

**Charter Township of Plymouth
Wayne County, Michigan**

**Financial Report
with Supplemental Information
December 31, 2015**

Charter Township of Plymouth

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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, 2015 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Trustees
Charter Township of Plymouth

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Plymouth as of December 31, 2015 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.

Emphasis of Matter

As discussed in Note 14 to the basic financial statements, the Township implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015. As a result, the government-wide statements now report the cost of pension benefits as the employment services are rendered, rather than as they are funded through actuarially required contributions. Our opinion is not modified with respect to this matter.

Other Matters

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 schedules, 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 opinions 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.

To the Board of Trustees
Charter Township of Plymouth

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2016 on our consideration of the Charter Township of Plymouth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Township of Plymouth's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 20, 2016

Charter Township of Plymouth

Management's Discussion and Analysis

As management of the Charter Township of Plymouth (the "Township"), we offer readers of the Charter Township of Plymouth's financial statements this narrative overview and analysis of the financial activities of the Charter Township of Plymouth for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the Township's financial statements following the management's discussion and analysis (MD&A). All amounts, unless otherwise indicated, are expressed in dollars.

The MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts. The discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Township's financial activity, (3) identify changes in the Township's financial position, (4) identify any material deviations from the approved budget, and (5) identify individual fund issues or concerns.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2015:

- At the end of the 2015 fiscal year, the assets of the Charter Township of Plymouth exceeded its liabilities by \$53.8 million. Net investment in capital assets accounts for more than \$41 million or nearly 80 percent of the total. The majority of the remaining net position of approximately \$12 million is unrestricted, meaning that it is available to be used to meet the Township's ongoing obligations to its citizens and creditors.
- The Township maintained its financial rating of AA with Standard & Poor's.
- The Township's actual General Fund expenditures were approximately \$945,000 less than the amended budget.

Water and Sewer Fund change in net position for 2015 was approximately \$1.7 million. This is the fifth consecutive year with positive results.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position 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 us 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.

Governmental Activities

Many of the Township's basic services provided to the community are included here. They are 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 following tables show, in a condensed format, the current year's net position and changes in net position, compared to the prior two years (rounded to the nearest thousand):

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Change</u>
Assets				
Current assets	\$ 17,528,000	\$ 18,110,000	\$ 16,875,000	\$ (1,235,000)
Capital assets	<u>17,521,000</u>	<u>17,314,000</u>	<u>18,423,000</u>	<u>1,109,000</u>
Total assets	35,049,000	35,424,000	35,298,000	(126,000)
Deferred Inflows	-	629,000	959,000	330,000
Liabilities				
Current liabilities	5,940,000	5,715,000	5,845,000	130,000
Long-term liabilities	<u>16,769,000</u>	<u>22,630,000</u>	<u>23,083,000</u>	<u>453,000</u>
Total liabilities	22,709,000	28,345,000	28,928,000	583,000
Deferred Inflows	<u>6,720,000</u>	<u>6,840,000</u>	<u>6,991,000</u>	<u>151,000</u>
Net Position				
Net investment				
in capital assets	10,661,000	10,891,000	11,691,000	800,000
Restricted	621,000	175,000	1,000	(174,000)
Unrestricted	<u>(5,662,000)</u>	<u>(10,198,000)</u>	<u>(11,354,000)</u>	<u>(1,156,000)</u>
Total net position	<u>\$ 5,620,000</u>	<u>\$ 868,000</u>	<u>\$ 338,000</u>	<u>\$ (530,000)</u>

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

Note that the Township implemented GASB No. 68, *Accounting and Financial Reporting for Pensions*, in 2015. The 2015 net position reported above has been restated for the effect of this change in accounting. The Township's governmental activities net position totals approximately \$338,000. This is a decrease from 2014 of approximately \$530,000. The most significant change in assets and liabilities was due to pension liability.

	Governmental Activities			Change from Prior Year	
	2013	2014	2015	in Dollars	Percent
Revenue					
Program revenue:					
Charges for services	\$ 1,975,000	\$ 2,041,000	\$ 2,372,000	\$ 331,000	16%
Operating grants	128,000	636,000	794,000	158,000	25%
General revenue:					
Property taxes	6,684,000	6,770,000	6,884,000	114,000	2%
State-shared revenue	2,057,000	2,145,000	2,141,000	(4,000)	0%
Investment earnings	35,000	38,000	31,000	(7,000)	-18%
Cable franchise agreement	593,000	635,000	730,000	95,000	15%
Other miscellaneous	-	158,000	-	(158,000)	-100%
Gain on sale of assets and other	6,000	1,508,000	-	(1,508,000)	-100%
Total revenue	11,478,000	13,931,000	12,952,000	(979,000)	-7%
Program Expenses					
General government	2,355,000	2,449,000	2,132,000	(317,000)	-13%
Public safety	8,797,000	8,906,000	9,652,000	746,000	8%
Building inspections	421,000	433,000	485,000	52,000	12%
Public works	124,000	257,000	144,000	(113,000)	-44%
Community services	35,000	169,000	44,000	(125,000)	-74%
Planning and zoning	192,000	215,000	203,000	(12,000)	-6%
Parks	385,000	545,000	629,000	84,000	15%
Interest on long-term debt	220,000	214,000	193,000	(21,000)	-10%
Total expenses	12,529,000	13,188,000	13,482,000	294,000	2%
Change in Net Position	<u>\$ (1,051,000)</u>	<u>\$ 743,000</u>	<u>\$ (530,000)</u>	<u>\$ (1,273,000)</u>	-171%

The Township's total governmental revenue was nearly \$13 million, which is a decrease from 2014 of nearly \$1 million. This was primarily due to the one-time gain on the sale of assets in 2014; excluding this, revenue increased by over \$500,000. This was mostly caused by building revenue.

Expenses increased during the year by 2 percent, or \$0.3 million. The change in expenditures was primarily caused by fire operations.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

Business-type Activities

The Township's business-type activities consist of the Water and Sewer Fund, Solid Waste Disposal Fund, Golf Fund, Special Assessment Fund, and the Senior Transportation Fund. The Township provides water to residents from the Detroit water system. We provide sewage treatment through the Western Townships Utilities Authority, which collects sewage, equalizes it, and sends it to both the Detroit 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.

The Senior Transportation Fund is new in 2015, and provides for senior transportation within the Plymouth community.

The following tables show the current year's net position and changes in net position, compared to the prior two years (rounded to the nearest thousand):

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Change</u>
Assets				
Current assets	\$ 8,139,000	\$ 8,039,000	\$ 9,353,000	\$ 1,314,000
Investment in joint venture	13,918,000	15,349,000	17,000,000	1,651,000
Capital assets	<u>34,508,000</u>	<u>33,244,000</u>	<u>32,445,000</u>	<u>(799,000)</u>
Total assets	56,565,000	56,632,000	58,798,000	2,166,000
Liabilities				
Current liabilities	1,236,000	1,192,000	1,961,000	769,000
Long-term liabilities	<u>3,888,000</u>	<u>3,588,000</u>	<u>3,387,000</u>	<u>(201,000)</u>
Total liabilities	<u>5,124,000</u>	<u>4,780,000</u>	<u>5,348,000</u>	<u>568,000</u>
Net Position				
Net investment				
in capital assets	31,919,000	30,802,000	29,698,000	(1,104,000)
Unrestricted	<u>19,522,000</u>	<u>21,050,000</u>	<u>23,752,000</u>	<u>2,702,000</u>
Total net position	<u>\$ 51,441,000</u>	<u>\$ 51,852,000</u>	<u>\$ 53,450,000</u>	<u>\$ 1,598,000</u>

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

The net position of the Township's business-type activities total \$53.45 million. This is an increase over 2014 of \$1.6 million. The increase is attributable to water and sewer operations.

	Business-type Activities			Change from Prior Year	
	2013	2014	2015	in Dollars	Percent
Program Revenue					
Charges for services:					
Water and sewer	\$ 12,601,000	\$ 12,139,000	\$ 13,095,000	\$ 956,000	8%
Rubbish	1,374,000	1,374,000	1,370,000	(4,000)	0%
Golf	624,000	666,000	709,000	43,000	6%
Special assessments	1,252,000	1,423,000	-	(1,423,000)	-100%
Senior transportation	-	-	20,000	20,000	100%
Capital contributions -					
Water and sewer	162,000	754,000	1,363,000	609,000	81%
General revenue:					
Interest income	23,000	86,000	194,000	108,000	126%
Total revenue	16,036,000	16,442,000	16,751,000	309,000	2%
Program Expenses					
Water and sewer	12,564,000	12,524,000	12,863,000	339,000	3%
Rubbish	1,268,000	1,325,000	1,413,000	88,000	7%
Golf	744,000	722,000	761,000	39,000	5%
Special assessments	1,332,000	1,460,000	101,000	(1,359,000)	-93%
Senior transportation	-	-	15,000	15,000	100%
Total program expenses	15,908,000	16,031,000	15,153,000	(878,000)	-5%
Change in Net Position	\$ 128,000	\$ 411,000	\$ 1,598,000	\$ 1,187,000	289%

In 2015, business-type activities revenue totaled \$16.75 million, an increase from 2014 of approximately \$0.3 million. This was due to an increase in water volume, as well as capital contributions; those increases were offset by the fact that there were no new special assessment projects in 2015.

Expenses for business-type activities totaled \$15.15 million, a decrease from 2014 of approximately \$0.9 million (primarily due to special assessments, offset by increases in water and sewer costs).

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

The Township's Funds

Our analysis of the Township's major funds follows the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as specific property tax millages. The Township's major funds for 2015 include the General Fund, the Improvement Revolving Fund, the Water and Sewer Fund, the Solid Waste Disposal Fund, and the Golf Fund.

Governmental Funds

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 public safety costs. Township departments overall stayed below the final amended budget by approximately \$945,000, resulting in total expenditures of \$12.6 million. This was an increase of \$0.3 million compared to 2014. Public safety expenditures increased \$0.75 million due to restoring six firefighter positions.

Improvement Revolving Highlights

The Township amended the budget during the year due to capital outlays. The decrease in fund balance is due to \$1.5 million of park improvements.

Business-type Funds

Water and Sewer Fund

The Water and Sewer Fund experienced a \$1.7 million increase in net position. The increase is primarily due to increase in water and sewer sales of approximately \$1.0 million.

Capital Asset and Debt Administration

Capital Assets

As of year end, the Township had \$50.9 million invested in a variety of capital assets, including buildings, fire and police equipment, and water and sewer lines. This represents an increase from 2014 of approximately \$0.3 million. Roads within the Township are accounted for and maintained by the County of Wayne. A summary of capital assets is presented in Note 5 of the notes to the financial statements.

Debt Outstanding

At the end of the current fiscal year, the Charter Township of Plymouth had total bonded debt outstanding of approximately \$9.5 million. This is a decrease of \$0.9 million compared to 2014.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

A summary of long-term debt is presented in Note 7 of the notes to financial statements.

Economic Factors

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 (water and sewer, solid waste disposal, special assessments) and certain governmental activities (permitting, development), the user pays a related fee or charge associated with the service. During 2015, 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 Plymouth Township ended the year at 2.3 percent. 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.

Contacting the Township's Management

The Charter Township of Plymouth's financial statements are designed to provide our citizens, elected officials, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, Charter Township of Plymouth, 9955 N. Haggerty Road, Plymouth, MI 48170.

Charter Township of Plymouth

Statement of Net Position December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 7,096,048	\$ 4,352,349	\$ 11,448,397	\$ 1,628,329
Receivables:				
Property taxes receivable	3,890,644	353,598	4,244,242	300,093
Receivables from sales to customers on account	-	2,811,545	2,811,545	-
Other receivables	-	46,020	46,020	-
Due from other governmental units	5,254,650	-	5,254,650	-
Special assessments receivable	-	1,836,869	1,836,869	-
Advances to component units (Note 6)	2,130	-	2,130	-
Internal balances	527,435	(527,435)	-	-
Inventory	-	22,216	22,216	-
Prepaid expenses	103,604	132,789	236,393	-
Restricted cash - Unspent bond proceeds	-	324,751	324,751	-
Investment in WTUA (Note 1)	-	16,999,911	16,999,911	-
Capital assets (Note 5):				
Assets not subject to depreciation	4,362,227	1,639,999	6,002,226	-
Assets subject to depreciation	14,060,902	30,805,156	44,866,058	-
Total assets	35,297,640	58,797,768	94,095,408	1,928,422
Deferred Outflows of Resources (Note 10)	958,717	-	958,717	-
Liabilities				
Accounts payable	445,313	1,573,792	2,019,105	19,996
Advances from primary government (Note 6)	-	-	-	2,130
Accrued liabilities and other	340,661	46,244	386,905	-
Unearned revenue	3,928,734	-	3,928,734	-
Noncurrent liabilities:				
Due within one year (Note 7)	1,129,629	340,566	1,470,195	-
Due in more than one year:				
Compensated absences - Net of current portion (Note 7)	668,141	109,613	777,754	-
Net OPEB obligation (Note 12)	9,646,887	798,734	10,445,621	-
Net pension obligation (Note 10)	6,619,202	-	6,619,202	-
Long-term debt (Note 7)	6,148,932	2,478,438	8,627,370	-
Total liabilities	28,927,499	5,347,387	34,274,886	22,126
Deferred Inflows of Resources - Property taxes levied for the following year (Note 4)	6,990,871	-	6,990,871	288,542
Net Position				
Net investment in capital assets	11,691,430	30,023,197	41,714,627	-
Restricted for drug enforcement	1,247	-	1,247	-
Unrestricted	(11,354,690)	23,427,184	12,072,494	1,617,754
Total net position	\$ 337,987	\$ 53,450,381	\$ 53,788,368	\$ 1,617,754

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Plymouth

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,132,399	\$ 565,451	\$ -	\$ -
Public safety:				
Police	4,862,937	197,578	18,000	-
Fire	3,505,669	93,268	571,601	-
Building inspections	484,888	1,093,450	-	-
Dispatching	1,284,825	363,655	-	-
Public works	143,867	-	109,056	-
Community services	43,727	-	95,513	-
Planning and zoning	202,696	58,895	-	-
Parks	628,839	-	-	-
Interest on long-term debt	193,192	-	-	-
Total governmental activities	13,483,039	2,372,297	794,170	-
Business-type activities:				
Water and sewer	12,862,752	13,096,634	-	1,363,268
Rubbish disposal	1,413,467	1,369,807	-	-
Golf course	760,916	708,626	-	-
Special assessment projects	101,269	-	-	-
Senior Transportation	15,239	19,850	-	-
Total business-type activities	15,153,643	15,194,917	-	1,363,268
Total primary government	\$ 28,636,682	\$ 17,567,214	\$ 794,170	\$ 1,363,268
Component units:				
Downtown Development Authority	\$ 115,684	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	19,175	-	-	-
Total component units	\$ 134,859	\$ -	\$ -	\$ -

General revenue:

Property taxes
 State-shared revenue
 Interest and rents
 Cable franchise fees

Total general revenue

Change in Net Position

Net Position - Beginning of year (as restated) (Note 14)

Net Position - End of year

Statement of Activities
Year Ended December 31, 2015

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,566,948)	\$ -	\$ (1,566,948)	\$ -
(4,647,359)	-	(4,647,359)	-
(2,840,800)	-	(2,840,800)	-
608,562	-	608,562	-
(921,170)	-	(921,170)	-
(34,811)	-	(34,811)	-
51,786	-	51,786	-
(143,801)	-	(143,801)	-
(628,839)	-	(628,839)	-
(193,192)	-	(193,192)	-
(10,316,572)	-	(10,316,572)	-
-	1,597,150	1,597,150	-
-	(43,660)	(43,660)	-
-	(52,290)	(52,290)	-
-	(101,269)	(101,269)	-
-	4,611	4,611	-
-	1,404,542	1,404,542	-
(10,316,572)	1,404,542	(8,912,030)	-
-	-	-	(115,684)
-	-	-	(19,175)
-	-	-	(134,859)
6,884,439	-	6,884,439	266,770
2,141,271	-	2,141,271	-
31,018	194,007	225,025	4,255
730,339	-	730,339	-
9,787,067	194,007	9,981,074	271,025
(529,505)	1,598,549	1,069,044	136,166
867,492	51,851,832	52,719,324	1,481,588
\$ 337,987	\$ 53,450,381	\$ 53,788,368	\$ 1,617,754

Charter Township of Plymouth

Governmental Funds Balance Sheet December 31, 2015

	General Fund	Improvement Revolving Fund	Nonmajor Funds	Total
Assets				
Cash and cash equivalents (Note 3)	\$ 6,443,487	\$ 635,532	\$ 17,029	\$ 7,096,048
Receivables:				
2015 property taxes	3,890,644	-	-	3,890,644
Due from other governmental units	5,254,650	-	-	5,254,650
Due to component units (Note 6)	2,130	-	-	2,130
Due from other funds (Note 6)	44,837	3,714	2,094	50,645
Advances to other funds (Note 6)	500,000	-	-	500,000
Prepaid expenses	103,604	-	-	103,604
Total assets	<u>\$16,239,352</u>	<u>\$ 639,246</u>	<u>\$ 19,123</u>	<u>\$16,897,721</u>
Liabilities				
Accounts payable	\$ 279,224	\$ 152,076	\$ 14,013	\$ 445,313
Due to other funds (Note 6)	4,781	18,429	-	23,210
Accrued liabilities and other	307,112	-	3,863	310,975
Unearned revenue	3,928,734	-	-	3,928,734
Total liabilities	4,519,851	170,505	17,876	4,708,232
Deferred Inflows of Resources (Note 4)	7,592,655	-	-	7,592,655
Fund Balances				
Nonspendable:				
Prepays	103,604	-	-	103,604
Long-term advances	500,000	-	-	500,000
Restricted - Drug enforcement	-	-	1,247	1,247
Assigned - Capital improvements	-	468,741	-	468,741
Unassigned	3,523,242	-	-	3,523,242
Total fund balances	<u>4,126,846</u>	<u>468,741</u>	<u>1,247</u>	<u>4,596,834</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$16,239,352</u>	<u>\$ 639,246</u>	<u>\$ 19,123</u>	<u>\$16,897,721</u>

Charter Township of Plymouth

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

Fund Balance Reported in Governmental Funds	\$ 4,596,834
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	18,423,129
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	601,784
Bonds payable obligations are not due and payable in the current period and are not reported in the funds	(6,731,699)
Accrued interest is not due and payable in the current period and is not reported in the funds	(285)
Net OPEB obligation is not reported as a fund liability	(9,646,887)
Net pension liability is not reported as a fund liability	(6,619,202)
Certain changes in the pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	958,717
Accrued longevity pay for employees is not reported as a fund liability until it is due and payable	(4,401)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,215,003)
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>\$ 337,987</u>

Charter Township of Plymouth

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2015

	General Fund	Improvement Revolving Fund	Nonmajor Funds	Total
Revenue				
Property taxes	\$ 6,823,941	\$ -	\$ -	\$ 6,823,941
Licenses and permits	1,150,135	-	-	1,150,135
Federal grants	250,582	-	-	250,582
State-shared revenue and grants	2,179,270	109,056	-	2,288,326
Charges for services:				
Intragovernmental service charge	700,970	-	-	700,970
City of Plymouth	490,335	-	-	490,335
District court fines	191,230	-	-	191,230
Interest and rents	21,490	9,123	405	31,018
Other revenue:				
Cable franchise fees	730,339	-	-	730,339
Other charges for services	81,784	-	-	81,784
Other miscellaneous income	836,268	-	-	836,268
Total revenue	13,456,344	118,179	405	13,574,928
Expenditures				
Current:				
General government	2,872,104	-	-	2,872,104
Public safety	8,599,938	-	120,346	8,720,284
Building inspections	452,093	-	-	452,093
Community social services	43,727	-	-	43,727
Planning and zoning	156,372	-	-	156,372
Parks	491,613	-	-	491,613
Capital outlay	-	1,521,805	53,944	1,575,749
Debt service	-	833,825	-	833,825
Total expenditures	12,615,847	2,355,630	174,290	15,145,767
Excess of Revenue Over (Under)				
Expenditures	840,497	(2,237,451)	(173,885)	(1,570,839)
Other Financing Sources (Uses)				
Transfers in (Note 6)	-	523,951	-	523,951
Transfers out (Note 6)	(523,951)	-	-	(523,951)
Net Change in Fund Balances	316,546	(1,713,500)	(173,885)	(1,570,839)
Fund Balances - Beginning of year	3,810,300	2,182,241	175,132	6,167,673
Fund Balances - End of year	\$ 4,126,846	\$ 468,741	\$ 1,247	\$ 4,596,834

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Plymouth

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

Net Change in Fund Balances - Total Governmental Funds \$ (1,570,839)

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

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

Capital outlay	2,195,449
Depreciation expense	(1,085,856)

Revenue reported in the statement of activities does not provide current financial resources and is not reported as revenue in the governmental funds (GASB Statement No. 33) (11,235)

Repayment of bond principal and premium is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 640,587

Accrued interest, recorded in the statement of activities, decreased in the current year 46

Increase in net OPEB obligation expenses reported in the statement of activities does not require the use of current resources and therefore is not reported in the fund statements until they come due for payment (512,422)

Increase in net pension liability and deferred outflows reported in the statement of activities does not require the use of current resources and therefore is not reported in the fund statements until they come due for payment (165,008)

Self-insurance liability, recorded in the statement of activities, increased in the current year 44,500

Accrued longevity pay and employee compensated absences are recorded when earned in the statement of activities and these amounts defeased in the current year (64,727)

Change in Net Position of Governmental Activities **\$ (529,505)**

Charter Township of Plymouth

Proprietary Funds Statement of Net Position December 31, 2015

	Enterprise Funds					Total
	Water and Sewer	Solid Waste	Golf Fund	Special Assessments	Nonmajor Enterprise - Senior Transportation	
	Fund	Disposal Fund		Fund		
Assets						
Current assets:						
Cash and cash equivalents	\$ 3,731,223	\$ 533,875	\$ 15,563	\$ 71,457	\$ 231	\$ 4,352,349
Receivables:						
Property taxes receivable	353,598	-	-	-	-	353,598
Special assessments receivable - Due within one year	-	-	-	1,836,869	-	1,836,869
Receivables from sales to customers on account	2,592,295	219,250	-	-	-	2,811,545
Other receivables	11,585	-	19,757	2,777	11,901	46,020
Due from other funds (Note 6)	27,749	110,971	2,687	-	-	141,407
Inventory	-	-	22,216	-	-	22,216
Prepaid expenses	93,166	1,318	4,319	33,986	-	132,789
Total current assets	6,809,616	865,414	64,542	1,945,089	12,132	9,696,793
Noncurrent assets:						
Restricted cash - Unspent bond proceeds	-	-	324,751	-	-	324,751
Advances to other funds	1,551,115	-	-	-	-	1,551,115
Investment in WTUA	16,999,911	-	-	-	-	16,999,911
Capital assets (Note 5):						
Assets not subject to depreciation	912,923	-	727,076	-	-	1,639,999
Assets subject to depreciation	30,400,465	4,718	399,973	-	-	30,805,156
Total noncurrent assets	49,864,414	4,718	1,451,800	-	-	51,320,932
Total assets	56,674,030	870,132	1,516,342	1,945,089	12,132	61,017,725
Liabilities						
Current liabilities:						
Accounts payable	1,154,974	249,437	33,159	136,222	-	1,573,792
Due to other funds	148,287	-	13,034	-	7,521	168,842
Accrued liabilities and other	33,348	2,317	10,579	-	-	46,244
Compensated absences - Due within one year (Note 7)	66,453	5,842	-	-	-	72,295
Current portion of long-term debt (Note 7)	168,888	-	99,383	-	-	268,271
Total current liabilities	1,571,950	257,596	156,155	136,222	7,521	2,129,444
Noncurrent liabilities:						
Advances from other funds (Note 6)	-	-	500,000	1,551,115	-	2,051,115
Compensated absences - Net of current portion (Note 7)	103,731	5,882	-	-	-	109,613
Net OPEB obligation (Note 12)	732,579	66,155	-	-	-	798,734
Long-term debt (Note 7)	2,112,166	-	366,272	-	-	2,478,438
Total noncurrent liabilities	2,948,476	72,037	866,272	1,551,115	-	5,437,900
Total liabilities	4,520,426	329,633	1,022,427	1,687,337	7,521	7,567,344
Net Position						
Net investment in capital assets	29,032,334	4,718	986,145	-	-	30,023,197
Unrestricted	23,121,270	535,781	(492,230)	257,752	4,611	23,427,184
Total net position	\$ 52,153,604	\$ 540,499	\$ 493,915	\$ 257,752	\$ 4,611	\$ 53,450,381

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Plymouth

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2015

	Water and Sewer Fund	Solid Waste Disposal Fund	Golf Fund	Special Assessments Fund	Nonmajor Enterprise - Senior Transportation Fund	Total
Operating Revenue						
Sale of water	\$ 4,462,334	\$ -	\$ -	\$ -	\$ -	\$ 4,462,334
Sewage disposal charges	6,930,795	-	-	-	-	6,930,795
Meter charges	1,393,174	-	-	-	-	1,393,174
Solid waste charges	-	1,369,807	-	-	-	1,369,807
Installation fees	17,093	-	-	-	-	17,093
Golf course fees and sales	-	-	708,626	-	-	708,626
Other miscellaneous revenue	211,838	-	-	-	19,850	231,688
Charges to other funds	81,400	-	-	-	-	81,400
Total operating revenue	13,096,634	1,369,807	708,626	-	19,850	15,194,917
Operating Expenses						
Cost of water	3,619,823	-	-	-	-	3,619,823
Cost of sewage treatment	3,579,523	-	-	-	-	3,579,523
Solid waste disposal	-	1,294,872	-	-	-	1,294,872
Salaries and fringe benefits	1,051,103	84,869	326,741	-	12,125	1,474,838
Special assessment project costs	-	-	-	31,209	-	31,209
Intragovernmental service charges	700,970	-	-	-	-	700,970
Miscellaneous	299,166	27,869	84,591	-	3,114	414,740
Change in investment in WTUA	1,677,443	-	-	-	-	1,677,443
Professional service	9,461	4,054	-	-	-	13,515
Repair and maintenance	156,521	-	67,437	-	-	223,958
Administrative expense	294,237	-	171,091	-	-	465,328
Depreciation	1,375,881	1,803	98,041	-	-	1,475,725
Total operating expenses	12,764,128	1,413,467	747,901	31,209	15,239	14,971,944
Operating Income (Loss)	332,506	(43,660)	(39,275)	(31,209)	4,611	222,973
Nonoperating Revenue (Expenses)						
Investment income	85,341	-	4,628	104,038	-	194,007
Interest expense	(98,624)	-	(13,015)	(70,060)	-	(181,699)
Total nonoperating (expenses) revenue	(13,283)	-	(8,387)	33,978	-	12,308
Income (Loss) - Before contributions	319,223	(43,660)	(47,662)	2,769	4,611	235,281
Capital Contributions - Benefit fees	1,363,268	-	-	-	-	1,363,268
Change in Net Position	1,682,491	(43,660)	(47,662)	2,769	4,611	1,598,549
Net Position - Beginning of year	50,471,113	584,159	541,577	254,983	-	51,851,832
Net Position - End of year	\$ 52,153,604	\$ 540,499	\$ 493,915	\$ 257,752	\$ 4,611	\$ 53,450,381

The Notes to Financial Statements are an Integral Part of this Statement.

Charter Township of Plymouth

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2015

	Water and Sewer Fund	Solid Waste Disposal Fund	Golf Fund	Special Assessment Fund	Nonmajor Enterprise - Senior Transportation	Total
Cash Flows from Operating Activities						
Receipts from customers	\$ 12,788,567	\$ 1,371,904	\$ 708,626	\$ 271,309	\$ 7,949	\$ 15,148,355
Receipts from interfund services and reimbursements	81,400	-	-	-	-	81,400
Payments to suppliers	(11,354,921)	(1,177,884)	(306,365)	(68,258)	(3,114)	(12,910,542)
Payments to employees	(1,047,848)	(80,365)	(321,284)	-	(12,125)	(1,461,622)
Internal activity - Payments to other funds	15,773	2,956	-	-	7,521	26,250
Other receipts	-	-	(17,168)	-	-	(17,168)
Net cash provided by operating activities	482,971	116,611	63,809	203,051	231	866,673
Cash Flows from Noncapital Financing Activities - Advances from other funds	279,940	-	-	(279,940)	-	-
Cash Flows from Capital and Related Financing Activities						
Benefit fees	1,363,268	-	-	-	-	1,363,268
Purchase of capital assets	(676,166)	-	(275)	-	-	(676,441)
Principal and interest paid on capital debt	(266,263)	-	(110,304)	(70,060)	-	(446,627)
Net cash provided by (used in) capital and related financing activities	420,839	-	(110,579)	(70,060)	-	240,200
Cash Flows from Investing Activities - Interest received on investments	85,341	-	4,628	104,038	-	194,007
Net Increase (Decrease) in Cash and Cash Equivalents	1,269,091	116,611	(42,142)	(42,911)	231	1,300,880
Cash and Cash Equivalents - Beginning of year	2,462,132	417,264	382,456	114,368	-	3,376,220
Cash and Cash Equivalents - End of year	<u>\$ 3,731,223</u>	<u>\$ 533,875</u>	<u>\$ 340,314</u>	<u>\$ 71,457</u>	<u>\$ 231</u>	<u>\$ 4,677,100</u>
Balance Sheet Classification of Cash and Cash Equivalents						
Cash and investments	\$ 3,731,223	\$ 533,875	\$ 15,563	\$ 71,457	\$ 231	\$ 4,352,349
Restricted assets - Unspent bond proceeds	-	-	324,751	-	-	324,751
Total cash and cash equivalents	<u>\$ 3,731,223</u>	<u>\$ 533,875</u>	<u>\$ 340,314</u>	<u>\$ 71,457</u>	<u>\$ 231</u>	<u>\$ 4,677,100</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating income (loss)	\$ 332,506	\$ (43,660)	\$ (39,275)	\$ (31,209)	\$ 4,611	\$ 222,973
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	1,375,881	1,803	98,041	-	-	1,475,725
Changes in assets and liabilities:						
Receivables	(226,667)	2,097	(17,168)	271,309	(11,901)	17,670
Inventories	-	-	(4,167)	-	-	(4,167)
Change in investment in WTUA	(1,651,187)	-	-	-	-	(1,651,187)
Prepaid and other assets	(16,806)	(837)	(1,301)	(33,986)	-	(52,930)
Accounts payable	650,216	149,309	28,669	(3,063)	-	825,131
Due to other funds	15,773	2,956	-	-	7,521	26,250
Accrued and other liabilities	3,255	4,943	(990)	-	-	7,208
Net cash provided by operating activities	<u>\$ 482,971</u>	<u>\$ 116,611</u>	<u>\$ 63,809</u>	<u>\$ 203,051</u>	<u>\$ 231</u>	<u>\$ 866,673</u>

The Notes to Financial Statements are an Integral Part of this Statement.

Charter Township of Plymouth

Fiduciary Funds Statement of Assets and Liabilities December 31, 2015

	<u>Agency Funds</u>
Assets - Cash and cash equivalents	<u>\$ 6,076,753</u>
Liabilities	
Due to other governmental units	\$ 5,563,077
Refundable deposits and bonds	<u>513,676</u>
Total liabilities	<u>\$ 6,076,753</u>

Charter Township of Plymouth

Component Units Statement of Net Position December 31, 2015

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 38,274	\$ 1,590,055	\$ 1,628,329
Receivables - Property taxes	<u>280,909</u>	<u>19,184</u>	<u>300,093</u>
Total assets	319,183	1,609,239	1,928,422
Liabilities			
Accounts payable	812	19,184	19,996
Advances from primary government (Note 6)	<u>2,130</u>	<u>-</u>	<u>2,130</u>
Total liabilities	2,942	19,184	22,126
Deferred Inflows of Resources -			
Property taxes levied for the following year	<u>280,909</u>	<u>7,633</u>	<u>288,542</u>
Net Position - Unrestricted	<u><u>\$ 35,332</u></u>	<u><u>\$ 1,582,422</u></u>	<u><u>\$ 1,617,754</u></u>

Charter Township of Plymouth

Component Units Statement of Activities Year Ended December 31, 2015

	Expenses	Net (Expense) Revenue and Changes in Net Position		
		Downtown Development Authority	Brownfield Redevelopment Authority	Total
Downtown Development Authority - Public works	\$ 115,684	\$ (115,684)	\$ -	\$ (115,684)
Brownfield Redevelopment Authority	19,175	-	(19,175)	(19,175)
Total component units	<u>\$ 134,859</u>	(115,684)	(19,175)	(134,859)
General revenue:				
Property taxes		248,516	18,254	266,770
Interest and rents		313	3,942	4,255
Total general revenue		<u>248,829</u>	<u>22,196</u>	<u>271,025</u>
Change in Net Position		133,145	3,021	136,166
Net Position - Beginning of year		<u>(97,813)</u>	<u>1,579,401</u>	<u>1,481,588</u>
Net Position - End of year		<u>\$ 35,332</u>	<u>\$ 1,582,422</u>	<u>\$ 1,617,754</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies

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. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Discretely Presented Component Units - 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 as follows:

Downtown Development Authority
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 as follows:

Brownfield Redevelopment Authority
9955 N. Haggerty Rd.
Plymouth, MI 48170

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

Joint Venture - The Township is a member of the Western Townships Utilities Authority, 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 the Western Townships Utilities Authority approximately \$3,329,000 for its operations, \$3,466,000 for its debt, and \$180,000 for capital project costs. The Western Townships Utilities Authority has currently been funded with \$279,000 of working capital and is current in its debt payments. The investment in the Western Townships Utilities Authority 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 the Western Townships Utilities Authority can be obtained from the administrative offices at 40905 Joy Road, Canton, MI 48187.

Accounting and Reporting Principles

The Township 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.

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 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.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

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 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, which is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The Improvement Revolving Fund, which was established to account for revenue and expenditures for certain capital improvements requiring separate accounting and financing.

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.
- 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.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

- The Golf Fund is used to account for the results of operations of the Township-owned Hilltop Golf Course.
- The Special Assessment Fund is used to account for the results of operations of the special assessments captured by the Township.

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 government 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.

Further, 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.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

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, state gas and weight tax 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."

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

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

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 fair market value at the date of donation.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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:

Capital Asset Class	Lives
Water and sewer transportation lines	50 years
Buildings and improvements	30 to 40 years
Meters and supplies	15 years
Furnishings, vehicles, and equipment	2 to 15 years
Road improvements	40 years
Sidewalks	25 years

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

Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position/balance sheet 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources result from three transactions: the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, difference between projected and actual experience, and changes in assumption related to economic and demographic factors.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position/balance sheet 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 so 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 unavailable revenue from property taxes 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

Sometimes the government will 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 Assumption

Sometimes the government will 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. Further, 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).

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 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 2014 tax is levied and collectible on December 1, 2014 and is recognized as revenue in the year ended December 31, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014 taxable valuation of the Township totaled \$1,784,000 (a portion of which is abated and a portion of which is captured by the DDA and BRDA), on which taxes levied consisted of .8173 mills for operating purposes and 3.1827 mills for police and fire services. This resulted in \$1,401,000 for operating purposes and \$5,423,000 for police and fire services. These amounts are recognized in the respective General Fund financial statements as tax revenue (net of reductions for delinquent amounts and prior year tax tribunal changes).

Pension - The Township offers pension benefits to 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.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 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.

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.

Note 2 - Stewardship, Compliance, and Accountability

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.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 2 - Stewardship, Compliance, and Accountability (Continued)

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

Shortfall at January 1, 2015		\$	(795,910)
Current year permit revenue			1,150,135
Related expenses:			
Direct costs	\$	452,093	
Estimated indirect costs		<u>137,378</u>	<u>589,471</u>
Cumulative shortfall at December 31, 2015		\$	<u>(235,246)</u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. 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 investment policies are in accordance with statutory authority.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$14,463,367 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 \$1,628,377. 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.

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.

Interest Rate Risk - 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 above).

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:

	<u>Governmental Funds</u>	<u>Governmental Activities</u>
Property taxes levied for the next fiscal year	\$ 6,990,871	\$ 6,990,871
Revenue received beyond 60 days:		
SAFER grant	421,004	-
35th District Court	126,985	-
City of Plymouth dispatch	53,795	-
	<u>7,592,655</u>	<u>6,990,871</u>
Total deferred inflows	<u>\$ 7,592,655</u>	<u>\$ 6,990,871</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 5 - Capital Assets

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

	Balance January 1, 2015	Additions	Disposals	Balance December 31, 2015
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 3,576,011	\$ 53,228	\$ -	\$ 3,629,239
Construction in progress	164,177	568,811	-	732,988
Subtotal	3,740,188	622,039	-	4,362,227
Capital assets being depreciated:				
Buildings and improvements	14,546,538	862,095	-	15,408,633
Sidewalks	1,205,525	-	-	1,205,525
Road improvements	815,902	-	-	815,902
Furnishings, vehicles, and equipment	7,844,636	711,315	-	8,555,951
Subtotal	24,412,601	1,573,410	-	25,986,011
Accumulated depreciation:				
Buildings and improvements	4,471,278	412,537	-	4,883,815
Sidewalks	480,773	48,221	-	528,994
Road improvements	122,382	20,398	-	142,780
Furnishings, vehicles, and equipment	5,764,820	604,700	-	6,369,520
Subtotal	10,839,253	1,085,856	-	11,925,109
Net capital assets being depreciated	13,573,348	487,554	-	14,060,902
Net capital assets	\$ 17,313,536	\$ 1,109,593	\$ -	\$ 18,423,129
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 1,636,134	\$ -	\$ -	\$ 1,636,134
Construction in progress	-	3,865	-	3,865
Subtotal	1,636,134	3,865	-	1,639,999
Capital assets being depreciated:				
Water and sewer transportation lines	53,545,045	105,700	-	53,650,745
Buildings and improvements	4,815,482	-	-	4,815,482
Meters and supplies	1,868,658	222,078	-	2,090,736
Equipment and other	2,590,932	344,798	-	2,935,730
Subtotal	62,820,117	672,576	-	63,492,693
Accumulated depreciation:				
Water and sewer transportation lines	26,425,019	1,060,993	-	27,486,012
Buildings and improvements	2,223,329	107,205	-	2,330,534
Meters and supplies	1,176,786	82,965	-	1,259,751
Equipment and other	1,386,678	224,562	-	1,611,240
Subtotal	31,211,812	1,475,725	-	32,687,537
Net capital assets being depreciated	31,608,305	(803,149)	-	30,805,156
Net capital assets	\$ 33,244,439	\$ (799,284)	\$ -	\$ 32,445,155

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 5 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 275,718
Police	283,963
Fire	224,295
Dispatching	75,959
Building inspections	17,462
Planning and zoning	2,633
Public works	68,617
Parks	<u>137,209</u>
Total governmental activities	<u>\$ 1,085,856</u>

Business-type activities:

Water and sewer	\$ 1,375,881
Solid waste disposal	1,803
Golf	<u>98,041</u>
Total business-type activities	<u>\$ 1,475,725</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Water and Sewer Fund	\$ 37,316
	Nonmajor Senior Transportation Fund	7,521
	Total General Fund	44,837
Improvement Revolving Fund	Golf Fund	3,714
Drug Forfeiture Fund	General Fund	2,094
Water and Sewer Fund	Improvement Revolving Fund	18,429
	Golf Fund	9,320
	Total Water and Sewer Fund	27,749
Solid Waste Disposal Fund	Water and Sewer Fund	110,971
Golf Fund	General Fund	2,687
	Total	<u>\$ 192,052</u>

Receivable Fund	Payable Fund	Amount
Advances to Other Funds		
General Fund	Golf Fund	\$ 500,000
Water and Sewer Fund	Special Assessment Fund	1,551,115

Receivable Fund	Payable Fund	Amount
Due to/from Primary Government and Component Units		
General Fund	Downtown Development Authority	\$ 2,130

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.

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

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

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

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 2017 with an interest rate of 4 percent being charged to the Golf Fund. The long-term advance from 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

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds and installment purchase agreements are direct obligations and pledge the full faith and credit of the Township.

Description	Amount
Governmental Activities	
General obligations:	
2006 general obligation bond originally issued for \$995,000, used to construct the underpass at Sheldon Road, bearing interest from 4% to 4.4%, with principal maturity ranges from \$50,000 to \$100,000, maturing in 2026	\$ 750,000
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, bearing interest from 3.0% to 5.0%, with principal maturity ranges from \$14,000 to \$28,000, maturing in 2030, shown net of bond discount and issue costs	301,000
2011 installment purchase agreement originally issued for \$606,150, used to pay the costs of acquiring the property at Five Mile Road, bearing interest at 3.10%, with principal maturity ranges from \$58,091 to \$67,790, maturing in 2021	371,190
2012 general obligation limited tax refunding bonds, used to advance refund \$4,400,000 of outstanding 2004 general obligation bonds, bearing interest at 2.0% to 4.0%, with principal maturity ranges from \$30,000 to \$435,000, maturing in 2025	4,355,115
2013 general obligation limited tax capital improvement bonds, used for various Township park improvements, bearing interest at 2.16%, with principal maturity ranges from \$103,342 to \$133,736, maturing in 2024	954,394
Total governmental activities	<u>\$ 6,731,699</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 7 - Long-term Debt (Continued)

Description	Amount
Business-type Activities:	
General obligations:	
2009 limited tax general obligation capital improvement bonds originally issued for \$2,150,000, used to pay the costs of acquiring, constructing, and installing water supply and sewage disposal system capital improvements, bearing interest from 3.0% to 5.0%, with principal maturity ranges from \$86,000 to \$172,000, maturing in 2030, shown net of bond discount and issue costs	\$ 1,849,000
2011 installment purchase agreement originally issued for \$321,221, used to pay the costs of acquiring a Vactor sewer cleaning machine, bearing interest at 2.65%, with principal maturity ranges from \$12,524 to \$49,277, maturing in 2018	109,790
2011 installment purchase agreement originally issued for \$452,417, used to pay the costs of acquiring golf carts and golf course lawn maintenance equipment, bearing interest at 2.85%, with principal maturity ranges from \$35,382 to \$69,275, maturing in 2018	170,444
2013 general obligation limited tax bonds, used for various water and sewer system improvements, bearing interest at 2.16%, with principal maturity ranges from \$34,895 to \$45,158, maturing in 2024	322,264
2013 general obligation limited tax capital improvement bonds, used for various golf course improvements, bearing interest at 2.16%, with principal maturity ranges from \$31,763 to \$41,105, maturing in 2024	295,211
Total business-type activities	<u>\$ 2,746,709</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligations	\$ 7,091,652	\$ -	\$ 615,075	\$ 6,476,577	\$ 557,255
Unamortized bond premium	280,634	-	25,512	255,122	25,512
Total bonds payable	7,372,286	-	640,587	6,731,699	582,767
Compensated absences	1,149,638	575,611	510,246	1,215,003	546,862
Total governmental activities	<u>\$ 8,521,924</u>	<u>\$ 575,611</u>	<u>\$ 1,150,833</u>	<u>\$ 7,946,702</u>	<u>\$ 1,129,629</u>
Business-type Activities					
General obligations	\$ 3,011,273	\$ -	\$ 264,564	\$ 2,746,709	\$ 268,271
Compensated absences	178,584	81,845	78,521	181,908	72,295
Total business-type activities	<u>\$ 3,189,857</u>	<u>\$ 81,845</u>	<u>\$ 343,085</u>	<u>\$ 2,928,617</u>	<u>\$ 340,566</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 7 - Long-term Debt (Continued)

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
2016	\$ 557,255	\$ 207,145	\$ 764,400	\$ 268,271	\$ 97,905	\$ 366,176
2017	610,213	192,050	802,263	275,151	90,680	365,831
2018	605,190	177,057	782,247	206,471	83,386	289,857
2019	655,228	160,570	815,798	160,500	78,355	238,855
2020	663,369	140,247	803,616	164,421	73,642	238,063
2021-2025	3,159,322	361,078	3,520,400	897,795	272,417	1,170,212
2026-2030	226,000	18,999	244,999	774,100	103,039	877,139
Total	\$ 6,476,577	\$ 1,257,146	\$ 7,733,723	\$ 2,746,709	\$ 799,424	\$ 3,546,133

* Excludes the \$255,122 of unamortized premiums.

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. Premiums are paid annually to the Authority and are used to pay claims up to the retention limits; the ultimate liability for those claims remains with the Township.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 8 - Risk Management (Continued)

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 (included in accrued liabilities and other). Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2015</u>	<u>2014</u>
Unpaid claims - Beginning of year	\$ 69,500	\$ 61,500
Incurred claims (including claims incurred but not reported and adjustments of prior years' estimates)	70,324	105,523
Claim payments and expenses paid	<u>(114,824)</u>	<u>(97,523)</u>
Unpaid claims - End of year	<u>\$ 25,000</u>	<u>\$ 69,500</u>

Note 9 - Defined Contribution Pension Plan

The Township provides pension benefits to all of its full-time general office and DPW employees through a defined contribution plan (police and fire personnel are provided a defined benefit plan, as discussed in the following note) administered by John Hancock. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by the Township board resolution, the Township contributes 15 percent of employees' base earnings and certain employees contribute 5 percent of base earnings, with an additional 5 percent allowed.

The current year contribution was calculated based on covered payroll of \$2,247,183, resulting in an employer contribution of \$337,078 and employee contributions of \$86,201.

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System of Michigan (MERS), which covers 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.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Pension Plan (Continued)

Benefits Provided - The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers all 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. Vesting period is 10 years. Employees are eligible for non-duty 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 non-duty 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. Vesting period is 10 years. Employees are eligible for non-duty 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 non-duty 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. Vesting period is 10 years. Employees are eligible for non-duty 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 non-duty 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.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Pension Plan (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.

Employees Covered by Benefit Terms - At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>53</u>
Total employees covered by MERS	<u>82</u>

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

For the year ended December 31, 2015, the average active employee contribution rate was 7 and 10 percent of annual pay for police and fire employees, respectively, and the Township's annual required contribution was \$629,153.

Net Pension Liability

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

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Pension Plan (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, 2013	\$ 24,339,496	\$ 18,214,866	\$ 6,124,630
Service cost	549,735	-	549,735
Interest	1,981,341	-	1,981,341
Contributions - Employer	-	629,153	(629,153)
Contributions - Employee	-	300,261	(300,261)
Net investment income	-	1,149,359	(1,149,359)
Benefit payments, including refunds	(1,196,222)	(1,196,222)	-
Administrative expenses	-	(42,269)	42,269
Net changes	1,334,854	840,282	494,572
Balance at December 31, 2014	<u>\$ 25,674,350</u>	<u>\$ 19,055,148</u>	<u>\$ 6,619,202</u>

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

For the year ended December 31, 2015, the Township recognized pension expense of \$851,231. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 272,494	\$ -
Employer contributions to the plan subsequent to the measurement date	686,223	-
Total	<u>\$ 958,717</u>	<u>\$ -</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Pension Plan (Continued)

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

<u>Years Ending December 31</u>	<u>Amount</u>
2016	\$ 68,124
2017	68,124
2018	68,124
2019	68,122

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

Inflation	3.0 - 4.0 %
Salary increases	4.5 % In the long term, 1 percent, 2 percent, and 3 percent for calendar years 2014, 2015, and 2016, respectively, including inflation
Investment rate of return	8.25% Net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study in 2008. The MERS retirement board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Pension Plan (Continued)

Projected Cash Flows

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.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-term Expected Real Rate of Return
Global equity	58 %	5.00 %
Global fixed income	20 %	2.20 %
Real assets	12 %	4.20 %
Diversifying strategies	10 %	6.60 %

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 8.25 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 (7.25 percent) or 1 percentage point higher (9.25 percent) than the current rate:

	1 Percent Decrease (7.25%)	Current Discount Rate (8.25%)	1 Percent Increase (9.25%)
Net pension liability of the Township	\$ 9,685,121	\$ 6,619,202	\$ 4,085,621

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Pension Plan (Continued)

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 or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position has 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 11 - Defined Contribution Retiree Health Care

The Township provides a health savings account to all of its full-time employees hired after certain dates (which vary by employee group). For eligible employees hired after those dates, the Township provides a defined benefit retiree healthcare plan, as discussed in the following note. This is a defined contribution plan administered by the Township. The benefits are provided under collective bargaining agreements. The Township is required to contribute \$50 per pay period for each participating employee; the participants are not required to contribute. Plan members are fully vested after 10 years.

During the year ended December 31, 2015, the Township made contributions of \$17,700 to the plan.

Note 12 - Defined Benefit Retiree Health Care

Plan Description - 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.

Funding Policy - 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).

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 12 - Defined Benefit Retiree Health Care (Continued)

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

Annual required contribution (recommended)	\$ 1,367,015
Interest on the prior year's net OPEB obligation	396,697
Less adjustment to the annual required contribution	<u>(628,910)</u>
Annual OPEB cost	1,134,802
Amounts contributed - Payments of current premiums	<u>(565,574)</u>
Increase in net OPEB obligation	569,228
OPEB obligation - Beginning of year	<u>9,876,393</u>
OPEB obligation - End of year	<u>\$ 10,445,621</u>

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

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
12/31/12	12/31/12	\$ 1,576,591	39.0 %	\$ 8,452,166
12/31/13	12/31/13	1,553,101	39.0	9,399,571
12/31/14	12/31/14	1,102,267	57.0	9,876,393
12/31/15	12/31/14	1,134,802	49.8	10,455,621

The funding progress of the plan as of the most recent valuation date 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
12/31/12	\$ -	\$ 21,475,601	\$ 21,475,601	- %	\$ 6,838,000	314.1 %
12/31/13	-	20,942,686	20,942,686	-	6,062,927	345.4
12/31/14	-	15,695,066	15,695,066	-	5,844,899	268.5

The decline in AAL is attributable primarily to two factors: integration of retiree healthcare benefits with Medicare after age 65, and general premium reductions.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 12 - Defined Benefit Retiree Health Care (Continued)

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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, 2014 actuarial valuation, the level dollar actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on Township (employer) assets, and an annual healthcare cost trend rate of 7.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after three years. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2014 was 24 years.

Note 13 - Commitments - Brownfield Redevelopment Authority

Brownfield redevelopment costs of approximately \$108,000 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.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 14 - Change in Accounting

During the current year, the Township adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements now include a liability for our unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension note for further details.

The financial statements for the year ended December 31, 2014 have been restated in order to adopt GASB Statement No. 68. The effect of this new standard was a decrease in net position to record the net pension liability at December 31, 2014.

Net position - December 31, 2014 - As previously reported	\$ 6,362,969
Adjustment for implementation of GASB Statement No. 68	<u>(5,495,477)</u>
Net position - December 31, 2014 - As restated	<u>\$ 867,492</u>

Note 15 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the Township's 2016 fiscal year.

In June 2015, the 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.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2015

Note 15 - Upcoming Accounting Pronouncements (Continued)

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016 fiscal year.

Required Supplemental Information

Charter Township of Plymouth

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 6,700,000	\$ 6,700,000	\$ 6,823,941	\$ 123,941
Licenses and permits	757,000	757,000	1,150,135	393,135
Federal grants	873,000	873,000	250,582	(622,418)
State-shared revenue and grants	2,188,000	2,188,000	2,179,270	(8,730)
Charges for services:				
Intragovernmental service charge	693,450	693,450	700,970	7,520
City of Plymouth	525,000	525,000	490,335	(34,665)
District court fines	200,000	200,000	191,230	(8,770)
Interest and rents	60,000	60,000	21,490	(38,510)
Other revenue:				
Cable franchise fees	700,000	700,000	730,339	30,339
Other charges for services	185,000	185,000	81,784	(103,216)
Other miscellaneous income	805,000	960,000	836,268	(123,732)
Total revenue	<u>13,686,450</u>	<u>13,841,450</u>	<u>13,456,344</u>	<u>(385,106)</u>
Expenditures - Current				
General government	3,181,477	3,287,477	2,872,104	415,373
Public safety	8,897,198	8,897,198	8,599,938	297,260
Public works	466,906	481,906	452,093	29,813
Community services	95,000	95,000	43,727	51,273
Planning and zoning	170,439	170,439	156,372	14,067
Parks	539,098	629,098	491,613	137,485
Total expenditures	<u>13,350,118</u>	<u>13,561,118</u>	<u>12,615,847</u>	<u>945,271</u>
Excess of Revenue Over Expenditures	336,332	280,332	840,497	560,165
Other Financing Uses -				
Transfers out	(523,951)	(523,951)	(523,951)	-
Net Change in Fund Balance	(187,619)	(243,619)	316,546	560,165
Fund Balance - Beginning of year	<u>3,810,300</u>	<u>3,810,300</u>	<u>3,810,300</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 3,622,681</u></u>	<u><u>\$ 3,566,681</u></u>	<u><u>\$ 4,126,846</u></u>	<u><u>\$ 560,165</u></u>

Charter Township of Plymouth

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Improvement Revolving Fund Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Grants and other	\$ 300,000	\$ 500,000	\$ 109,056	\$ (390,944)
Interest and rents	10,000	10,000	9,123	(877)
Total revenue	310,000	510,000	118,179	(391,821)
Expenditures - Current				
Capital outlay	1,100,000	1,600,000	1,521,805	78,195
Debt service	790,000	799,000	833,825	(34,825)
Total expenditures	1,890,000	2,399,000	2,355,630	43,370
Excess of Expenditures Over Revenue	(1,580,000)	(1,889,000)	(2,237,451)	(348,451)
Other Financing Sources -				
Transfers in	523,951	523,951	523,951	-
Net Change in Fund Balance	(1,056,049)	(1,365,049)	(1,713,500)	(348,451)
Fund Balance - Beginning of year	2,182,241	2,182,241	2,182,241	-
Fund Balance - End of year	<u>\$ 1,126,192</u>	<u>\$ 817,192</u>	<u>\$ 468,741</u>	<u>\$ (348,451)</u>

Charter Township of Plymouth

Note to Required Supplemental Information Year Ended December 31, 2015

Note - 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. All expenditures were within the amounts budgeted.

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, 2014 has not been calculated. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures.

Charter Township of Plymouth

Required Supplemental Information OPEB System Schedule Year Ended December 31, 2015

The schedule of funding progress 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
12/31/12	\$ -	\$ 21,475,601	\$ 21,475,601	- %	\$ 6,838,000	314.1 %
12/31/13	-	20,942,686	20,942,686	-	6,062,927	345.4
12/31/14	-	15,695,066	15,695,066	-	5,844,899	268.5

Charter Township of Plymouth

Required Supplemental Information Schedule of Changes in the Township Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2015
Total Pension Liability	
Service cost	\$ 549,735
Interest	1,981,341
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds	(1,196,222)
Net Change in Total Pension Liability	1,334,854
Total Pension Liability - Beginning of year	24,339,496
Total Pension Liability - End of year	\$5,674,350
Plan Fiduciary Net Position	
Contributions - Employer	\$ 629,153
Contributions - Member	300,261
Net investment income	1,149,359
Administrative expenses	(42,269)
Benefit payments, including refunds	(1,196,222)
Other	-
Net Change in Plan Fiduciary Net Position	840,282
Plan Fiduciary Net Position - Beginning of year	18,214,866
Plan Fiduciary Net Position - End of year	\$ 9,055,148
Township's Net Pension Liability - Ending	\$ 6,619,202
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.22 %
Covered Employee Payroll	\$ 3,950,911
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	167.5 %

Charter Township of Plymouth

Required Supplemental Information Schedule of Township Contributions Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 629,153	\$ 583,883	\$ 489,480	\$ 554,612	\$ 577,569	\$ 663,468	\$ 637,764	\$ 648,681	\$ 603,341	\$ 523,470
Contributions in relation to the actuarially determined contribution	629,153	583,883	489,480	554,612	577,569	663,468	637,764	648,681	603,341	523,470
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 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	\$ 4,177,570
Contributions as a Percentage of Covered Employee Payroll	15.9 %	15.0 %	12.8 %	14.7 %	13.9 %	13.9 %	13.3 %	14.6 %	13.9 %	12.5 %

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end 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	25 years
Asset valuation method	10-year smoothed
Inflation	3.0 percent
Salary increases	4.5 percent
Investment rate of return	8.0 percent
Retirement age	Varies depending on plan adoption
Mortality	20% female/50% male 1994 Group Annuity Mortality Table
Other information	None

Other Supplemental Information

Charter Township of Plymouth

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2015

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Federal Drug Forfeiture Fund	State Drug Forfeiture Fund	
Assets			
Cash and cash equivalents	\$ 11,592	\$ 5,437	\$ 17,029
Due from other funds	2,094	-	2,094
Total assets	\$ 13,686	\$ 5,437	\$ 19,123
Liabilities			
Accounts payable	\$ 9,805	\$ 4,208	\$ 14,013
Accrued liabilities and other	3,863	-	3,863
Total liabilities	13,668	4,208	17,876
Fund Balances - Restricted - Drug enforcement	18	1,229	1,247
Total liabilities and fund balances	\$ 13,686	\$ 5,437	\$ 19,123

Charter Township of Plymouth

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended December 31, 2015

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Federal Drug Forfeiture Fund	State Drug Forfeiture Fund	
Revenue - Interest and rents	\$ 289	\$ 116	\$ 405
Expenditures			
Current - Public safety	95,780	24,566	120,346
Capital outlay	53,944	-	53,944
Total expenditures	<u>149,724</u>	<u>24,566</u>	<u>174,290</u>
Net Change in Fund Balances	(149,435)	(24,450)	(173,885)
Fund Balances - Beginning of year	<u>149,453</u>	<u>25,679</u>	<u>175,132</u>
Fund Balances - End of year	<u>\$ 18</u>	<u>\$ 1,229</u>	<u>\$ 1,247</u>

Charter Township of Plymouth

Other Supplemental Information Downtown Development Authority Balance Sheet/Statement of Net Position December 31, 2015

	Modified Accrual	Full Accrual Adjustments	Total
Assets			
Cash and cash equivalents	\$ 38,274	\$ -	\$ 38,274
Receivables - Property taxes receivable	280,909	-	280,909
Total assets	\$ 319,183	\$ -	\$ 319,183
Liabilities			
Accounts payable	\$ 812	\$ -	\$ 812
Due from primary government	2,130	-	2,130
Total liabilities	2,942	-	2,942
Deferred Inflows of Resources -			
Property taxes levied for the following year	280,909	-	280,909
Equity			
Fund balance - Unassigned	35,332	(35,332)	-
Net position (deficit) - Unrestricted	-	35,332	35,332
Total liabilities, deferred inflows of resources, and equity	\$ 319,183	\$ -	\$ 319,183

Charter Township of Plymouth

Other Supplemental Information Downtown Development Authority Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended December 31, 2015

	Modified Accrual	Full Accrual Adjustments	Total
Revenue			
Property taxes	\$ 73,516	\$ 175,000	\$ 248,516
Interest and rents	313	-	313
Total revenue	73,829	175,000	248,829
Expenditures - Current - Other contract services	115,684	-	115,684
Change in Fund Balance/Net Position	(41,855)	175,000	133,145
Fund Balance/Net Position (Deficit) - Beginning of year	77,187	(175,000)	(97,813)
Fund Balance/Net Position - End of year	\$ 35,332	\$ -	\$ 35,332

Charter Township of Plymouth

Other Supplemental Information Brownfield Redevelopment Authority Statement of Net Position December 31, 2015

	Modified Accrual	Full Accrual Adjustments	Total
Assets			
Cash and cash equivalents	\$ 1,590,055	\$ -	\$ 1,590,055
Receivables	19,184	-	19,184
Total assets	\$ 1,609,239	\$ -	\$ 1,609,239
Liabilities - Accounts payable			
	\$ 19,184	\$ -	\$ 19,184
Deferred Inflows of Resources - Property taxes levied for the following year			
	7,633	-	7,633
Equity			
Fund balance - Unassigned	1,582,422	(1,582,422)	-
Net position - Unrestricted	-	1,582,422	1,582,422
Total liabilities, deferred inflows of resources, and equity	\$ 1,609,239	\$ -	\$ 1,609,239

Charter Township of Plymouth

Other Supplemental Information Brownfield Redevelopment Authority Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended December 31, 2015

	Modified Accrual	Full Accrual Adjustments	Total
Revenue - General revenue			
Property taxes	\$ 18,254	\$ -	\$ 18,254
Interest earnings	3,942	-	3,942
Total revenue	22,196	-	22,196
Expenditures - Current - Environmental remediation	19,175	-	19,175
Change in Fund Balance/Net Position	3,021	-	3,021
Fund Balance/Net Position - Beginning of year	1,579,401	-	1,579,401
Fund Balance/Net Position - End of year	<u>\$ 1,582,422</u>	<u>\$ -</u>	<u>\$ 1,582,422</u>

Charter Township of Plymouth

Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2015

	Agency Funds			Total Agency Funds
	General Agency	Tax Collection Fund	Police Bond	
Assets - Cash and cash equivalents	\$ 512,845	\$ 5,562,939	\$ 969	\$ 6,076,753
Liabilities				
Due to other governmental units	\$ 138	\$ 5,562,939	\$ -	\$ 5,563,077
Refundable deposits - Bonds	512,707	-	969	513,676
Total liabilities	\$ 512,845	\$ 5,562,939	\$ 969	\$ 6,076,753

Charter Township of Plymouth

Other Supplemental Information Combining Statement of Changes in Assets and Liabilities Agency Funds Year Ended December 31, 2015

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015
Agency Funds				
Assets - Cash and investments	\$ 368,458	\$ 383,636	\$ (239,249)	\$ 512,845
Liabilities	\$ 368,458	\$ 393,313	\$ (248,926)	\$ 512,845
Tax Collection Fund				
Assets - Cash and investments	\$ 1,943,858	\$ 58,074,422	\$ (54,455,341)	\$ 5,562,939
Liabilities - Due to other governmental units	\$ 1,943,858	\$ 58,074,422	\$ (54,455,341)	\$ 5,562,939
Police Bond				
Assets - Cash and investments	\$ 947	\$ 118,335	\$ (118,313)	\$ 969
Liabilities - Refundable deposits, bonds, etc.	\$ 947	\$ 118,335	\$ (118,313)	\$ 969
Total - All Agency Funds				
Assets - Cash and investments	\$ 2,313,263	\$ 58,576,393	\$ (54,812,903)	\$ 6,076,753
Liabilities				
Due to other governmental units	\$ 1,943,858	\$ 58,074,422	\$ (54,455,341)	\$ 5,562,939
Refundable deposits, bonds, etc.	369,405	511,648	(367,239)	513,814
Total liabilities	\$ 2,313,263	\$ 58,586,070	\$ (54,822,580)	\$ 6,076,753