 - Long-term Debt

Long-term debt can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligations:					
General obligations	\$ 6,027,664	\$ 887,400	\$ (1,625,596)	\$ 5,289,468	\$ 592,991
Unamortized bond premiums	229,610	-	(25,512)	204,098	25,512
Total general obligations	6,257,274	887,400	(1,651,108)	5,493,566	618,503
Compensated absences	1,255,380	468,252	(555,375)	1,168,257	538,320
Total governmental activities long-term debt	<u>\$ 7,512,654</u>	<u>\$ 1,355,652</u>	<u>\$ (2,206,483)</u>	<u>\$ 6,661,823</u>	<u>\$ 1,156,823</u>

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligations	\$ 2,545,099	\$ 1,577,600	\$ (1,934,747)	\$ 2,187,952	\$ 273,681
Compensated absences	154,826	73,395	(60,875)	167,346	70,844
Total business-type activities long-term debt	<u>\$ 2,699,925</u>	<u>\$ 1,650,995</u>	<u>\$ (1,995,622)</u>	<u>\$ 2,355,298</u>	<u>\$ 344,525</u>

General Obligation Bonds and Contracts

The Township issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. General obligations outstanding at December 31, 2017 are as follows:

December 31, 2017

Note 7 - Long-term Debt (Continued)

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
2017 general obligation refunding bond originally issued for \$887,400, used to refund various general obligation debt, with principal maturity ranges from \$37,000 to \$87,000	2017	3.00%	2026	\$ 887,400
2009 limited tax general obligation capital improvement bonds originally issued for \$350,000, used to pay the costs of acquiring, constructing, and equipping a new parks and recreation building. Principal mostly refunded through the 2017 general obligation refunding bond with remaining payment due of \$14,000 in 2018	2009	3.0% - 5.0%	2030	14,000
2011 installment purchase agreement originally issued for \$606,150, used to pay the costs of acquiring the property at Five Mile Road, with principal maturity ranges from approximately \$52,000 to \$68,000	2011	3.10%	2021	249,479
2012 general obligation limited tax refunding bonds, used to advance refund \$4,400,000 of outstanding 2004 general obligation bonds, with principal maturity ranges from \$375,000 to \$435,000	2012	2.0% - 4.0%	2025	3,604,097
2013 general obligation limited tax capital improvement bonds, used for various township park improvements, with principal maturity ranges from approximately \$106,000 to \$134,000	2013	2.16%	2024	738,590
Total governmental activities				<u>\$ 5,493,566</u>
Business-type Activities				
2017 limited tax general obligation capital improvement refunding bonds originally issued for \$1,577,600, used to refund various general obligation capital improvement debt, with principal maturity ranges from \$68,000 to \$154,000	2017	3.00%	2030	\$ 1,663,600
2011 installment purchase agreement originally issued for \$321,221, used to pay the costs of acquiring a Vactor sewer cleaning machine, with principal of \$12,524 due in 2018	2011	2.65%	2018	12,524
2011 installment purchase agreement originally issued for \$452,417, used to pay the costs of acquiring golf carts and golf course lawn maintenance equipment, with principal of \$35,418 due in 2018	2011	2.85%	2018	35,418
2013 general obligation limited tax bonds, used for various water and sewer system improvements, with principal maturity ranges from approximately \$35,000 to \$45,000	2013	2.16%	2024	249,440
2013 general obligation limited tax capital improvement bonds, used for various golf course improvements, with principal maturity ranges from approximately \$33,000 to \$41,000	2013	2.16%	2024	226,970
Total business-type activities				<u>\$ 2,187,952</u>

December 31, 2017

Note 7 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal*	Interest	Total	Principal	Interest	Total
2018	\$ 592,991	\$ 192,385	\$ 785,376	\$ 273,681	\$ 103,231	\$ 376,912
2019	647,029	170,370	817,399	173,699	59,039	232,738
2020	648,770	150,675	799,445	184,020	54,379	238,399
2021	654,253	130,340	784,593	217,981	49,079	267,060
2022	644,899	109,994	754,893	225,102	43,188	268,290
2023-2027	1,908,926	212,863	2,121,789	771,069	125,823	896,892
2028-2031	192,600	20,416	213,016	342,400	20,416	362,816
Total	<u>\$ 5,289,468</u>	<u>\$ 987,043</u>	<u>\$ 6,276,511</u>	<u>\$ 2,187,952</u>	<u>\$ 455,155</u>	<u>\$ 2,643,107</u>

* Excludes the \$204,098 of unamortized premiums.

Bond Refunding

During the year, the Township issued \$2,465,000 in general obligation bonds with an average interest rate of 3.54 percent. The proceeds of these bonds were used to advance refund \$2,500,000 of outstanding general obligation bonds with an average interest rate of 4.0 percent. The net proceeds of \$2,587,141 (after payment of \$69,000 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the general long-term debt account group. The advance refunding reduced total debt service payments over the next 13 years by approximately \$336,000, which represents an economic gain of approximately \$293,000.

Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and employee medical benefit claims and participates in the Michigan Municipal Risk Management Authority for claims relating to general liability claims.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

The Township estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported, and reports them in the statement of net position (deficit) (included in accrued liabilities and other). Changes in the estimated liability for the past two fiscal years were as follows:

	2017	2016
Unpaid claims - Beginning of year	\$ 25,000	\$ 25,000
Incurred claims, including claims incurred but not reported	57,968	7,922
Claim payments	(57,968)	(7,922)
Unpaid claims - End of year	<u>\$ 25,000</u>	<u>\$ 25,000</u>

Note 9 - Pension Plans

Plan Description

Defined Benefit Plan

The Township participates in the MERS pension plan, an agent multiple-employer defined benefit plan, administered by the Municipal Employees' Retirement System of Michigan (MERS), which covers all police and fire union employees plus certain command officers. 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.

Defined Contribution Plan

In addition, the Township provides pension benefits to all of its full time general office and DPW employees through a defined contribution plan administered by John Hancock.

Benefits Provided

Defined Benefit Plan

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 police and fire union employees plus certain command officers.

Retirement benefits for POAM and COAM employees are calculated as 2.80 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 25 years of service (unreduced) or 55 with 15 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for fire union employees are calculated as 2.80 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 25 years of service (unreduced) or 55 with 15 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for dispatch employees are calculated as 2.80 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 25 years of service (unreduced) or 55 with 15 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

December 31, 2017

Note 9 - Pension Plans (Continued)

Benefit terms, within the parameters established by MERS are generally established and amended by authority of the city council, generally after negotiations of these terms with the affected unions. Police and fire employees' benefit terms may be subject to binding arbitration in certain circumstances.

Defined Contribution Plan

The defined contribution plan benefit terms are established and may be amended by the township board. For each employee in the plan, the Township is required to contribute 15 percent of base earnings, and certain employees contribute 5 percent of base earnings, with an additional 5 percent allowed.

Employees Covered by Benefit Terms

At the December 31, 2016 measurement date, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>48</u>
Total employees covered by MERS	<u><u>81</u></u>

Contributions

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

For the year ended December 31, 2017, the average active employee contribution rate was 9.5 percent of annual pay and the Township's average contribution rate was 21.8 percent of annual payroll.

Net Pension Liability

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

December 31, 2017

Note 9 - Pension Plans (Continued)

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 28,368,287	\$ 18,424,236	\$ 9,944,051
Changes for the year:			
Service cost	569,526	-	569,526
Interest	2,238,167	-	2,238,167
Differences between expected and actual experience	11,232	-	11,232
Contributions - Employer	-	856,865	(856,865)
Contributions - Employee	-	356,673	(356,673)
Net investment income	-	2,093,078	(2,093,078)
Benefit payments, including refunds	(1,351,905)	(1,351,905)	-
Administrative expenses	-	(41,301)	41,301
Net changes	1,467,020	1,913,410	(446,390)
Balance at December 31, 2016	<u>\$ 29,835,307</u>	<u>\$ 20,337,646</u>	<u>\$ 9,497,661</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the Township recognized pension expense of \$1,924,175 from all plans, which includes \$1,569,486 from the MERS defined benefit plan and \$377,689 from the John Hancock defined contribution plan.

At December 31, 2017, the Township reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 178,428
Changes in assumptions	752,148
Net difference between projected and actual earnings on pension plan investments	740,421
Employer contributions to the plan subsequent to the measurement date	738,427
Total	<u>\$ 2,409,424</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending December 31	Amount
2018	\$ 543,914
2019	543,914
2020	475,790
2021	107,379

Note 9 - Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3.75 percent; an investment rate of return (net of investment expenses) of 8.0 percent (including inflation); and the RP-2014 mortality tables.

Mortality rates were based on a 50 percent male and 50 percent female blend of the following tables:

1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent
2. The RP-2014 Employee Mortality Tables
3. The RP-2014 Juvenile Mortality Tables

For disabled retirees, the mortality rates were based on the 50 percent male - 50 percent female blend of the RP-2014 Disabled Retiree Mortality Tables.

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. 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 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.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2016, the measurement date, for each major asset class are summarized in the following table:

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

The preceding target allocation was amended as of January 1, 2017 to reduce the previous allocation to global equity and global fixed income and to increase the allocation of real assets and diversifying strategies. The target allocation as of January 1, 2017 will be 55.5 percent global equity, 18.5 percent global fixed income, 13.5 percent real assets, and 12.5 percent diversifying strategies.

December 31, 2017

Note 9 - Pension Plans (Continued)

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 8.00 percent, 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 (7.00 percent) or 1 percentage point higher (9.00 percent) than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension liability of the Township	\$ 13,208,266	\$ 9,497,661	\$ 6,494,871

Pension Plan Fiduciary Net Position

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

Note 10 - Retiree Healthcare Plans

Plan Description

Defined Benefit Plan

The Township provides retiree healthcare benefits to eligible employees hired prior to certain dates (which vary from 2009 to 2012, dependent on employee group) and their beneficiaries. This is a single-employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements.

Defined Contribution Plan

The Township also provides a health savings account to employees hired after the eligibility dates for the defined benefit plan. This defined contribution plan calls for the Township to contribute \$75 per pay period for each participating employee; the participants are not required to contribute. Plan members are fully vested after 10 years.

Funding Policy

Pertaining to the defined benefit plan, the collective bargaining agreements do not require a contribution from employees. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis).

Pertaining to the defined contribution plan, during the year ended December 31, 2017, the Township made contributions of \$50,330 to the health savings accounts.

December 31, 2017

Note 10 - Retiree Healthcare Plans (Continued)

Funding Progress

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

Annual required contribution (recommended)*	\$ 2,168,016
Interest on the prior year's net OPEB obligation	422,751
Less adjustment to the annual required contribution	<u>(1,371,615)</u>
Annual OPEB cost	1,219,152
Amounts contributed - Payments of current premiums	<u>(540,987)</u>
Increase in net OPEB obligation	678,165
OPEB obligation - Beginning of year	<u>11,125,026</u>
OPEB obligation - End of year	<u>\$ 11,803,191</u>

The schedule of employer contributions and the net OPEB obligation for the fiscal years ended December 31 are as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
December 31, 2015	December 31, 2014	\$ 1,134,802	49.80 %	\$ 10,455,621
December 31, 2016	December 31, 2014	1,133,787	40.10	11,125,026
December 31, 2017	December 31, 2017	1,219,152	44.37	11,803,191

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

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
December 31, 2012	\$ -	\$ 21,475,601	\$ 21,475,601	-	\$ 6,838,000	314.06 %
December 31, 2013	-	20,942,686	20,942,686	-	6,062,927	345.42
December 31, 2014	-	15,695,066	15,695,066	-	5,844,899	268.53
December 31, 2017	-	16,383,116	16,383,116	-	4,851,502	337.69

Actuarial Methods and Assumptions

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

December 31, 2017

Note 10 - Retiree Healthcare Plans (Continued)

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

In the December 31, 2017 actuarial valuation, the level percentage actuarial cost method was used. The actuarial assumptions included a 3.8 percent discount rate and a healthcare cost trend rate of 7.5 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after six years, including a 2.0 percent inflation assumption. The UAAL is being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2017 was nine years.

Note 11 - Commitments - Brownfield Redevelopment Authority

Brownfield redevelopment costs of approximately \$71,000 have been incurred by property owners in the Brownfield district. These costs will be paid through future property tax collections. The Township is not responsible for costs incurred in excess of property taxes captured.

Note 12 - Restricted Net Position

Net position of the governmental activities and the fund balance in the General Fund have been restricted for the following purposes:

Drug enforcement	\$ 442,594
Construction code activity (Note 2)	<u>500,262</u>
Total restricted net position/fund balance	<u><u>\$ 942,856</u></u>

Note 13 - Tax Abatements

The Township uses the Industrial Facilities Tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the Township grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 12 years.

For the fiscal year ended December 31, 2017, the Township abated \$115,747 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

Additionally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses Brownfield Redevelopment Agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the Brownfield's tax revenue is reduced. For the fiscal year ended December 31, 2017, the Authority abated \$3,958 of taxes under this program. There are no provisions to recapture taxes.

There are no significant abatements made by other governments that reduce the Township's tax revenue.

Required Supplemental Information

Charter Township of Plymouth

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 7,064,000	\$ 6,876,961	\$ 6,925,641	\$ 48,680
State-shared revenue and grants:				
Federal grants	200,000	290,499	516,969	226,470
State-shared revenue and grants	2,258,000	3,177,766	3,342,787	165,021
Charges for services:				
Intragovernmental service charge	725,000	725,000	723,053	(1,947)
City of Plymouth, Michigan	375,000	350,000	398,843	48,843
Fines and forfeitures	200,000	111,652	113,452	1,800
Licenses and permits	892,000	1,111,500	1,257,727	146,227
Interest and rentals	22,500	40,000	114,714	74,714
Other revenue:				
Cable franchise fees	800,000	770,000	762,495	(7,505)
Other miscellaneous income	626,000	501,007	526,845	25,838
Other charges for services	150,000	52,500	65,148	12,648
Total revenue	13,312,500	14,006,885	14,747,674	740,789
Expenditures				
Current services:				
General government	2,895,998	3,631,232	3,765,714	(134,482)
Public safety	8,739,373	8,700,864	9,143,330	(442,466)
Public works	437,081	514,281	519,421	(5,140)
Community services	120,000	122,550	132,843	(10,293)
Planning and zoning	172,782	187,100	207,326	(20,226)
Recreation and culture	423,158	355,271	344,869	10,402
Total expenditures	12,788,392	13,511,298	14,113,503	(602,205)
Excess of Revenue Over Expenditures	524,108	495,587	634,171	138,584
Other Financing (Uses) Sources				
Transfers out	(523,951)	(795,891)	(526,586)	269,305
Sale of capital assets	25,000	41,319	36,576	(4,743)
Total other financing uses	(498,951)	(754,572)	(490,010)	264,562
Net Change in Fund Balance	25,157	(258,985)	144,161	403,146
Fund Balance - Beginning of year	3,910,762	3,910,762	3,910,762	-
Fund Balance - End of year	\$ 3,935,919	\$ 3,651,777	\$ 4,054,923	\$ 403,146

Charter Township of Plymouth

Required Supplemental Information Schedule of OPEB Funding Progress

Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
December 31, 2012	\$ -	\$ 21,475,601	\$ 21,475,601	-	\$ 6,838,000	314.06
December 31, 2013	-	20,942,686	20,942,686	-	6,062,927	345.42
December 31, 2014	-	15,695,066	15,695,066	-	5,844,899	268.53
December 31, 2017	-	16,383,116	16,383,116	-	4,851,502	337.69

Charter Township of Plymouth

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Three Fiscal Years		
	2017	2016	2015
Total Pension Liability			
Service cost	\$ 569,526	\$ 559,291	\$ 549,735
Interest	2,238,167	2,086,180	1,981,341
Differences between expected and actual experience	11,232	254,164	-
Changes in assumptions	-	1,128,222	-
Benefit payments, including refunds	<u>(1,351,905)</u>	<u>(1,333,920)</u>	<u>(1,196,222)</u>
Net Change in Total Pension Liability	1,467,020	2,693,937	1,334,854
Total Pension Liability - Beginning of year	<u>28,368,287</u>	<u>25,674,350</u>	<u>24,339,496</u>
Total Pension Liability - End of year	<u>\$ 29,835,307</u>	<u>\$ 28,368,287</u>	<u>\$ 25,674,350</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 856,865	\$ 685,285	\$ 629,153
Contributions - Member	356,673	343,691	300,261
Net investment income (loss)	2,093,078	(284,305)	1,149,359
Administrative expenses	(41,301)	(41,663)	(42,269)
Benefit payments, including refunds	<u>(1,351,905)</u>	<u>(1,333,920)</u>	<u>(1,196,222)</u>
Net Change in Plan Fiduciary Net Position	1,913,410	(630,912)	840,282
Plan Fiduciary Net Position - Beginning of year	<u>18,424,236</u>	<u>19,055,148</u>	<u>18,214,866</u>
Plan Fiduciary Net Position - End of year	<u>\$ 20,337,646</u>	<u>\$ 18,424,236</u>	<u>\$ 19,055,148</u>
Township's Net Pension Liability - Ending	<u>\$ 9,497,661</u>	<u>\$ 9,944,051</u>	<u>\$ 6,619,202</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.17 %	64.95 %	74.22 %
Covered Employee Payroll	\$ 3,970,486	\$ 3,950,911	\$ 3,887,319
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	239.21 %	251.69 %	170.28 %

Charter Township of Plymouth

Required Supplemental Information Schedule of Pension Contributions

Last Ten Fiscal Years Years Ended December 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 738,427	\$ 685,285	\$ 629,153	\$ 583,883	\$ 489,480	\$ 554,612	\$ 577,569	\$ 663,468	\$ 637,764	\$ 648,681
Contributions in relation to the actuarially determined contribution	738,427	685,285	629,153	583,883	489,480	554,612	577,569	663,468	637,764	648,681
Contribution Excess	\$ -									
Covered Employee Payroll	\$ 3,970,486	\$ 3,950,911	\$ 3,887,319	\$ 3,814,924	\$ 3,778,240	\$ 4,142,812	\$ 4,757,684	\$ 4,781,800	\$ 4,447,702	\$ 4,336,838
Contributions as a Percentage of Covered Employee Payroll	18.60 %	17.34 %	16.18 %	15.31 %	12.96 %	13.39 %	12.14 %	13.87 %	14.34 %	14.96 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	24 years
Asset valuation method	Five-year smoothed
Inflation	2.50 percent
Salary increase	3.75 percent
Investment rate of return	7.75 percent - Gross of administrative expenses
Retirement age	Varies depending on plan adoption
Mortality	50 percent female/50 percent male RP-2014 Mortality Table
Other information	None

December 31, 2017

Budgetary Information

The Township adopts a formal budget for the General Fund and all special revenue funds. The budget is prepared in accordance with generally accepted accounting principles. By August 1 of each year, all department heads submit spending requests to the township supervisor so that a budget may be prepared. Before September 1, the proposed budget is submitted to the township board for review. Public hearings are held and a final budget is adopted no later than December 31. The township board must approve any budget amendments.

Appropriations are adopted by the township board on an activity basis for the General Fund, as reported on the General Fund budgetary comparison schedule. Appropriations for all other budgeted funds are adopted at the fund level. Michigan law requires expenditures to be within budget at this level. Several expenditure activities had budget overruns in the current year. Expenditures were primarily over budget for the following reasons:

1. In general government, crack sealing expenditures were higher than anticipated.
2. In public safety, FEMA grant and purchase of related SCBA equipment came in at the end of the year (vs. 2018).
3. Related to community services as well as planning and zoning, higher than amended budget amounts were incurred due to the allocation of clerical wages.
4. In public works, the budget overrun resulted from various unexpected slight increases in expenses.

During the current year, the budget was amended in a legally permissible manner. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. The amount of encumbrances outstanding at December 31, 2017 has not been calculated. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures.

Other Supplemental Information

Charter Township of Plymouth

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2017

	Special Revenue Funds			Total Special Revenue Funds/Total Nonmajor Funds
	Federal Drug Forfeiture Fund	State Drug Forfeiture Fund	IRS Drug Forfeiture Fund	
Assets				
Cash and cash equivalents	\$ 323,646	\$ 67,421	\$ 70,115	\$ 461,182
Due from other funds	2,134	-	-	2,134
Total assets	<u>\$ 325,780</u>	<u>\$ 67,421</u>	<u>\$ 70,115</u>	<u>\$ 463,316</u>
Liabilities				
Accounts payable	\$ -	\$ 4,208	\$ 2,665	\$ 6,873
Due to other funds	-	13,849	-	13,849
Total liabilities	-	18,057	2,665	20,722
Fund Balances - Restricted	<u>325,780</u>	<u>49,364</u>	<u>67,450</u>	<u>442,594</u>
Total liabilities and fund balances	<u>\$ 325,780</u>	<u>\$ 67,421</u>	<u>\$ 70,115</u>	<u>\$ 463,316</u>

Charter Township of Plymouth

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
Nonmajor Governmental Funds

Year Ended December 31, 2017

	Special Revenue Funds			Total Special Revenue Funds/Total Nonmajor Funds
	Federal Drug Forfeiture Fund	State Drug Forfeiture Fund	IRS Drug Forfeiture Fund	
Revenue				
State-shared revenue and grants:				
Federal grants	\$ 224,947	\$ -	\$ 69,842	\$ 294,789
State-shared revenue and grants	-	37,951	-	37,951
Interest and rentals	1,545	643	273	2,461
Total revenue	226,492	38,594	70,115	335,201
Expenditures - Capital outlay	-	184,483	2,665	187,148
Excess of Revenue Over (Under) Expenditures	226,492	(145,889)	67,450	148,053
Other Financing Sources - Sale of capital assets	13,685	9,370	-	23,055
Net Change in Fund Balances	240,177	(136,519)	67,450	171,108
Fund Balances - Beginning of year	85,603	185,883	-	271,486
Fund Balances - End of year	\$ 325,780	\$ 49,364	\$ 67,450	\$ 442,594

Charter Township of Plymouth

Other Supplemental Information
Statement of Net Position/Governmental Fund Balance Sheet
Downtown Development Authority

December 31, 2017

	Modified Accrual		Full Accrual		Statement of Net
	Balance Sheet		Adjustments		Position
Assets					
Cash and cash equivalents	\$ 683,170	\$	-	\$	683,170
Receivables - Property taxes	173,624		-		173,624
Total assets	\$ 856,794		-		856,794
Liabilities					
Accounts payable	\$ 12,381	\$	-	\$	12,381
Due to primary government	3,914		-		3,914
Total liabilities	16,295		-		16,295
Deferred Inflows of Resources - Property taxes levied for the following year	172,374		-		172,374
Fund Balance - Unassigned	668,125		(668,125)		-
Total liabilities, deferred inflows of resources, and fund balance	\$ 856,794				
Net Position - Unrestricted		\$	668,125	\$	668,125

Charter Township of Plymouth

Other Supplemental Information Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Downtown Development Authority

Year Ended December 31, 2017

	<u>Modified Accrual</u> Statement of Revenue, Expenditures, and Changes in Fund Balance	Full Accrual Adjustments	Statement of Activities
Revenue			
Property taxes	\$ 420,968	\$ -	\$ 420,968
State-shared revenue and grants	92,403	-	92,403
Interest and rentals	908	-	908
Total revenue	514,279	-	514,279
Expenditures - Current			
Other contract services	105,893	-	105,893
Capital outlay	6,350	-	6,350
Total expenditures	112,243	-	112,243
Net Change in Fund Balance/Net Position	402,036	-	402,036
Fund Balance/Net Position - Beginning of year	266,089	-	266,089
Fund Balance/Net Position - End of year	<u><u>\$ 668,125</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 668,125</u></u>

Charter Township of Plymouth

Other Supplemental Information
Statement of Net Position/Governmental Fund Balance Sheet
Brownfield Redevelopment Authority

December 31, 2017

	<u>Modified Accrual</u>	<u>Full Accrual</u>	<u>Statement of Net</u>
	<u>Balance Sheet</u>	<u>Adjustments</u>	<u>Position</u>
Assets			
Cash and cash equivalents	\$ 1,597,463	\$ -	\$ 1,597,463
Receivables - Property taxes	8,718	-	8,718
Due from primary government	8,874	-	8,874
Total assets	\$ 1,615,055	-	1,615,055
Liabilities			
	\$ 12,744	-	12,744
Deferred Inflows of Resources - Property taxes levied for the following year	7,768	-	7,768
Fund Balance - Unrestricted	1,594,543	(1,594,543)	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,615,055		
Net Position - Unrestricted		\$ 1,594,543	\$ 1,594,543

Charter Township of Plymouth

Other Supplemental Information
Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement
of Activities
Brownfield Redevelopment Authority

Year Ended December 31, 2017

	<u>Modified Accrual</u> Statement of Revenue, Expenditures, and Changes in Fund Balance	Full Accrual Adjustments	Statement of Activities
Revenue			
Property taxes	\$ 22,362	\$ -	\$ 22,362
Interest and rentals	3,216	-	3,216
Total revenue	<u>25,578</u>	-	<u>25,578</u>
Expenditures - Current - Environmental remediation	<u>23,312</u>	-	<u>23,312</u>
Net Change in Fund Balance/Net Position	2,266	-	2,266
Fund Balance/Net Position - Beginning of year	<u>1,592,277</u>	-	<u>1,592,277</u>
Fund Balance/Net Position - End of year	<u><u>\$ 1,594,543</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,594,543</u></u>

Charter Township of Plymouth

Other Supplemental Information Combining Statement of Assets and Liabilities Agency Funds

December 31, 2017

	<u>General Agency Fund</u>	<u>Tax Collection Fund</u>	<u>Police Bond Fund</u>	<u>Total Agency Funds</u>
Assets				
Cash and cash equivalents	\$ -	\$ 4,548,742	\$ 1,716	\$ 4,550,458
Receivables	<u>623,021</u>	<u>-</u>	<u>-</u>	<u>623,021</u>
Total assets	<u>\$ 623,021</u>	<u>\$ 4,548,742</u>	<u>\$ 1,716</u>	<u>\$ 5,173,479</u>
Liabilities				
Due to other governmental units	\$ 1,810	\$ 4,548,742	\$ -	\$ 4,550,552
Refundable deposits, bonds, etc.	<u>621,211</u>	<u>-</u>	<u>1,716</u>	<u>622,927</u>
Total liabilities	<u>\$ 623,021</u>	<u>\$ 4,548,742</u>	<u>\$ 1,716</u>	<u>\$ 5,173,479</u>