

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

**Financial Report
with Supplemental Information
December 31, 2016**

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, 2016, and the related notes to the financial statements, which collectively comprise the Charter Township of Plymouth's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2016, 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.

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.

Plante & Moran, PLLC

June 19, 2017

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, 2016. 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, 2016:

- At the end of the 2016 fiscal year, the assets of the Charter Township of Plymouth exceeded its liabilities by \$54.1 million. Net investment in capital assets accounts for more than \$40 million or approximately 75 percent of the total. The majority of the remaining net position of approximately \$13 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 \$329,000 less than the amended budget.
- The Water and Sewer Fund's increase in net position for 2016 was approximately \$2.3 million.

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.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

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):

	2014	2015	2016	Change
Assets				
Current assets	\$ 18,110,000	\$ 16,875,000	\$ 16,808,000	\$ (67,000)
Capital assets	17,314,000	18,423,000	17,872,000	(551,000)
Total assets	35,424,000	35,298,000	34,680,000	(618,000)
Deferred Outflows	629,000	959,000	3,519,000	2,560,000
Liabilities				
Current liabilities	5,715,000	5,845,000	6,280,000	435,000
Long-term liabilities	22,630,000	23,083,000	26,553,000	3,470,000
Total liabilities	28,345,000	28,928,000	32,833,000	3,905,000
Deferred Inflows	6,840,000	6,991,000	6,838,000	(153,000)
Net Position				
Net investment in capital assets	10,891,000	11,691,000	11,615,000	(76,000)
Restricted	175,000	1,000	442,000	441,000
Unrestricted	(10,198,000)	(11,354,000)	(13,529,000)	(2,175,000)
Total net position	<u>\$ 868,000</u>	<u>\$ 338,000</u>	<u>\$ (1,472,000)</u>	<u>\$ (1,810,000)</u>

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

The long-term liabilities increased during 2016, and the unrestricted net position of the Township's governmental activities decreased during the current year primarily as a result of unfunded pension and other postemployment benefit liabilities.

	Governmental Activities			Change from Prior Year	
	2014	2015	2016	in Dollars	Percent
Revenue					
Program revenue:					
Charges for services	\$ 2,041,000	\$ 2,372,000	\$ 2,522,000	\$ 150,000	6%
Operating grants	636,000	794,000	732,000	(62,000)	-8%
General revenue:					
Property taxes	6,770,000	6,884,000	6,991,000	107,000	2%
State-shared revenue	2,145,000	2,141,000	2,216,000	75,000	4%
Investment earnings	38,000	31,000	56,000	25,000	81%
Cable franchise agreement	635,000	730,000	759,000	29,000	4%
Other miscellaneous	158,000	-	39,000	39,000	100%
Gain on sale of assets and other	1,508,000	-	-	-	100%
Total revenue	13,931,000	12,952,000	13,315,000	363,000	3%
Program Expenses					
General government	2,449,000	2,132,000	2,564,000	432,000	20%
Public safety	8,906,000	9,652,000	10,457,000	805,000	8%
Building inspections	433,000	485,000	493,000	8,000	2%
Public works	257,000	144,000	53,000	(91,000)	-63%
Community services	169,000	44,000	91,000	47,000	107%
Planning and zoning	215,000	203,000	209,000	6,000	3%
Parks	545,000	629,000	1,092,000	463,000	74%
Interest on long-term debt	214,000	193,000	166,000	(27,000)	-14%
Total expenses	13,188,000	13,482,000	15,125,000	1,643,000	12%
Change in Net Position	\$ 743,000	\$ (530,000)	\$ (1,810,000)	\$ (1,280,000)	242%

The Township's total governmental revenue was \$13.3 million, which is an increase from 2015 of \$363,000. This was caused by various factors, including charges for services, property taxes, and state-shared revenue.

Expenses increased during the year by 12 percent, or \$1.6 million. The change was primarily caused by general government, public safety, and parks expenses. General government expenses increased due to various factors, including primarily a one-time refund which occurred during 2015, and not in the current year, pertaining to municipal risk insurance as well as additional expenses incurred associated with the painting of the township hall. Public safety expenses increased primarily due to increases in pension expenses, salaries and fringes (including retroactive pay pertaining to contract negotiations), and equipment and grounds maintenance. Parks expenses increased due to additional depreciation expenses associated with capital asset acquisitions made over the last few years.

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 Great Lakes Water Authority water system. We provide sewage treatment through the Western Townships Utilities Authority, which collects sewage, equalizes it, and sends it to both the Great Lakes Water Authority sewage treatment plant and the Ypsilanti Community Utilities Authority sewage treatment plant.

The Solid Waste Disposal Fund was created to account for revenue and expenses for trash collection and recycling programs requiring separate accounting and financing.

The Golf Fund was created to account for revenue and expenses for golf course operations. The course is operated by a management company, Billy Casper Golf, which is responsible for day-to-day operations.

The Special Assessment Fund was created to account for revenue and expenses for certain special assessments (road paving and sidewalk repairs) requiring separate accounting and financing.

The Senior Transportation Fund 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):

	2014	2015	2016	Change	Change
Assets					
Current assets	\$ 8,039,000	\$ 9,353,000	\$ 8,055,000	\$ (1,298,000)	-14%
Investment in joint venture	15,349,000	17,000,000	18,967,000	1,967,000	12%
Capital assets	33,244,000	32,445,000	31,719,000	(726,000)	-2%
Other noncurrent assets	-	-	2,363,000	2,363,000	100%
Total assets	56,632,000	58,798,000	61,104,000	2,306,000	4%
Liabilities					
Current liabilities	1,192,000	1,961,000	2,294,000	333,000	17%
Long-term liabilities	3,588,000	3,387,000	3,207,000	(180,000)	-5%
Total liabilities	4,780,000	5,348,000	5,501,000	153,000	3%
Net Position					
Net investment in capital assets	30,802,000	29,698,000	29,174,000	(524,000)	-2%
Unrestricted	21,050,000	23,752,000	26,429,000	2,677,000	11%
Total net position	\$ 51,852,000	\$ 53,450,000	\$ 55,603,000	\$ 2,153,000	4%

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

The net position of the Township's business-type activities totals \$55.6 million. This is an increase over 2015 of \$2.2 million. The increase is attributable to water and sewer operations.

	Business-type Activities			Change from Prior Year	
	2014	2015	2016	in Dollars	Percent
Program Revenue					
Charges for services:					
Water and sewer	\$ 12,139,000	\$ 13,095,000	\$ 13,835,000	\$ 740,000	6%
Rubbish	1,374,000	1,370,000	1,141,000	(229,000)	-17%
Golf	666,000	709,000	544,000	(165,000)	-23%
Special assessments	1,423,000	-	2,347,000	2,347,000	100%
Senior transportation	-	20,000	179,000	159,000	795%
Capital contributions -					
Water and sewer	754,000	1,363,000	1,662,000	299,000	22%
General revenue -					
Interest income	86,000	194,000	146,000	(48,000)	-25%
Total revenue	16,442,000	16,751,000	19,854,000	3,103,000	19%
Program Expenses					
Water and sewer	12,524,000	12,863,000	13,315,000	452,000	4%
Rubbish	1,325,000	1,413,000	1,488,000	75,000	5%
Golf	722,000	761,000	773,000	12,000	2%
Special assessments	1,460,000	101,000	1,996,000	1,895,000	1876%
Senior transportation	-	15,000	129,000	114,000	100%
Total program expenses	16,031,000	15,153,000	17,701,000	2,548,000	17%
Change in Net Position	\$ 411,000	\$ 1,598,000	\$ 2,153,000	\$ 555,000	35%

In 2016, business-type activities revenue totaled \$19.9 million, an increase from 2015 of over \$3 million. The increase is primarily due to the new special assessments as well as water and sewer revenue.

Expenses for business-type activities totaled \$17.7 million, an increase from 2015 of approximately \$2.5 million (primarily due to special assessments and water and sewer costs).

The Township's Funds

Our analysis of the Township's major funds follows the government-wide financial statements. The fund financial statements provide detailed 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 2016 include the General Fund, the Water and Sewer Fund, the Solid Waste Disposal Fund, Special Assessment Fund, and the Golf Fund.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

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 \$329,000, resulting in total expenditures of \$13.5 million. This was an increase of \$0.9 million compared to 2015. The most significant increases were in general government and public safety expenditures due to various factors, including insurance and other miscellaneous items.

Business-type Funds

Water and Sewer Fund

The Water and Sewer Fund experienced a \$2.3 million increase in net position. The increase is due to various factors, including water and sewer sales, sewage disposal charges, and benefit fee increases, as well as an overall reduction in various expenses.

Capital Asset and Debt Administration

Capital Assets

As of year end, the Township had \$49.6 million invested in a variety of capital assets, including buildings, fire and police equipment, and water and sewer lines. This represents a decrease from 2015 of approximately \$1.3 million as a result of depreciation expense. Roads within the Township are accounted for and maintained by the County of Wayne, Michigan (therefore are not included in the capital assets totaling \$49.6 million). 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 \$8.8 million. This is a decrease of \$0.7 million compared to 2015.

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 (including water and sewer, solid waste disposal, and special assessments) and certain governmental activities (permitting, development), the user pays a related fee or charge associated with the service. During 2016, the Township continued seeing positive change. Home sale prices continued to rise, state-shared revenue continued to increase, building permits continued to increase, and unemployment in the Charter Township of Plymouth remains low. Even with the economic outlook improving, the township board continues to look for improvements in services while reducing legacy costs that the Township will be able to sustain into the future.

Charter Township of Plymouth

Management's Discussion and Analysis (Continued)

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 Township Clerk, Charter Township of Plymouth, 9955 N. Haggerty Road, Plymouth, MI 48170.

Charter Township of Plymouth

Statement of Net Position (Deficit) December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 6,807,206	\$ 5,319,988	\$ 12,127,194	\$ 1,869,087
Receivables:				
Property taxes receivable	3,389,792	238,415	3,628,207	307,360
Receivables from sales to customers on account	-	2,827,620	2,827,620	-
Other receivables	-	42,695	42,695	-
Due from other governmental units	4,284,563	892,313	5,176,876	-
Special assessments receivable	-	3,146,651	3,146,651	-
Due from component units (Note 6)	8,286	-	8,286	-
Due from primary government (Note 6)	-	-	-	8,874
Internal balances	2,189,067	(2,189,067)	-	-
Inventory	-	27,407	27,407	-
Prepaid expenses	129,184	112,181	241,365	-
Investment in WTUA (Note 1)	-	18,967,049	18,967,049	-
Capital assets (Note 5):				
Assets not subject to depreciation	3,817,870	1,639,999	5,457,869	-
Assets subject to depreciation	14,053,936	30,079,104	44,133,040	-
Total assets	34,679,904	61,104,355	95,784,259	2,185,321
Deferred Outflows of Resources (Note 10)	3,518,876	-	3,518,876	-
Liabilities				
Accounts payable	457,814	1,869,847	2,327,661	12,259
Due to other governmental units	583,051	2,801	585,852	-
Due to component units (Note 6)	8,874	-	8,874	-
Due to primary government (Note 6)	-	-	-	8,286
Accrued liabilities and other	444,029	87,683	531,712	-
Unearned revenue	3,598,176	-	3,598,176	-
Noncurrent liabilities:				
Due within one year (Note 7)	1,188,062	334,046	1,522,108	-
Due in more than one year:				
Compensated absences - Net of current portion (Note 7)	700,005	93,951	793,956	-
Net OPEB obligation (Note 12)	10,283,677	841,349	11,125,026	-
Net pension liability (Note 10)	9,944,051	-	9,944,051	-
Long-term debt (Note 7)	5,624,587	2,271,928	7,896,515	-
Total liabilities	32,832,326	5,501,605	38,333,931	20,545
Deferred Inflows of Resources - Property taxes levied for the following year (Note 4)	6,838,398	-	6,838,398	306,410
Net Position (Deficit)				
Net investment in capital assets	11,614,532	29,174,004	40,788,536	-
Restricted (Note 14)	442,494	-	442,494	-
Unrestricted	(13,528,970)	26,428,746	12,899,776	1,858,366
Total net position (deficit)	\$ (1,471,944)	\$ 55,602,750	\$ 54,130,806	\$ 1,858,366

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	\$ 2,563,962	\$ 159,809	\$ 10,185	\$ -
Public safety:				
Police	5,247,694	207,075	184,104	-
Fire	3,405,102	469,552	346,864	-
Building inspections	492,968	1,106,433	-	-
Dispatching	1,804,154	476,091	-	-
Public works	53,287	-	30,944	-
Community services	91,252	-	142,573	-
Planning and zoning	208,776	103,511	-	-
Parks	1,092,347	-	17,000	-
Interest on long-term debt	165,761	-	-	-
Total governmental activities	15,125,303	2,522,471	731,670	-
Business-type activities:				
Water and sewer	13,314,528	13,835,308	-	1,661,699
Rubbish disposal	1,487,884	1,140,555	-	-
Golf course	773,066	543,894	-	-
Special assessment projects	1,996,194	2,347,267	-	-
Senior transportation	129,345	178,740	-	-
Total business-type activities	17,701,017	18,045,764	-	1,661,699
Total primary government	\$ 32,826,320	\$ 20,568,235	\$ 731,670	\$ 1,661,699
Component units:				
Downtown Development Authority	\$ 167,462	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	11,605	-	-	-
Total component units	\$ 179,067	\$ -	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Interest and rents				
Cable franchise fees				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities
Year Ended December 31, 2016

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,393,968)	\$ -	\$ (2,393,968)	\$ -
(4,856,515)	-	(4,856,515)	-
(2,588,686)	-	(2,588,686)	-
613,465	-	613,465	-
(1,328,063)	-	(1,328,063)	-
(22,343)	-	(22,343)	-
51,321	-	51,321	-
(105,265)	-	(105,265)	-
(1,075,347)	-	(1,075,347)	-
(165,761)	-	(165,761)	-
(11,871,162)	-	(11,871,162)	-
-	2,182,479	2,182,479	-
-	(347,329)	(347,329)	-
-	(229,172)	(229,172)	-
-	351,073	351,073	-
-	49,395	49,395	-
-	2,006,446	2,006,446	-
(11,871,162)	2,006,446	(9,864,716)	-
-	-	-	(167,462)
-	-	-	(11,605)
-	-	-	(179,067)
6,990,871	-	6,990,871	416,311
2,216,473	-	2,216,473	-
56,438	145,923	202,361	3,319
758,800	-	758,800	-
38,649	-	38,649	49
10,061,231	145,923	10,207,154	419,679
(1,809,931)	2,152,369	342,438	240,612
337,987	53,450,381	53,788,368	1,617,754
\$ (1,471,944)	\$ 55,602,750	\$ 54,130,806	\$ 1,858,366

Charter Township of Plymouth

Governmental Funds Balance Sheet December 31, 2016

	General Fund	Nonmajor Funds	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 6,283,875	\$ 523,331	\$ 6,807,206
Receivables:			
2016 property taxes	3,389,792	-	3,389,792
Due from other governmental units	4,284,554	9	4,284,563
Due from component units (Note 6)	8,286	-	8,286
Due from other funds (Note 6)	1,565,491	287,761	1,853,252
Advances to other funds (Note 6)	1,891,514	-	1,891,514
Prepaid expenses	129,184	-	129,184
	<u>\$ 17,552,696</u>	<u>\$ 811,101</u>	<u>\$ 18,363,797</u>
Total assets			
Liabilities			
Accounts payable	\$ 364,800	\$ 93,014	\$ 457,814
Due to other governmental units	572,762	10,289	583,051
Due to component units (Note 6)	8,874	-	8,874
Due to other funds (Note 6)	1,537,270	18,429	1,555,699
Accrued liabilities and other	413,248	-	413,248
Unearned revenue	3,598,176	-	3,598,176
	<u>6,495,130</u>	<u>121,732</u>	<u>6,616,862</u>
Total liabilities			
Deferred Inflows of Resources (Note 4)	7,146,804	-	7,146,804
Fund Balances			
Nonspendable:			
Prepays	129,184	-	129,184
Long-term advances	1,891,514	-	1,891,514
Restricted (Note 14)	171,008	271,486	442,494
Assigned - Capital improvements	-	417,883	417,883
Unassigned	1,719,056	-	1,719,056
	<u>3,910,762</u>	<u>689,369</u>	<u>4,600,131</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,552,696</u>	<u>\$ 811,101</u>	<u>\$ 18,363,797</u>

Charter Township of Plymouth

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2016

Fund Balance Reported in Governmental Funds	\$ 4,600,131
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	17,871,806
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	308,406
Bonds payable obligations are not due and payable in the current period and are not reported in the funds	(6,257,274)
Accrued interest is not due and payable in the current period and is not reported in the funds	(241)
Net OPEB obligation is not reported as a fund liability	(10,283,677)
Net pension liability is not reported as a fund liability	(9,944,051)
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	3,518,876
Accrued longevity pay for employees is not reported as a fund liability until it is due and payable	(5,540)
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	(1,255,380)
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>\$ (1,471,944)</u>

Charter Township of Plymouth

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2016

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 6,990,871	\$ -	\$ 6,990,871
Licenses and permits	1,208,844	-	1,208,844
Federal grants	806,830	-	806,830
State-shared revenue and grants	2,216,473	215,048	2,431,521
Charges for services:			
Intragovernmental service charge	785,498	-	785,498
City of Plymouth	672,558	-	672,558
District court fines	126,984	-	126,984
Interest and rents	50,672	5,766	56,438
Other revenue:			
Cable franchise fees	758,800	-	758,800
Other charges for services	89,226	-	89,226
Other miscellaneous income	466,678	-	466,678
Total revenue	14,173,434	220,814	14,394,248
Expenditures			
Current:			
General government	3,556,749	-	3,556,749
Public safety	8,746,011	-	8,746,011
Building inspections	478,278	-	478,278
Community social services	91,252	-	91,252
Planning and zoning	129,515	-	129,515
Parks	544,265	-	544,265
Capital outlay	-	204,653	204,653
Debt service	-	640,228	640,228
Total expenditures	13,546,070	844,881	14,390,951
Excess of Revenue Over (Under) Expenditures	627,364	(624,067)	3,297
Other Financing Sources (Uses)			
Transfers in (Note 6)	-	843,448	843,448
Transfers out (Note 6)	(843,448)	-	(843,448)
Net Change in Fund Balances	(216,084)	219,381	3,297
Fund Balances - Beginning of year	4,126,846	469,988	4,596,834
Fund Balances - End of year	\$ 3,910,762	\$ 689,369	\$ 4,600,131

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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 3,297

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	526,607
Depreciation expense	(1,062,741)
Net book value of assets disposed of	(15,189)

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) (293,378)

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) 474,425

Accrued interest, recorded in the statement of activities, decreased in the current year 44

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 (636,790)

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 (764,690)

Accrued longevity pay and employee compensated absences are recorded when earned in the statement of activities and these amounts defeased in the current year (41,516)

Change in Net Position of Governmental Activities \$ (1,809,931)

Charter Township of Plymouth

Proprietary Funds Statement of Net Position December 31, 2016

	Enterprise Funds					
	Water and Sewer	Solid Waste		Special	Nonmajor	Total
	Fund	Disposal Fund	Golf Fund	Assessments	Enterprise - Senior Transportation	
Assets						
Current assets:						
Cash and cash equivalents	\$ 4,672,073	\$ -	\$ 550,823	\$ 89,923	\$ 7,169	\$ 5,319,988
Receivables:						
Property taxes receivable	238,415	-	-	-	-	238,415
Special assessments receivable - Due within one year	-	-	-	783,646	-	783,646
Receivables from sales to customers on account	2,608,392	219,228	-	-	-	2,827,620
Other receivables	15,654	-	8,771	-	18,270	42,695
Due from other governmental units	68,660	-	-	753,622	70,031	892,313
Due from other funds (Note 6)	1,297,231	1,250,563	-	-	-	2,547,794
Inventory	-	-	27,407	-	-	27,407
Prepaid expenses	83,913	3,962	24,090	-	216	112,181
Total current assets	8,984,338	1,473,753	611,091	1,627,191	95,686	12,792,059
Noncurrent assets:						
Advances to other funds	1,613,160	-	-	-	-	1,613,160
Special assessment receivables - Net of current portion	-	-	-	2,363,005	-	2,363,005
Investment in WTUA	18,967,049	-	-	-	-	18,967,049
Capital assets (Note 5):						
Assets not subject to depreciation	912,923	-	727,076	-	-	1,639,999
Assets subject to depreciation	29,712,254	3,261	321,686	-	41,903	30,079,104
Total noncurrent assets	51,205,386	3,261	1,048,762	2,363,005	41,903	54,662,317
Total assets	60,189,724	1,477,014	1,659,853	3,990,196	137,589	67,454,376
Liabilities						
Current liabilities:						
Accounts payable	1,391,718	105,748	3,810	360,238	8,333	1,869,847
Due to other governmental units	2,801	-	-	-	-	2,801
Due to other funds (Note 6)	1,250,563	1,107,073	417,587	-	70,124	2,845,347
Accrued liabilities and other	45,300	2,181	35,086	-	5,116	87,683
Compensated absences - Due within one year (Note 7)	60,875	-	-	-	-	60,875
Current portion of long-term debt (Note 7)	171,206	-	101,965	-	-	273,171
Total current liabilities	2,922,463	1,215,002	558,448	360,238	83,573	5,139,724
Noncurrent liabilities:						
Advances from other funds (Note 6)	-	-	540,000	2,964,674	-	3,504,674
Compensated absences - Net of current portion (Note 7)	93,951	-	-	-	-	93,951
Net OPEB obligation (Note 12)	772,507	68,842	-	-	-	841,349
Long-term debt (Note 7)	1,975,857	-	296,071	-	-	2,271,928
Total noncurrent liabilities	2,842,315	68,842	836,071	2,964,674	-	6,711,902
Total liabilities	5,764,778	1,283,844	1,394,519	3,324,912	83,573	11,851,626
Net Position						
Net investment in capital assets	28,478,114	3,261	650,726	-	41,903	29,174,004
Unrestricted	25,946,832	189,909	(385,392)	665,284	12,113	26,428,746
Total net position	\$ 54,424,946	\$ 193,170	\$ 265,334	\$ 665,284	\$ 54,016	\$ 55,602,750

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, 2016

	Water and Sewer Fund	Solid Waste Disposal Fund	Golf Fund	Special Assessments Fund	Nonmajor Enterprise - Senior Transportation Fund	Total
Operating Revenue						
Sale of water	\$ 4,761,100	\$ -	\$ -	\$ -	\$ -	\$ 4,761,100
Sewage disposal charges	7,409,647	-	-	-	-	7,409,647
Meter charges	1,422,099	-	-	-	-	1,422,099
Solid waste charges	-	1,140,555	-	-	-	1,140,555
Special assessment charges	-	-	-	1,597,267	-	1,597,267
Installation fees	12,670	-	-	-	-	12,670
Golf course fees and sales	-	-	543,894	-	-	543,894
Other miscellaneous revenue	150,269	-	-	-	128,994	279,263
Local contributions	-	-	-	750,000	49,746	799,746
Charges to other funds	79,523	-	-	-	-	79,523
Total operating revenue	13,835,308	1,140,555	543,894	2,347,267	178,740	18,045,764
Operating Expenses						
Cost of water	4,211,421	-	-	-	-	4,211,421
Cost of sewage treatment	3,742,300	-	-	-	-	3,742,300
Solid waste disposal	-	1,420,548	-	-	-	1,420,548
Salaries and fringe benefits	1,322,085	56,202	319,835	-	88,428	1,786,550
Special assessment project costs	-	-	-	1,934,149	-	1,934,149
Intragovernmental service charges	718,206	-	-	-	-	718,206
Miscellaneous	319,264	6,107	87,345	-	30,734	443,450
Change in investment in WTUA	1,356,680	-	-	-	-	1,356,680
Professional service	16,082	3,570	-	-	-	19,652
Repair and maintenance	189,546	-	78,978	-	-	268,524
Administrative expense	64,215	-	154,400	-	-	218,615
Depreciation	1,284,555	1,457	105,531	-	10,183	1,401,726
Total operating expenses	13,224,354	1,487,884	746,089	1,934,149	129,345	17,521,821
Operating Income (Loss)	610,954	(347,329)	(202,195)	413,118	49,395	523,943
Nonoperating Revenue (Expenses)						
Investment income	88,863	-	591	56,459	10	145,923
Interest expense	(90,174)	-	(26,977)	(62,045)	-	(179,196)
Total nonoperating (expenses) revenue	(1,311)	-	(26,386)	(5,586)	10	(33,273)
Income (Loss) - Before contributions	609,643	(347,329)	(228,581)	407,532	49,405	490,670
Capital Contributions - Benefit fees	1,661,699	-	-	-	-	1,661,699
Change in Net Position	2,271,342	(347,329)	(228,581)	407,532	49,405	2,152,369
Net Position - Beginning of year	52,153,604	540,499	493,915	257,752	4,611	53,450,381
Net Position - End of year	\$ 54,424,946	\$ 193,170	\$ 265,334	\$ 665,284	\$ 54,016	\$ 55,602,750

Charter Township of Plymouth

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2016

	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	\$ 13,849,941	\$ 1,140,577	\$ 543,894	\$ 1,750,965	\$ 172,371	\$ 17,457,748
Payments to suppliers	(12,273,972)	(1,576,558)	(382,143)	(1,011,003)	(22,617)	(15,266,293)
Payments to employees	(1,075,158)	(65,375)	(287,844)	(665,144)	345	(2,093,176)
Internal activity - (Payments) receipts to other funds	(87,683)	(32,519)	407,240	-	62,603	349,641
Claims paid	(272,424)	-	-	-	(83,657)	(356,081)
Other (payments) receipts	(67,799)	-	10,986	(845)	(70,031)	(127,689)
Net cash provided by (used in) operating activities	72,905	(533,875)	292,133	73,973	59,014	(35,850)
Cash Flows from Noncapital Financing Activities - Advances from other funds	(62,045)	-	40,000	1,413,559	-	1,391,514
Cash Flows from Capital and Related Financing Activities						
Special assessment outflows	-	-	-	(1,463,480)	-	(1,463,480)
Benefit fees	1,460,189	-	-	-	-	1,460,189
Purchase of capital assets	(394,834)	-	(27,244)	-	(52,086)	(474,164)
Principal and interest paid on capital debt	(224,228)	-	(94,971)	(62,045)	-	(381,244)
Net cash provided by (used in) capital and related financing activities	841,127	-	(122,215)	(1,525,525)	(52,086)	(858,699)
Cash Flows from Investing Activities - Interest received on investments	88,863	-	591	56,459	10	145,923
Net Increase (Decrease) in Cash and Cash Equivalents	940,850	(533,875)	210,509	18,466	6,938	642,888
Cash and Cash Equivalents - Beginning of year	3,731,223	533,875	340,314	71,457	231	4,677,100
Cash and Cash Equivalents - End of year	<u>\$ 4,672,073</u>	<u>\$ -</u>	<u>\$ 550,823</u>	<u>\$ 89,923</u>	<u>\$ 7,169</u>	<u>\$ 5,319,988</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating income (loss)	\$ 610,954	\$ (347,329)	\$ (202,195)	\$ 413,118	\$ 49,395	\$ 523,943
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	1,284,555	1,457	105,531	-	10,183	1,401,726
Changes in assets and liabilities:						
Receivables	26,357	22	10,986	(597,147)	(76,400)	(636,182)
Due from others	(1,306,798)	-	2,687	-	-	(1,304,111)
Inventories	-	-	(5,191)	-	-	(5,191)
Change in investment in WTUA	(1,967,138)	-	-	-	-	(1,967,138)
Prepaid and other assets	9,253	(2,644)	(19,771)	33,986	(216)	20,608
Accounts payable	279,473	(143,689)	(29,349)	224,016	8,333	338,784
Due to other funds	1,139,592	(32,519)	404,553	-	62,603	1,574,229
Accrued and other liabilities	(3,343)	(9,173)	24,882	-	5,116	17,482
Net cash provided by (used in) operating activities	<u>\$ 72,905</u>	<u>\$ (533,875)</u>	<u>\$ 292,133</u>	<u>\$ 73,973</u>	<u>\$ 59,014</u>	<u>\$ (35,850)</u>

Charter Township of Plymouth

Fiduciary Funds Statement of Assets and Liabilities December 31, 2016

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 5,258,265
Receivables	<u>1,416,203</u>
Total assets	<u>\$ 6,674,468</u>
Liabilities	
Due to other governmental units	\$ 6,092,221
Refundable deposits and bonds	<u>582,247</u>
Total liabilities	<u>\$ 6,674,468</u>

Charter Township of Plymouth

Component Units Statement of Net Position December 31, 2016

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 286,634	\$ 1,582,453	\$ 1,869,087
Receivables - Property taxes	296,792	10,568	307,360
Due from primary government (Note 6)	-	8,874	8,874
Total assets	583,426	1,601,895	2,185,321
Liabilities			
Accounts payable	12,259	-	12,259
Due to primary government (Note 6)	8,286	-	8,286
Total liabilities	20,545	-	20,545
Deferred Inflows of Resources -			
Property taxes levied for the following year	296,792	9,618	306,410
Net Position - Unrestricted	\$ 266,089	\$ 1,592,277	\$ 1,858,366

Charter Township of Plymouth

Component Units Statement of Activities Year Ended December 31, 2016

	Expenses	Net (Expense) Revenue and Changes in Net Position		
		Downtown Development Authority	Brownfield Redevelopment Authority	Total
Downtown Development Authority - Public works	\$ 167,462	\$ (167,462)	\$ -	\$ (167,462)
Brownfield Redevelopment Authority	11,605	-	(11,605)	(11,605)
Total component units	<u>\$ 179,067</u>	(167,462)	(11,605)	(179,067)
General revenue:				
Property taxes		398,038	18,273	416,311
Interest and rents		132	3,187	3,319
Other miscellaneous income		49	-	49
Total general revenue		<u>398,219</u>	<u>21,460</u>	<u>419,679</u>
Change in Net Position		230,757	9,855	240,612
Net Position - Beginning of year		<u>35,332</u>	<u>1,582,422</u>	<u>1,617,754</u>
Net Position - End of year		<u>\$ 266,089</u>	<u>\$ 1,592,277</u>	<u>\$ 1,858,366</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

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 legally 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, 2016

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 \$3,324,000 for its operations, \$3,275,000 for its debt, and \$49,000 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, 2016

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 General Fund as a "major" governmental fund. This Fund 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.

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.
- 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.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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, 2016

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, 2016

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, 2016

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 2015 tax is levied and collectible on December 1, 2015 and is recognized as revenue in the year ended December 31, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the Township totaled \$1,809,000,000 (a portion of which is abated and a portion of which is captured by the DDA and BRDA), on which taxes levied consisted of .8173 mills for operating purposes and 3.1827 mills for police and fire services. This resulted in \$1,436,000 for operating purposes and \$5,555,000 for police and fire services. These amounts are recognized in the respective General Fund financial statements as tax revenue (net of adjustments 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, 2016

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, 2016

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, 2016		\$	(235,246)
Current year permit revenue			1,105,333
Related expenses:			
Direct costs	\$	478,278	
Estimated indirect costs		<u>220,801</u>	<u>699,079</u>
Cumulative surplus at December 31, 2016		\$	<u>171,008</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, 2016

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 \$15,607,040 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 \$1,875,109. 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	\$ 6,838,398	\$ 6,838,398
Revenue received beyond 60 days:		
Block grant	93,582	-
35th District Court	100,000	-
City of Plymouth dispatch	69,419	-
Wayne County	45,405	-
	<u>\$ 7,146,804</u>	<u>\$ 6,838,398</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

Note 5 - Capital Assets

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

	Balance January 1, 2016	Transfers	Additions	Disposals and Adjustments	Balance December 31, 2016
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 3,629,239	\$ -	\$ 101,939	\$ -	\$ 3,731,178
Construction in progress	732,988	(732,988)	86,692	-	86,692
Subtotal	4,362,227	(732,988)	188,631	-	3,817,870
Capital assets being depreciated:					
Buildings and improvements	15,408,633	732,988	196,179	-	16,337,800
Sidewalks	1,205,525	-	-	-	1,205,525
Road improvements	815,902	-	-	-	815,902
Furnishings, vehicles, and equipment	8,555,951	-	141,797	(15,189)	8,682,559
Subtotal	25,986,011	732,988	337,976	(15,189)	27,041,786
Accumulated depreciation:					
Buildings and improvements	4,883,815	-	466,257	-	5,350,072
Sidewalks	528,994	-	55,208	-	584,202
Road improvements	142,780	-	-	-	142,780
Furnishings, vehicles, and equipment	6,369,520	-	541,276	-	6,910,796
Subtotal	11,925,109	-	1,062,741	-	12,987,850
Net capital assets being depreciated	14,060,902	732,988	(724,765)	(15,189)	14,053,936
Net capital assets	\$ 18,423,129	\$ -	\$ (536,134)	\$ (15,189)	\$ 17,871,806
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 1,636,134	\$ -	\$ -	\$ -	\$ 1,636,134
Construction in progress	3,865	-	-	-	3,865
Subtotal	1,639,999	-	-	-	1,639,999
Capital assets being depreciated:					
Water and sewer transportation lines	53,650,745	-	338,618	-	53,989,363
Buildings and improvements	4,815,482	-	18,530	-	4,834,012
Meters and supplies	2,090,736	-	-	-	2,090,736
Equipment and other	2,935,730	-	318,526	-	3,254,256
Subtotal	63,492,693	-	675,674	-	64,168,367
Accumulated depreciation:					
Water and sewer transportation lines	27,486,012	-	1,013,889	-	28,499,901
Buildings and improvements	2,330,534	-	135,760	-	2,466,294
Meters and supplies	1,259,751	-	-	-	1,259,751
Equipment and other	1,611,240	-	252,077	-	1,863,317
Subtotal	32,687,537	-	1,401,726	-	34,089,263
Net capital assets being depreciated	30,805,156	-	(726,052)	-	30,079,104
Net capital assets	\$ 32,445,155	\$ -	\$ (726,052)	\$ -	\$ 31,719,103

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

Note 5 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 92,002
Police	137,659
Fire	121,637
Dispatching	81,343
Building inspections	15,282
Planning and zoning	2,798
Public works	60,587
Parks	<u>551,433</u>
Total governmental activities	<u>\$ 1,062,741</u>

Business-type activities:

Water and sewer	\$ 1,284,555
Solid waste disposal	1,457
Golf	105,531
Senior transportation	<u>10,183</u>
Total business-type activities	<u>\$ 1,401,726</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

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	Solid Waste Disposal Fund	\$ 1,107,073
	Golf Fund	394,968
	Nonmajor Funds	63,450
	Total General Fund	1,565,491
Nonmajor Funds	General Fund	274,462
	Golf Fund	13,299
	Total Nonmajor Funds	287,761
Water and Sewer Fund	General Fund	1,262,808
	Golf Fund	9,320
	Nonmajor Funds	25,103
	Total Water and Sewer Fund	1,297,231
Solid Waste Disposal Fund	Water and Sewer Fund	1,250,563
	Total	<u>\$ 4,401,046</u>

Receivable Fund	Payable Fund	Amount
Advances to Other Funds		
General Fund	Golf Fund	\$ 540,000
	Special Assessment Fund	1,351,514
	Total General Fund	<u>\$ 1,891,514</u>
Water and Sewer Fund	Special Assessment Fund	<u>\$ 1,613,160</u>

Receivable Fund	Payable Fund	Amount
Due to/from Primary Government and Component Units		
General Fund	Downtown Development Authority	\$ 8,286
Brownfield Redevelopment Authority	General Fund	\$ 8,874

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

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

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.

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 2018 with an interest rate of 4 percent being charged to the Golf Fund. The long-term advance from the General Fund and the Water and Sewer Fund to the Special Assessment Fund is to cover the cost of special assessment projects and will be repaid with an interest rate of 4 percent.

Note 7 - Long-term Debt

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 percent to 4.4 percent, with principal maturity ranges from \$50,000 to \$100,000, maturing in 2026	\$ 700,000
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 percent to 5.0 percent, with principal maturity ranges from \$14,000 to \$28,000, maturing in 2030, shown net of bond discount and issue costs	287,000
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 percent, with principal maturity ranges from approximately \$52,000 to \$68,000, maturing in 2021	311,277
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 percent to 4.0 percent, with principal maturity ranges from \$375,000 to \$435,000, maturing in 2025	4,004,603
2013 general obligation limited tax capital improvement bonds, used for various Township park improvements, bearing interest at 2.16 percent, with principal maturity ranges from approximately \$106,000 to \$134,000, maturing in 2024	954,394
Total governmental activities	<u>\$ 6,257,274</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

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 percent to 5.0 percent, with principal maturity ranges from \$86,000 to \$172,000, maturing in 2030, shown net of bond discount and issue costs	\$ 1,763,000
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 percent, with principal maturity ranges from approximately \$13,000 to \$49,000, maturing in 2018	61,801
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 percent, with principal maturity ranges from approximately \$35,000 to \$69,000, maturing in 2018	104,693
2013 general obligation limited tax bonds, used for various water and sewer system improvements, bearing interest at 2.16 percent, with principal maturity ranges from approximately \$35,000 to \$45,000, maturing in 2024	322,264
2013 general obligation limited tax capital improvement bonds, used for various golf course improvements, bearing interest at 2.16 percent, with principal maturity ranges from approximately \$33,000 to \$41,000, maturing in 2024	293,341
Total business-type activities	<u>\$ 2,545,099</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligations	\$ 6,476,577	\$ -	\$ 448,913	\$ 6,027,664	\$ 607,175
Unamortized bond premium	255,122	-	25,512	229,610	25,512
Total bonds payable	6,731,699	-	474,425	6,257,274	632,687
Compensated absences	1,215,003	587,239	546,862	1,255,380	555,375
Total governmental activities	<u>\$ 7,946,702</u>	<u>\$ 587,239</u>	<u>\$ 1,021,287</u>	<u>\$ 7,512,654</u>	<u>\$ 1,188,062</u>
Business-type Activities					
General obligations	\$ 2,746,709	\$ -	\$ 201,610	\$ 2,545,099	\$ 273,171
Compensated absences	178,584	48,537	72,295	154,826	60,875
Total business-type activities	<u>\$ 2,925,293</u>	<u>\$ 48,537</u>	<u>\$ 273,905</u>	<u>\$ 2,699,925</u>	<u>\$ 334,046</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

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
2017	\$ 607,175	\$ 188,718	\$ 795,893	\$ 273,171	\$ 97,793	\$ 370,964
2018	602,151	174,517	776,668	204,521	89,827	294,348
2019	652,189	158,842	811,031	158,539	84,078	242,617
2020	657,290	139,352	796,642	160,500	78,642	239,142
2021	654,813	119,438	774,251	207,421	72,195	279,616
2022-2026	2,749,046	255,417	3,004,463	895,947	247,876	1,143,823
2027-2031	105,000	11,025	116,025	645,000	67,725	712,725
Total	\$ 6,027,664	\$ 1,047,309	\$ 7,074,973	\$ 2,545,099	\$ 738,136	\$ 3,283,235

* Excludes the \$229,610 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, 2016

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:

	2016	2015
Unpaid claims - Beginning of year	\$ 25,000	\$ 69,500
Incurred claims (including claims incurred but not reported and adjustments of prior years' estimates)	7,922	70,324
Claim payments and expenses paid	<u>(7,922)</u>	<u>(114,824)</u>
Unpaid claims - End of year	<u>\$ 25,000</u>	<u>\$ 25,000</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 \$2,427,576, resulting in an employer contribution of \$324,851 and employee contributions of \$100,182.

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, 2016

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, 2016

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, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>52</u>
Total employees covered by MERS	<u>83</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, 2016, the average active employee contribution rate was 8.7 percent of annual pay and the Township's average contribution rate was 16.8 percent of annual payroll.

Net Pension Liability

The net pension liability reported at December 31, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

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, 2014	\$ 25,674,350	\$ 19,055,148	\$ 6,619,202
Service cost	559,291	-	559,291
Interest	2,086,180	-	2,086,180
Differences between expected and actual experience	254,164	-	254,164
Changes in assumptions	1,128,222	-	1,128,222
Contributions - Employer	-	685,285	(685,285)
Contributions - Employee	-	343,691	(343,691)
Net investment income	-	(284,305)	284,305
Benefit payments, including refunds	(1,333,920)	(1,333,920)	-
Administrative expenses	-	(41,663)	41,663
Net changes	2,693,937	(630,912)	3,324,849
Balance at December 31, 2015	<u>\$ 28,368,287</u>	<u>\$ 18,424,236</u>	<u>\$ 9,944,051</u>

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

For the year ended December 31, 2016, the Township recognized pension expense of \$1,452,622. At December 31, 2016, 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
Difference between expected and actual experience	\$ 211,803	\$ -
Changes in assumptions	940,185	-
Net difference between projected and actual earnings on pension plan investments	1,678,017	-
Employer contributions to the plan subsequent to the measurement date	688,871	-
Total	<u>\$ 3,518,876</u>	<u>\$ -</u>

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

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>
2017	\$ 666,933
2018	666,933
2019	666,933
2020	598,809
2021	230,397

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %	
Salary increases	3.75 %	The pay increase assumption used in the actuarial valuation projects annual pay increases of 3.75% in the long term, including inflation
Investment rate of return	7.75 %	Gross of pension plan investment expense, including inflation

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 8.00 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, 2016

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, 2015, 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 %	6.50 %

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 8.00 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00 percent) or 1 percentage point higher (9.00 percent) than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension liability of the Township	\$ 13,156,887	\$ 9,944,051	\$ (2,893,301)

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

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 pensions, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position has been determined on the same basis as it is 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 \$75 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, 2016, 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, 2016

Note 12 - Defined Benefit Retiree Health Care (Continued)

Funding Progress - For the year beginning January 1, 2016, 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)	\$ 1,417,670
Interest on the prior year's net OPEB obligation	415,807
Less adjustment to the annual required contribution	<u>(699,690)</u>
Annual OPEB cost	1,133,787
Amounts contributed - Payments of current premiums	<u>(454,382)</u>
Increase in net OPEB obligation	679,405
OPEB obligation - Beginning of year	<u>10,445,621</u>
OPEB obligation - End of year	<u>\$ 11,125,026</u>

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

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
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
12/31/16	12/31/14	1,133,787	40.1	11,125,026

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, 2016

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 \$89,000 have been incurred by property owners in the Brownfield district. These costs will be paid through future property tax collections. The Township is not responsible for costs incurred in excess of property taxes captured.

Note 14 - Restricted Net Position and Fund Balance

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

Drug enforcement	\$ 271,486
Construction code activity	171,008
	<hr/>
Total restricted net position/fund balance	\$ 442,494

Charter Township of Plymouth

Notes to Financial Statements December 31, 2016

Note 15 - Tax Abatements

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

For the fiscal year ended December 31, 2016 the Township abated \$1,477,983 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

Additionally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses Brownfield Redevelopment Agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the Brownfield's tax revenue is reduced. For the fiscal year ended December 31, 2016, the Authority abated \$20,258 of taxes under this program. There are no provisions to recapture taxes.

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

Note 16 - Upcoming Accounting Pronouncements

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.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. 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 2020 fiscal year.

Required Supplemental Information

Charter Township of Plymouth

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 7,250,000	\$ 7,000,000	\$ 6,990,871	\$ (9,129)
Licenses and permits	757,000	907,000	1,208,844	301,844
Federal grants	450,000	650,000	806,830	156,830
State-shared revenue and grants	2,188,000	2,188,000	2,216,473	28,473
Charges for services:				
Intragovernmental service charge	725,000	725,000	785,498	60,498
City of Plymouth	375,000	375,000	672,558	297,558
District court fines	200,000	200,000	126,984	(73,016)
Interest and rents	22,500	22,500	50,672	28,172
Other revenue:				
Cable franchise fees	750,000	775,000	758,800	(16,200)
Other charges for services	185,000	185,000	89,226	(95,774)
Other miscellaneous income	925,000	1,255,000	466,678	(788,322)
Total revenue	<u>13,827,500</u>	<u>14,282,500</u>	<u>14,173,434</u>	<u>(109,066)</u>
Expenditures - Current				
General government	3,427,747	3,459,906	3,556,749	(96,843)
Public safety	8,594,829	8,820,465	8,746,011	74,454
Public works	434,808	489,371	478,278	11,093
Grants	95,000	295,000	91,252	203,748
Community development	173,782	173,782	129,515	44,267
Parks	569,688	636,863	544,265	92,598
Total expenditures	<u>13,295,854</u>	<u>13,875,387</u>	<u>13,546,070</u>	<u>329,317</u>
Excess of Revenue Over Expenditures	531,646	407,113	627,364	220,251
Other Financing Uses -				
Transfers out	(523,951)	(523,951)	(843,448)	(319,497)
Net Change in Fund Balance	7,695	(116,838)	(216,084)	(99,246)
Fund Balance - Beginning of year	<u>4,126,846</u>	<u>4,126,846</u>	<u>4,126,846</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 4,134,541</u></u>	<u><u>\$ 4,010,008</u></u>	<u><u>\$ 3,910,762</u></u>	<u><u>\$ (99,246)</u></u>

Charter Township of Plymouth

Note to Required Supplemental Information Year Ended December 31, 2016

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. The general government activity had budget overrun in the current year. General government expenditures were primarily over budget due to the increase in Michigan Municipal Risk Management Authority expenditures from the prior year. Transfers out were over budget in the current year as the debt service transfer was budgeted at the 2015 debt service amount rather than the 2016 debt service amount. Additionally, the Township did not amend the budget for the board approved transfer to the drug forfeiture fund.

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, 2016 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, 2016

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

	2016	2015
Total Pension Liability		
Service cost	\$ 559,291	\$ 549,735
Interest	2,086,180	1,981,341
Changes in benefit terms	-	-
Differences between expected and actual experience	254,164	-
Changes in assumptions	1,128,222	-
Benefit payments, including refunds	(1,333,920)	(1,196,222)
Net Change in Total Pension Liability	2,693,937	1,334,854
Total Pension Liability - Beginning of year	25,674,350	24,339,496
Total Pension Liability - End of year	\$ 28,368,287	\$ 25,674,350
Plan Fiduciary Net Position		
Contributions - Employer	\$ 685,285	\$ 629,153
Contributions - Member	343,691	300,261
Net investment income	(284,305)	1,149,359
Administrative expenses	(41,663)	(42,269)
Benefit payments, including refunds	(1,333,920)	(1,196,222)
Other	-	-
Net Change in Plan Fiduciary Net Position	(630,912)	840,282
Plan Fiduciary Net Position - Beginning of year	19,055,148	18,214,866
Plan Fiduciary Net Position - End of year	\$ 18,424,236	\$ 19,055,148
Township's Net Pension Liability - Ending	\$ 9,944,051	\$ 6,619,202
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.95 %	74.22 %
Covered Employee Payroll	\$ 3,950,911	\$ 3,887,319
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	251.7 %	170.3 %

Charter Township of Plymouth

Required Supplemental Information Schedule of Township Contributions Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 685,285	\$ 629,153	\$ 583,883	\$ 489,480	\$ 554,612	\$ 577,569	\$ 663,468	\$ 637,764	\$ 648,681	\$ 603,341
Contributions in relation to the actuarially determined contribution	685,285	629,153	583,883	489,480	554,612	577,569	663,468	637,764	648,681	603,341
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	17.3 %	16.2 %	15.3 %	13.0 %	13.4 %	12.1 %	13.9 %	14.3 %	15.0 %	14.4 %

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	Five-year smoothed
Inflation	2.50 percent
Salary increases	3.75 percent
Investment rate of return	7.75 percent - Gross of administrative expenses
Retirement age	Varies depending on plan adoption
Mortality	50 percent female/50 percent male RP-2014 Mortality Table
Other information	None

Other Supplemental Information

Charter Township of Plymouth

	Special Revenue Funds		
	Federal Drug Forfeiture Fund	State Drug Forfeiture Fund	Total
Assets			
Cash and cash equivalents	\$ 82,293	\$ 190,091	\$ 272,384
Receivables	9	-	9
Due from other funds	3,301	-	3,301
Total assets	\$ 85,603	\$ 190,091	\$ 275,694
Liabilities			
Accounts payable	\$ -	\$ 4,208	\$ 4,208
Due to other governmental units	-	-	-
Due to other funds	-	-	-
Total liabilities	-	4,208	4,208
Fund Balances			
Restricted	85,603	185,883	271,486
Assigned - Capital improvements	-	-	-
Total liabilities and fund balances	\$ 85,603	\$ 190,091	\$ 275,694

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016**

Capital Projects Funds	Total Nonmajor Governmental Funds
Improvement Revolving Fund	
\$ 250,947	\$ 523,331
-	9
<u>284,460</u>	<u>287,761</u>
<u>\$ 535,407</u>	<u>\$ 811,101</u>
\$ 88,806	\$ 93,014
10,289	10,289
<u>18,429</u>	<u>18,429</u>
117,524	121,732
-	271,486
<u>417,883</u>	<u>417,883</u>
<u>\$ 535,407</u>	<u>\$ 811,101</u>

Charter Township of Plymouth

	Special Revenue Funds		
	Federal Drug Forfeiture Fund	State Drug Forfeiture Fund	Total
Revenue			
State-shared revenue and grants	\$ -	\$ 184,104	\$ 184,104
Interest and rents	2,187	550	2,737
Total revenue	2,187	184,654	186,841
Expenditures			
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	-	-	-
Excess of Revenue Over (Under)			
Expenditures	2,187	184,654	186,841
Other Financing Sources - Transfers in	83,398	-	83,398
Net Change in Fund Balances	85,585	184,654	270,239
Fund Balances - Beginning of year	18	1,229	1,247
Fund Balances - End of year	\$ 85,603	\$ 185,883	\$ 271,486

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2016

Capital Projects Fund	Total Nonmajor Governmental Funds
Improvement Revolving Fund	
\$ 30,944	\$ 215,048
3,029	5,766
<u>33,973</u>	<u>220,814</u>
204,653	204,653
640,228	640,228
<u>844,881</u>	<u>844,881</u>
(810,908)	(624,067)
<u>760,050</u>	<u>843,448</u>
(50,858)	219,381
<u>468,741</u>	<u>469,988</u>
<u>\$ 417,883</u>	<u>\$ 689,369</u>

Charter Township of Plymouth

Other Supplemental Information Downtown Development Authority Balance Sheet/Statement of Net Position December 31, 2016

	Modified Accrual	Full Accrual Adjustments	Total
Assets			
Cash and cash equivalents	\$ 286,634	\$ -	\$ 286,634
Receivables - Property taxes	296,792	-	296,792
Total assets	\$ 583,426	\$ -	\$ 583,426
Liabilities			
Accounts payable	\$ 12,259	\$ -	\$ 12,259
Due to primary government	8,286	-	8,286
Total liabilities	20,545	-	20,545
Deferred Inflows of Resources -			
Property taxes levied for the following year	296,792	-	296,792
Equity			
Fund balance - Unassigned	266,089	(266,089)	-
Net position - Unrestricted	-	266,089	266,089
Total liabilities, deferred inflows of resources, and equity	\$ 583,426	\$ -	\$ 583,426

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, 2016

	Modified Accrual	Full Accrual Adjustments	Total
Revenue			
Property taxes	\$ 398,038	\$ -	\$ 398,038
Interest and rents	132	-	132
Other revenue	49	-	49
Total revenue	398,219	-	398,219
Expenditures - Current			
Other contract services	149,183	-	149,183
Capital outlay	18,279	-	18,279
Total expenditures	167,462	-	167,462
Change in Fund Balance/Net Position	230,757	-	230,757
Fund Balance/Net Position - Beginning of year	35,332	-	35,332
Fund Balance/Net Position - End of year	\$ 266,089	\$ -	\$ 266,089

Charter Township of Plymouth

Other Supplemental Information Brownfield Redevelopment Authority Balance Sheet/Statement of Net Position December 31, 2016

	Modified Accrual	Full Accrual Adjustments	Total
Assets			
Cash and cash equivalents	\$ 1,582,453	\$ -	\$ 1,582,453
Receivables - Property taxes	10,568	-	10,568
Due from primary government	8,874	-	8,874
Total assets	<u>\$ 1,601,895</u>	<u>\$ -</u>	<u>\$ 1,601,895</u>
Deferred Inflows of Resources - Property taxes levied for the following year	\$ 9,618	\$ -	\$ 9,618
Equity			
Fund balance - Unassigned	1,592,277	(1,592,277)	-
Net position - Unrestricted	<u>-</u>	<u>1,592,277</u>	<u>1,592,277</u>
Total deferred inflows of resources and equity	<u>\$ 1,601,895</u>	<u>\$ -</u>	<u>\$ 1,601,895</u>

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, 2016

	Modified Accrual	Full Accrual Adjustments	Total
Revenue - General revenue			
Property taxes	\$ 18,273	\$ -	\$ 18,273
Interest earnings	3,187	-	3,187
Total revenue	21,460	-	21,460
Expenditures - Current - Environmental remediation	11,605	-	11,605
Change in Fund Balance/Net Position	9,855	-	9,855
Fund Balance/Net Position - Beginning of year	1,582,422	-	1,582,422
Fund Balance/Net Position - End of year	<u>\$ 1,592,277</u>	<u>\$ -</u>	<u>\$ 1,592,277</u>

Charter Township of Plymouth

Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2016

	Agency Funds			Total Agency Funds
	General Agency	Tax Collection Fund	Police Bond	
Assets				
Cash and cash equivalents	\$ -	\$ 5,256,803	\$ 1,462	\$ 5,258,265
Receivables	600,887	815,316	-	1,416,203
Total assets	\$ 600,887	\$ 6,072,119	\$ 1,462	\$ 6,674,468
Liabilities				
Due to other governmental units	\$ 20,102	\$ 6,072,119	\$ -	\$ 6,092,221
Refundable deposits - Bonds	580,785	-	1,462	582,247
Total liabilities	\$ 600,887	\$ 6,072,119	\$ 1,462	\$ 6,674,468