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# Charter Township of Plymouth

Wayne County, Michigan

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**Financial Report**  
**with Supplemental Information**  
**December 31, 2018**

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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, 2018 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.

#### ***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, 2018 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As described in Note 14, during the year ended December 31, 2018, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which established accounting and financial reporting standards for defined benefit OPEB plans provided to the employees of governmental employers. Our opinion is not modified with respect to this matter.

To the Board of Trustees  
Charter Township of Plymouth

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

*Other Information*

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

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

*Plante & Moran, PLLC*

May 23, 2019

As management of the Charter Township of Plymouth (the "Township"), we offer readers this narrative overview and analysis of the financial activities for the year ended December 31, 2018.

### **Financial Highlights**

- At the end of the 2018 fiscal year, the assets of the Township exceeded its liabilities by more than \$52 million. When viewed separately, the governmental activities had liabilities in excess of assets by \$7.0 million, and the business-type activities had assets in excess of liabilities of \$59.5 million.
- The Township's financial rating with Standard & Poor's rating service remains at AA+.
- General Fund revenue exceeded expenditures by approximately \$255,000, increasing fund balance to \$4.3 million.
- The Water and Sewer Fund experienced a \$2.2 million increase in net position. The increase is primarily due to the reduction in the cost of sewage treatment, as well as water and sewer benefit fees received.
- The State of Michigan approved the corrective action plan submitted by the Township, as required by Public Act 202. Based upon the 2017 audit, the other postemployment benefit plan (OPEB) was deemed underfunded because plan assets were less than 40 percent of total plan liabilities.

### **Using this Annual Report**

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

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

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows by more than \$52 million at the close of the most recent fiscal year.

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

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

- The Township provides water to residents from the Great Lakes Water Authority water system. We provide sewage treatment through the Western Townships Utilities Authority, which collects sewage, equalizes it, and sends it to 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.

# Charter Township of Plymouth

## Management's Discussion and Analysis (Continued)

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

### Township's Net Position

	Governmental Activities				
	2016	2017	2018	Change	Percent Change
<b>Assets</b>					
Current and other assets:					
Cash and investments	\$ 6,234,444	\$ 5,632,962	\$ 7,549,106	\$ 1,916,144	34.0
Receivables	9,871,708	7,996,047	8,043,324	47,277	0.6
Other assets	129,184	125,545	110,754	(14,791)	(11.8)
Capital assets	17,871,806	17,496,784	17,371,290	(125,494)	(0.7)
Total assets	34,107,142	31,251,338	33,074,474	1,823,136	5.8
<b>Deferred Outflows of Resources</b>	3,518,876	2,409,424	5,734,899	3,325,475	138.0
<b>Liabilities</b>					
Current liabilities	4,519,182	1,979,783	1,468,582	(511,201)	(25.8)
Noncurrent liabilities:					
Due within one year	1,188,062	1,156,823	1,241,825	85,002	7.3
Due in more than one year	26,552,320	25,921,964	33,334,057	7,412,093	28.6
Total liabilities	32,259,564	29,058,570	36,044,464	6,985,894	24.0
<b>Deferred Inflows of Resources</b>	6,838,398	7,049,375	9,814,233	2,764,858	39.2
<b>Net Position</b>					
Net investment in capital assets	11,614,532	12,003,218	12,496,227	493,009	4.1
Restricted	442,494	942,856	1,380,857	438,001	46.5
Unrestricted	(13,528,970)	(15,393,257)	(20,926,408)	(5,533,151)	35.9
Total net position	<u>\$ (1,471,944)</u>	<u>\$ (2,447,183)</u>	<u>\$ (7,049,324)</u>	<u>\$ (4,602,141)</u>	188.1

## Charter Township of Plymouth

### Management's Discussion and Analysis (Continued)

	Business-type Activities				
	2016	2017	2018	Change	Percent Change
<b>Assets</b>					
Current and other assets:					
Cash and investments	\$ 5,389,469	\$ 7,689,471	\$ 9,697,921	\$ 2,008,450	26.1
Receivables	4,886,345	3,464,273	2,698,198	(766,075)	(22.1)
Other assets	19,106,637	21,147,234	21,956,778	809,544	3.8
Capital assets	31,719,103	30,549,610	29,739,515	(810,095)	(2.7)
Total assets	61,101,554	62,850,588	64,092,412	1,241,824	2.0
<b>Deferred Outflows of Resources</b>	-	-	99,813	99,813	-
<b>Liabilities</b>					
Current liabilities	1,957,530	2,342,120	1,742,605	(599,515)	(25.6)
Noncurrent liabilities:					
Due within one year	334,046	344,525	240,174	(104,351)	(30.3)
Due in more than one year	3,207,228	2,894,661	2,703,186	(191,475)	(6.6)
Total liabilities	5,498,804	5,581,306	4,685,965	(895,341)	(16.0)
<b>Deferred Inflows of Resources</b>	-	-	919	919	-
<b>Net Position</b>					
Net investment in capital assets	29,174,004	28,361,658	27,825,244	(536,414)	(1.9)
Unrestricted	26,428,746	28,907,624	31,680,097	2,772,473	9.6
Total net position	<u>\$ 55,602,750</u>	<u>\$ 57,269,282</u>	<u>\$ 59,505,341</u>	<u>\$ 2,236,059</u>	3.9

The unrestricted net position of the Township's governmental activities decreased by \$5.5 million during the current year primarily as a result of adopting Governmental Accounting Standards Board (GASB) Statement No. 75, which requires the government-wide statements to include a liability for the unfunded portion of the Township's retiree healthcare costs. Please note that the prior year columns were not restated above as a result of the GASB 75 implementation (see Note 14).

The net position of the Township's business-type activities totals \$59.5 million. This is an increase of approximately \$2.2 million over 2017. The increase is attributable primarily to water and sewer operations and the completion of most special assessment debt (SAD) projects.

# Charter Township of Plymouth

## Management's Discussion and Analysis (Continued)

### Township's Changes in Net Position

	Governmental Activities				
	2016	2017	2018	Change	Percent Change
<b>Revenue</b>					
Program revenue:					
Charges for services	\$ 2,471,188	\$ 2,167,388	\$ 2,215,535	\$ 48,147	2.2
Operating grants	390,920	172,396	430,348	257,952	149.6
Capital grants	340,750	750,099	384,378	(365,721)	(48.8)
General revenue:					
Taxes	6,990,871	6,925,641	7,516,399	590,758	8.5
State-shared revenue and grants	2,216,473	3,342,787	2,748,956	(593,831)	(17.8)
Investment earnings	56,438	117,685	99,366	(18,319)	(15.6)
Other revenue	848,732	860,811	1,205,627	344,816	40.1
Total revenue	13,315,372	14,336,807	14,600,609	263,802	1.8
<b>Expenses</b>					
General government	2,493,339	2,243,716	2,679,819	436,103	19.4
Public safety	10,950,642	10,989,984	10,515,934	(474,050)	(4.3)
Public works	132,456	859,877	29,867	(830,010)	(96.5)
Community services	91,252	15,583	30,732	15,149	97.2
Planning and zoning	199,506	223,179	149,462	(73,717)	(33.0)
Recreation and culture	1,092,347	848,644	920,208	71,564	8.4
Debt service	165,726	131,063	137,479	6,416	4.9
Payment to bond refunding escrow agent	35	-	-	-	-
Total expenses	15,125,303	15,312,046	14,463,501	(848,545)	(5.5)
<b>Change in Net Position</b>	<b>\$ (1,809,931)</b>	<b>\$ (975,239)</b>	<b>\$ 137,108</b>	<b>\$ 1,112,347</b>	<b>(114.1)</b>
<b>Business-type Activities</b>					
	2016	2017	2018	Change	Percent Change
<b>Revenue</b>					
Program revenue:					
Charges for services	\$ 17,073,074	\$ 16,462,203	\$ 15,886,730	\$ (575,473)	(3.5)
Operating grants	-	1,177,711	684,342	(493,369)	(41.9)
Capital contributions	1,661,699	745,141	844,685	99,544	13.4
General revenue:					
Investment earnings	145,923	136,738	174,943	38,205	27.9
Other revenue	-	9,590	-	(9,590)	(100.0)
Total revenue	18,880,696	18,531,383	17,590,700	(940,683)	(5.1)
<b>Expenses</b>					
Water and sewer	13,314,528	13,800,740	13,034,018	(766,722)	(5.6)
Solid waste disposal	1,487,884	1,497,626	1,516,657	19,031	1.3
Golf course	773,066	784,495	711,208	(73,287)	(9.3)
Special assessments	1,023,504	628,162	115,885	(512,277)	(81.6)
Senior transportation	129,345	153,828	136,197	(17,631)	(11.5)
Total expenses	16,728,327	16,864,851	15,513,965	(1,350,886)	(8.0)
<b>Change in Net Position</b>	<b>\$ 2,152,369</b>	<b>\$ 1,666,532</b>	<b>\$ 2,076,735</b>	<b>\$ 410,203</b>	<b>24.6</b>

## **Charter Township of Plymouth**

### **Management's Discussion and Analysis (Continued)**

The Township's total governmental activities revenue was \$14.6 million, which is an increase from 2017 of \$263,802. This is due to a variety of factors, including charging a tax administration fee and selling the revenue stream from the cell tower. These increases in revenue, however, were offset by the loss of significant grant revenue and district court fees.

General government expenses decreased by approximately \$849,000 primarily due to completion of the crack sealing program. Included in these expenses is an additional \$1.1 million contribution to the fire department's pension plan. This expense was offset with the receipt of \$1.1 million from the City of Plymouth, Michigan for pension costs related to firefighters who were part of the joint fire department.

In 2018, business-type activities revenue totaled \$17.6 million, a decrease from 2017 of approximately \$941,000. The decrease is primarily due to a reduction in the SAW grant revenue and lower water and sewer consumption.

Expenses for business-type activities totaled \$15.5 million, a decrease from 2017 of approximately \$1.4 million primarily due to a reduction in sewage costs and completion of most SAD projects.

#### **General Fund**

The General Fund experienced a 2 percent increase in revenue primarily due to charging a tax administration fee and sale of the cell tower revenue stream. The effects of these new revenue sources were mitigated by the loss of significant grant revenue and district court fees. Expenditures increased by 6 percent primarily because governmental-type debt service expenses were recorded in the General Fund in 2018. Prior to 2018, the General Fund made transfers to a special revenue fund that recorded the debt payments. Aside from the debt service expenditures, overall expenditures only increased slightly. The net result of the increased revenue and expenditures was an increase of approximately \$255,000 to fund balance.

#### **Water and Sewer Fund**

The Water and Sewer Fund experienced a \$2.2 million increase in net position. The increase is primarily due to water and sewer benefit fees received and the reduction in the cost of sewage treatment.

#### **General Fund Budgetary Highlights**

Over the course of the year, the Township amended the budget to take into account events during the year. The most significant budget changes during the year were in general government and debt service expenditures. Overall, township departments experienced a favorable final amended budget expenditure variance as compared with actual results of approximately \$94,000, resulting in total expenditures of nearly \$15 million. This was an increase of approximately \$784,000 from 2017.

#### **Capital Assets and Debt Administration**

As of year end, the Township had \$47.1 million invested in a variety of capital assets, including buildings, fire and police equipment, and water and sewer lines. This represents a decrease from 2017 as a result of depreciation expense. Roads within the Township are accounted for and maintained by the County of Wayne, Michigan (therefore, they are not included in the capital assets totaling \$47.1 million). A summary of capital assets is presented in Note 5 to the financial statements.

At the end of the current fiscal year, the Charter Township of Plymouth had total bonded debt outstanding of approximately \$6.8 million. This is a decrease of approximately \$892,000 compared to 2017. A summary of long-term debt is presented in Note 7 to the financial statements.

## **Charter Township of Plymouth**

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### **Management's Discussion and Analysis (Continued)**

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#### **Economic Factors and Next Year's Budgets and Rates**

The State of Michigan relies on various taxes and fees to provide governmental activities to its citizens. Local governments rely primarily on property taxes and state-shared revenue to provide governmental activities to their citizens. For business-type activities (including water and sewer, solid waste disposal, and special assessments) and certain governmental activities (including permitting and development), the user pays a related fee or charge associated with the service. During 2018, the Township continued seeing positive change. Home sale prices continued to rise, state-shared revenue continued to increase, building permits continued to increase, and unemployment in the Charter Township of Plymouth remains low. Even with the economic outlook improving, the township board continues to look for improvements in services while reducing legacy costs that the Township will be able to sustain into the future.

#### **Requests for Further Information**

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

# Charter Township of Plymouth

## Statement of Net Position (Deficit)

December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 7,549,106	\$ 9,697,921	\$ 17,247,027	\$ 2,573,406
Receivables:				
Property taxes receivable	4,782,213	318,970	5,101,183	184,902
Special assessments receivable	-	1,453,190	1,453,190	-
Receivables from sales to customers on account	-	2,946,830	2,946,830	-
Other receivables	-	4,795	4,795	-
Due from other governments	1,009,951	207,115	1,217,066	-
Due from component units (Note 6)	18,458	-	18,458	-
Internal balances	2,232,702	(2,232,702)	-	-
Inventory	-	28,959	28,959	-
Prepaid expenses	110,754	210,156	320,910	-
Investment in WTUA (Note 1)	-	21,717,663	21,717,663	-
Capital assets: (Note 5)				
Assets not subject to depreciation	4,194,794	1,639,999	5,834,793	-
Assets subject to depreciation - Net	13,176,496	28,099,516	41,276,012	-
Total assets	33,074,474	64,092,412	97,166,886	2,758,308
<b>Deferred Outflows of Resources</b>				
Deferred pension costs (Notes 4 and 9)	3,577,840	-	3,577,840	-
Deferred OPEB costs (Notes 4 and 10)	2,157,059	99,813	2,256,872	-
Total deferred outflows of resources	5,734,899	99,813	5,834,712	-
<b>Liabilities</b>				
Accounts payable	938,311	1,400,992	2,339,303	2,782
Due to primary government (Note 6)	-	-	-	18,458
Accrued liabilities and other	430,271	91,613	521,884	-
Unearned revenue	100,000	250,000	350,000	-
Noncurrent liabilities:				
Due within one year (Note 7)	1,241,825	240,174	1,481,999	-
Due in more than one year:				
Compensated absences (Note 7)	693,581	97,386	790,967	-
Net pension liability (Note 9)	9,739,507	-	9,739,507	-
Net OPEB liability (Note 10)	18,698,448	865,228	19,563,676	-
Long-term debt (Note 7)	4,202,521	1,740,572	5,943,093	-
Total liabilities	36,044,464	4,685,965	40,730,429	21,240
<b>Deferred Inflows of Resources</b>				
Property taxes levied for the following year (Note 4)	9,369,720	-	9,369,720	183,953
Deferred pension cost reductions (Notes 4 and 9)	424,644	-	424,644	-
Deferred OPEB cost reductions (Notes 4 and 10)	19,869	919	20,788	-
Total deferred inflows of resources	9,814,233	919	9,815,152	183,953
<b>Net Position (Deficit)</b>				
Net investment in capital assets	12,496,227	27,825,244	40,321,471	-
Restricted (Note 12)	1,380,857	-	1,380,857	-
Unrestricted	(20,926,408)	31,680,097	10,753,689	2,553,115
Total net position (deficit)	<u>\$ (7,049,324)</u>	<u>\$ 59,505,341</u>	<u>\$ 52,456,017</u>	<u>\$ 2,553,115</u>

# Charter Township of Plymouth

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,679,819	\$ 294,728	\$ -	\$ 2,500
Public safety:				
Police	5,199,256	65,488	200,000	273,825
Fire	3,479,856	120,249	101,920	-
Dispatch	1,281,696	489,565	-	-
Building inspections	555,126	1,115,074	-	-
Public works	29,867	-	-	-
Community services	30,732	-	128,428	108,053
Planning and zoning	149,462	130,431	-	-
Recreation and culture	920,208	-	-	-
Interest on long-term debt	137,479	-	-	-
Total governmental activities	14,463,501	2,215,535	430,348	384,378
Business-type activities:				
Water and Sewer	13,034,018	13,628,606	684,342	844,685
Solid Waste Disposal	1,516,657	1,510,038	-	-
Golf Course	711,208	539,119	-	-
Special Assessments	115,885	69,374	-	-
Senior Transportation	136,197	139,593	-	-
Total business-type activities	15,513,965	15,886,730	684,342	844,685
Total primary government	<b>\$ 29,977,466</b>	<b>\$ 18,102,265</b>	<b>\$ 1,114,690</b>	<b>\$ 1,229,063</b>
Component units:				
Downtown Development Authority	\$ 151,266	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	8,747	-	-	-
Total component units	<b>\$ 160,013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

General revenue:

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

Total general revenue

**Change in Net Position (Deficit)**

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

**Net Position (Deficit) - End of year**

## Statement of Activities

Year Ended December 31, 2018

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,382,591)	\$ -	\$ (2,382,591)	\$ -
(4,659,943)	-	(4,659,943)	-
(3,257,687)	-	(3,257,687)	-
(792,131)	-	(792,131)	-
559,948	-	559,948	-
(29,867)	-	(29,867)	-
205,749	-	205,749	-
(19,031)	-	(19,031)	-
(920,208)	-	(920,208)	-
(137,479)	-	(137,479)	-
(11,433,240)	-	(11,433,240)	-
-	2,123,615	2,123,615	-
-	(6,619)	(6,619)	-
-	(172,089)	(172,089)	-
-	(46,511)	(46,511)	-
-	3,396	3,396	-
-	1,901,792	1,901,792	-
(11,433,240)	1,901,792	(9,531,448)	-
-	-	-	(151,266)
-	-	-	(8,747)
-	-	-	(160,013)
7,516,399	-	7,516,399	325,616
2,748,956	-	2,748,956	99,894
99,366	174,943	274,309	24,520
715,611	-	715,611	-
490,016	-	490,016	430
11,570,348	174,943	11,745,291	450,460
137,108	2,076,735	2,213,843	290,447
(7,186,432)	57,428,606	50,242,174	2,262,668
<b>\$ (7,049,324)</b>	<b>\$ 59,505,341</b>	<b>\$ 52,456,017</b>	<b>\$ 2,553,115</b>

# Charter Township of Plymouth

## Governmental Funds Balance Sheet

December 31, 2018

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 7,146,048	\$ 403,058	\$ 7,549,106
Receivables:			
Property taxes receivable	4,782,213	-	4,782,213
Due from other governments	1,009,951	-	1,009,951
Due from component units (Note 6)	18,458	-	18,458
Due from other funds (Note 6)	1,301,096	15,447	1,316,543
Advances to other funds (Note 6)	941,814	-	941,814
Prepaid expenses	110,754	-	110,754
	<u>\$ 15,310,334</u>	<u>\$ 418,505</u>	<u>\$ 15,728,839</u>
Total assets			
<b>Liabilities</b>			
Accounts payable	\$ 931,843	\$ 6,468	\$ 938,311
Due to other funds (Note 6)	25,655	-	25,655
Accrued liabilities and other	400,081	-	400,081
Unearned revenue	100,000	-	100,000
	<u>1,457,579</u>	<u>6,468</u>	<u>1,464,047</u>
Total liabilities			
<b>Deferred Inflows of Resources</b> (Note 4)	9,543,279	-	9,543,279
<b>Fund Balances</b>			
Nonspendable:			
Prepays	110,754	-	110,754
Long-term advances	941,814	-	941,814
Restricted (Note 12)	982,143	398,714	1,380,857
Assigned - Capital improvements	-	13,323	13,323
Unassigned	2,274,765	-	2,274,765
	<u>4,309,476</u>	<u>412,037</u>	<u>4,721,513</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,310,334</u>	<u>\$ 418,505</u>	<u>\$ 15,728,839</u>

# Charter Township of Plymouth

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

December 31, 2018

<b>Fund Balances Reported in Governmental Funds</b>	\$ 4,721,513
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	17,371,290
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	173,559
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(4,875,063)
Accrued interest is not due and payable in the current period and is not reported in the funds	(144)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,262,864)
Pension benefits	(6,586,311)
Retiree healthcare benefits	(16,561,258)
Accrued longevity pay for employees is not reported as a fund liability until it is due and payable	(5,046)
Accrued insurance claims are not reported as a fund liability until the payment is due and payable	(25,000)
<b>Net Position of Governmental Activities</b>	<b><u>\$ (7,049,324)</u></b>

# Charter Township of Plymouth

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended December 31, 2018**

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>			
Property taxes	\$ 7,516,399	\$ -	\$ 7,516,399
State-shared revenue and grants:			
Federal grants	309,984	255,010	564,994
State-shared revenue and grants	2,948,956	18,815	2,967,771
Charges for services:			
Intragovernmental service charge	740,062	-	740,062
City of Plymouth, Michigan	342,000	-	342,000
Fines and forfeitures	12,028	-	12,028
Licenses and permits	1,242,155	-	1,242,155
Interest and rentals	81,188	18,178	99,366
Other revenue:			
Cable franchise fees	715,611	-	715,611
Other miscellaneous income	1,016,896	-	1,016,896
Other charges for services	117,069	-	117,069
Total revenue	15,042,348	292,003	15,334,351
<b>Expenditures</b>			
Current services:			
General government	3,275,283	1,416	3,276,699
Public safety	9,615,412	12,021	9,627,433
Public works	589,334	-	589,334
Community services	89,425	-	89,425
Planning and zoning	148,423	-	148,423
Recreation and culture	423,388	-	423,388
Capital outlay	-	339,442	339,442
Debt service	756,031	-	756,031
Total expenditures	14,897,296	352,879	15,250,175
<b>Excess of Revenue Over (Under) Expenditures</b>	145,052	(60,876)	84,176
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 6)	107,976	-	107,976
Transfers out (Note 6)	-	(107,976)	(107,976)
Sale of capital assets	1,525	17,175	18,700
Total other financing sources (uses)	109,501	(90,801)	18,700
<b>Net Change in Fund Balances</b>	254,553	(151,677)	102,876
<b>Fund Balances - Beginning of year</b>	4,054,923	563,714	4,618,637
<b>Fund Balances - End of year</b>	\$ 4,309,476	\$ 412,037	\$ 4,721,513

# Charter Township of Plymouth

## Governmental Funds

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

**Year Ended December 31, 2018**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	\$	102,876
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Depreciation expense		(1,060,782)
Net book value of assets disposed of		(110,491)
Capital asset additions		1,045,779
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		36,067
Repayment of bond principal (including amortization of bond premiums) is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		618,503
Interest expense is recognized in the government-wide statements as it accrues		49
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		(494,893)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>137,108</u></b>

# Charter Township of Plymouth

## Proprietary Funds Statement of Net Position (Deficit)

December 31, 2018

	Enterprise Funds					Total
	Water and Sewer	Solid Waste Disposal	Special Assessments	Golf Course	Nonmajor Enterprise - Senior Transportation	
<b>Assets</b>						
Current assets:						
Cash and cash equivalents (Note 3)	\$ 9,048,465	\$ -	\$ 524,765	\$ 105,495	\$ 19,196	\$ 9,697,921
Receivables:						
Property taxes receivable	318,970	-	-	-	-	318,970
Special assessments receivable	-	-	343,883	-	-	343,883
- Due within one year	-	-	-	-	-	-
Receivables from sales to customers on account	2,703,804	243,026	-	-	-	2,946,830
Other receivables	-	-	-	-	4,795	4,795
Due from other governments	194,013	-	-	-	13,102	207,115
Due from other funds (Note 6)	14,252	1,181,217	22,366	-	1,142	1,218,977
Inventory	-	-	-	28,959	-	28,959
Prepaid expenses	203,530	1,237	-	5,389	-	210,156
<b>Total current assets</b>	<b>12,483,034</b>	<b>1,425,480</b>	<b>891,014</b>	<b>139,843</b>	<b>38,235</b>	<b>14,977,606</b>
Noncurrent assets:						
Advances to other funds (Note 6)	1,547,584	-	-	-	-	1,547,584
Special assessment receivables - Greater than one year	-	-	1,109,307	-	-	1,109,307
Investment in WTUA	21,717,663	-	-	-	-	21,717,663
Capital assets: (Note 5)						
Assets not subject to depreciation	912,923	-	-	727,076	-	1,639,999
Assets subject to depreciation - Net	27,900,034	735	-	178,849	19,898	28,099,516
<b>Total noncurrent assets</b>	<b>52,078,204</b>	<b>735</b>	<b>1,109,307</b>	<b>905,925</b>	<b>19,898</b>	<b>54,114,069</b>
<b>Total assets</b>	<b>64,561,238</b>	<b>1,426,215</b>	<b>2,000,321</b>	<b>1,045,768</b>	<b>58,133</b>	<b>69,091,675</b>
<b>Deferred Outflows of Resources -</b>						
Deferred OPEB costs (Notes 4 and 10)	99,813	-	-	-	-	99,813
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	1,176,168	142,841	79,772	798	1,413	1,400,992
Due to other funds (Note 6)	1,377,675	1,104,638	-	26,223	1,329	2,509,865
Accrued liabilities and other	46,963	2,845	-	35,318	6,487	91,613
Unearned revenue	-	-	250,000	-	-	250,000
Compensated absences (Note 7)	62,860	3,615	-	-	-	66,475
Current portion of long-term debt (Note 7)	138,207	-	-	35,492	-	173,699
<b>Total current liabilities</b>	<b>2,801,873</b>	<b>1,253,939</b>	<b>329,772</b>	<b>97,831</b>	<b>9,229</b>	<b>4,492,644</b>
Noncurrent liabilities:						
Advances from other funds (Note 6)	-	-	1,547,584	941,814	-	2,489,398
Compensated absences (Note 7)	91,962	5,424	-	-	-	97,386
Net OPEB liability (Note 10)	865,228	-	-	-	-	865,228
Long-term debt (Note 7)	1,583,594	-	-	156,978	-	1,740,572
<b>Total noncurrent liabilities</b>	<b>2,540,784</b>	<b>5,424</b>	<b>1,547,584</b>	<b>1,098,792</b>	<b>-</b>	<b>5,192,584</b>
<b>Total liabilities</b>	<b>5,342,657</b>	<b>1,259,363</b>	<b>1,877,356</b>	<b>1,196,623</b>	<b>9,229</b>	<b>9,685,228</b>
<b>Deferred Inflows of Resources - Deferred</b>						
OPEB costs (Notes 4 and 10)	919	-	-	-	-	919

# Charter Township of Plymouth

## Proprietary Funds Statement of Net Position (Deficit) (Continued)

**December 31, 2018**

	Enterprise Funds					Total
	Water and Sewer	Solid Waste Disposal	Special Assessments	Golf Course	Nonmajor Enterprise - Senior Transportation	
<b>Net Position (Deficit)</b>						
Net investment in capital assets	\$ 27,091,156	\$ 735	\$ -	\$ 713,455	\$ 19,898	\$ 27,825,244
Unrestricted	32,226,319	166,117	122,965	(864,310)	29,006	31,680,097
Total net position (deficit)	<u><u>\$ 59,317,475</u></u>	<u><u>\$ 166,852</u></u>	<u><u>\$ 122,965</u></u>	<u><u>\$ (150,855)</u></u>	<u><u>\$ 48,904</u></u>	<u><u>\$ 59,505,341</u></u>

# Charter Township of Plymouth

## Proprietary Funds

### Statement of Revenue, Expenses, and Changes in Net Position (Deficit)

**Year Ended December 31, 2018**

	Enterprise Funds					Total
	Water and Sewer	Solid Waste Disposal	Special Assessments	Golf Course	Nonmajor Enterprise - Senior Transportation	
<b>Operating Revenue</b>						
Sale of water	\$ 4,858,609	\$ -	\$ -	\$ -	\$ -	\$ 4,858,609
Sewage disposal charges	6,793,623	-	-	-	-	6,793,623
Meter charges	1,446,216	-	-	-	-	1,446,216
Solid waste charges	-	1,482,015	-	-	-	1,482,015
Special assessment charges	-	-	69,374	-	-	69,374
Installation fees	30,543	-	-	-	-	30,543
Golf course fees and sales	-	-	-	539,119	-	539,119
Other miscellaneous revenue	338,758	-	-	-	139,593	478,351
Charges to other funds	160,857	28,023	-	-	-	188,880
<b>Total operating revenue</b>	<b>13,628,606</b>	<b>1,510,038</b>	<b>69,374</b>	<b>539,119</b>	<b>139,593</b>	<b>15,886,730</b>
<b>Operating Expenses</b>						
Cost of water	4,297,753	-	-	-	-	4,297,753
Cost of sewage treatment	2,403,125	-	-	-	-	2,403,125
Solid waste disposal	-	1,405,527	-	-	-	1,405,527
Salaries and fringe benefits	1,363,828	92,623	-	123,288	105,280	1,685,019
Intergovernmental service charge	716,062	-	-	-	-	716,062
Miscellaneous	174,605	436	-	268,929	19,920	463,890
Change in investment in WTUA	1,150,479	-	-	-	-	1,150,479
Special assessment project costs	-	-	56,643	-	-	56,643
Repair and maintenance	550,875	-	-	138,840	-	689,715
Professional service and administrative expense	51,711	16,811	-	98,792	-	167,314
Depreciation	1,370,195	1,260	-	48,866	10,997	1,431,318
<b>Total operating expenses</b>	<b>12,078,633</b>	<b>1,516,657</b>	<b>56,643</b>	<b>678,715</b>	<b>136,197</b>	<b>14,466,845</b>
<b>Operating Income (Loss)</b>	<b>1,549,973</b>	<b>(6,619)</b>	<b>12,731</b>	<b>(139,596)</b>	<b>3,396</b>	<b>1,419,885</b>
<b>Nonoperating Revenue (Expense)</b>						
Investment income	104,862	-	68,661	835	585	174,943
Interest expense	(59,482)	-	(59,242)	(32,493)	-	(151,217)
Other nonoperating expenses	(895,903)	-	-	-	-	(895,903)
Operating grants	684,342	-	-	-	-	684,342
<b>Total nonoperating (expense) revenue</b>	<b>(166,181)</b>	<b>-</b>	<b>9,419</b>	<b>(31,658)</b>	<b>585</b>	<b>(187,835)</b>
<b>Income (Loss) - Before capital contributions</b>	<b>1,383,792</b>	<b>(6,619)</b>	<b>22,150</b>	<b>(171,254)</b>	<b>3,981</b>	<b>1,232,050</b>
<b>Capital Contributions - Benefit fees</b>	<b>844,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>844,685</b>
<b>Change in Net Position</b>	<b>2,228,477</b>	<b>(6,619)</b>	<b>22,150</b>	<b>(171,254)</b>	<b>3,981</b>	<b>2,076,735</b>
<b>Net Position - Beginning of year, as restated (Note 14)</b>	<b>57,088,998</b>	<b>173,471</b>	<b>100,815</b>	<b>20,399</b>	<b>44,923</b>	<b>57,428,606</b>
<b>Net Position (Deficit) - End of year</b>	<b>\$ 59,317,475</b>	<b>\$ 166,852</b>	<b>\$ 122,965</b>	<b>\$ (150,855)</b>	<b>\$ 48,904</b>	<b>\$ 59,505,341</b>

# Charter Township of Plymouth

## Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2018

	Enterprise Funds					Total
	Water and Sewer	Solid Waste Disposal	Special Assessments	Golf Course	Nonmajor Enterprise - Senior Transportation	
<b>Cash Flows from Operating Activities</b>						
Receipts from customers	\$ 13,729,065	\$ 1,489,075	\$ 380,190	\$ 539,119	\$ 139,593	\$ 16,277,042
Internal activity - (Payments) receipts from other funds	(144,282)	110,873	(94,378)	(11,810)	(18,309)	(157,906)
Payments to suppliers	(10,268,192)	(1,513,523)	(116,290)	(484,776)	(21,137)	(12,403,918)
Payments to employees and fringes	(542,253)	(86,425)	-	-	(103,340)	(732,018)
Claims paid	(255,724)	-	-	(116,390)	(2,565)	(374,679)
Distribution to joint venture	(1,150,479)	-	-	-	-	(1,150,479)
Other receipts	318,046	-	-	4,793	22,319	345,158
Net cash and cash equivalents provided by (used in) operating activities	1,686,181	-	169,522	(69,064)	16,561	1,803,200
<b>Cash Flows from Noncapital Financing Activities</b>						
Operating grants	684,342	-	-	-	-	684,342
Loans received from other funds	138,738	-	-	261,814	-	400,552
Loans made to other funds	-	-	(220,346)	-	-	(220,346)
Repayments of loans from other funds	-	-	22,366	-	-	22,366
Operating grant expense	(895,903)	-	-	-	-	(895,903)
Net cash and cash equivalents (used in) provided by noncapital financing activities	(72,823)	-	(197,980)	261,814	-	(8,989)
<b>Cash Flows from Capital and Related Financing Activities</b>						
Special assessment collections	-	-	212,657	-	-	212,657
Benefit fees	298,080	-	-	-	-	298,080
Purchase of capital assets	(105,785)	-	-	-	-	(105,785)
Principal and interest paid on capital debt	(263,186)	-	-	(102,470)	-	(365,656)
Net cash and cash equivalents (used in) provided by capital and related financing activities	(70,891)	-	212,657	(102,470)	-	39,296
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>						
	104,862	-	68,661	835	585	174,943
<b>Net Increase in Cash and Cash Equivalents</b>	1,647,329	-	252,860	91,115	17,146	2,008,450
<b>Cash and Cash Equivalents - Beginning of year</b>	7,401,136	-	271,905	14,380	2,050	7,689,471
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 9,048,465</b>	<b>\$ -</b>	<b>\$ 524,765</b>	<b>\$ 105,495</b>	<b>\$ 19,196</b>	<b>\$ 9,697,921</b>

# Charter Township of Plymouth

## Proprietary Funds Statement of Cash Flows (Continued)

Year Ended December 31, 2018

	Enterprise Funds					Total
	Water and Sewer	Solid Waste Disposal	Special Assessments	Golf Course	Nonmajor Enterprise - Senior Transportation	
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>						
Operating income (loss)	\$ 1,549,973	\$ (6,619)	\$ 12,731	\$ (139,596)	\$ 3,396	\$ 1,419,885
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	1,370,195	1,260	-	48,866	10,997	1,431,318
Changes in assets and liabilities:						
Receivables	389,233	(20,963)	310,816	-	20,424	699,510
Due to and from other funds	(144,282)	110,873	(94,378)	(11,810)	(18,309)	(157,906)
Inventories	-	-	-	5,967	-	5,967
Prepaid and other assets	46,632	1,625	-	12,000	2,013	62,270
Accrued and other liabilities	845,515	6,198	-	4,793	(625)	855,881
Accounts payable	(2,371,085)	(92,374)	(59,647)	10,716	(1,335)	(2,513,725)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 1,686,181</u>	<u>\$ -</u>	<u>\$ 169,522</u>	<u>\$ (69,064)</u>	<u>\$ 16,561</u>	<u>\$ 1,803,200</u>
<b>Significant Noncash Transactions -</b>						
Contributed capital	\$ 546,605	\$ -	\$ -	\$ -	\$ -	\$ 546,605

# Charter Township of Plymouth

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## Fiduciary Funds Statement of Fiduciary Assets and Liabilities

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December 31, 2018

	<u>Agency Funds</u>
<b>Assets - Cash and cash equivalents (Note 3)</b>	<b><u>\$ 5,177,328</u></b>
<b>Liabilities</b>	
Due to other governmental units	\$ 4,329,666
Refundable deposits, bonds, etc.	<u>847,662</u>
Total liabilities	<b><u>\$ 5,177,328</u></b>

# Charter Township of Plymouth

## Component Units Statement of Net Position

December 31, 2018

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 951,518	\$ 1,621,888	\$ 2,573,406
Receivables - Property taxes	174,737	10,165	184,902
Total assets	1,126,255	1,632,053	2,758,308
<b>Liabilities</b>			
Accounts payable	2,782	-	2,782
Due to primary government (Note 6)	18,458	-	18,458
Total liabilities	21,240	-	21,240
<b>Deferred Inflows of Resources</b> - Property taxes levied for the following year	174,737	9,216	183,953
<b>Net Position - Unrestricted</b>	<b>\$ 930,278</b>	<b>\$ 1,622,837</b>	<b>\$ 2,553,115</b>

# Charter Township of Plymouth

## Component Units Statement of Activities

Year Ended December 31, 2018

	Expenses	Net (Expense) Revenue and Changes in Net Position		
		Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Functions/Programs</b>				
Downtown Development Authority	\$ 151,266	\$ (151,266)	\$ -	\$ (151,266)
Brownfield Redevelopment Authority	8,747	-	(8,747)	(8,747)
Total component units	<b>\$ 160,013</b>	(151,266)	(8,747)	(160,013)
General revenue:				
Property taxes		304,732	20,884	325,616
State-shared revenue		99,894	-	99,894
Interest and rents		8,363	16,157	24,520
Other miscellaneous income		430	-	430
Total general revenue		413,419	37,041	450,460
<b>Change in Net Position</b>		262,153	28,294	290,447
<b>Net Position - Beginning of year</b>		668,125	1,594,543	2,262,668
<b>Net Position - End of year</b>		<b>\$ 930,278</b>	<b>\$ 1,622,837</b>	<b>\$ 2,553,115</b>

December 31, 2018

### Note 1 - Significant Accounting Policies

#### ***Basis of Presentation***

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

#### ***Reporting Entity***

The Charter Township of Plymouth is governed by an elected seven-member board of trustees. Although blended component units are legally separate entities, in substance, they are part of the Township's operations. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township (see discussion below for description).

#### **Discretely Presented Component Units**

##### ***Downtown Development Authority***

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

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

##### ***Jointly Governed Organization***

The Township is a member of the Western Townships Utilities Authority (WTUA), which provides sewage disposal services to the townships of Canton, Northville, and Plymouth. The participating communities provide annual funding for its operations through payment of monthly sewer use invoices and semiannual debt payments. During the current year, the Township paid WTUA approximately \$221,000 for its capital projects and \$1,777,000 for its debt. WTUA has currently been funded with \$279,000 of working capital and is current in its debt payments. The investment in WTUA is reported in the financial statements net of the Township's portion of assets and debt. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, MI 48187.

#### ***Accounting and Reporting Principles***

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

December 31, 2018

### Note 1 - Significant Accounting Policies (Continued)

#### ***Report Presentation***

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

#### ***Fund Accounting***

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

#### **Governmental Funds**

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

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

#### **Proprietary Funds**

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

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

December 31, 2018

### Note 1 - Significant Accounting Policies (Continued)

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

#### **Fiduciary Funds**

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

#### **Interfund Activity**

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

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

#### **Basis of Accounting**

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

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

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

**Note 1 - Significant Accounting Policies (Continued)**

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

***Specific Balances and Transactions***

**Cash and Cash Equivalents**

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

**Inventories and Prepaid Items**

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

**Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

**Long-term Obligations**

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

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

**Note 1 - Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position (deficit) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township reports deferred outflows of resources related to the defined pension plan, made up of the difference between projected and actual experience, changes in assumption related to economic and demographic factors, and contributions subsequent to the measurement date. The Township also reports deferred outflows of resources related to the OPEB plan, made up of changes in assumptions related to economic and demographic factors.

In addition to liabilities, the statement of net position (deficit) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting. Accordingly, it is reported only in the governmental funds balance sheet. The governmental funds and government-wide statements report revenue from property taxes levied for the following year and other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Township also reports deferred inflows of resources related to the defined pension plan, made up of the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, as well as related to the OPEB plan made up of the difference between projected and actual experience.

**Net Position**

Net position of the Township is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and as held in trust for debt service and self-insured professional liability. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

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

**Note 1 - Significant Accounting Policies (Continued)**

**Fund Balance Policies**

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

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

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

**Property Tax Revenue**

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

The Township's 2017 tax is levied and collectible on December 1, 2017 and is recognized as revenue in the year ended December 31, 2018, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2017 taxable valuation of the Township totaled \$1,777,000,000 (a portion of which is abated and a portion of which is captured by the DDA and BRDA), on which taxes levied consisted of 0.81590 mills for operating purposes and 3.18740 mills for police and fire services. This resulted in approximately \$1,408,000 for operating and \$5,501,000 for police and fire services. These amounts are recognized in the General Fund financial statements as tax revenue (net of adjustments for delinquent amounts and prior year tax tribunal changes).

**Pension**

The Township offers a defined benefit pension plan to its retirees. The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 1 - Significant Accounting Policies (Continued)**

**Other Postemployment Benefit Costs**

The Township offers retiree healthcare benefits to retirees. The Township records a total OPEB liability calculated by the actuary. For the purpose of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the Charter Township of Plymouth OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported in the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**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.

**Upcoming Accounting Pronouncements**

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

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2020.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2019.

December 31, 2018

**Note 1 - Significant Accounting Policies (Continued)**

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Township's financial statements for the December 31, 2020 fiscal year.

**Note 2 - Stewardship, Compliance, and Accountability**

***Excess of Expenditures Over Appropriations in Budgeted Funds***

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

***Construction Code Fees***

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

Surplus at January 1, 2018		\$ 500,262
Current year permit revenue		1,111,723
Related expenses:		
Direct costs	\$ 588,931	
Estimated indirect costs	181,378	770,309
		<u>341,414</u>
Current year surplus		<u>341,414</u>
Cumulative surplus December 31, 2018 (Note 12)		<u>\$ 841,676</u>

***Fund Deficits***

The Township's governmental activities have a deficit in unrestricted net position and total net position at the government-wide level, but a positive unassigned fund balance at the fund level. This net position deficit is caused primarily by the net OPEB liability and net pension liability in the governmental activities. The Township's Golf Fund has a fund deficit, but has overall positive working capital (current assets exceed the current liabilities).

**Note 3 - Deposits and Investments**

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

**Note 3 - Deposits and Investments (Continued)**

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

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 \$20,658,180 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The component units had a bank balance of \$2,574,167. The federal depository insurance coverage pertains to all of the deposits of the Township; hence, the specific coverage pertaining to the component units, if any, is not determinable.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township owns no investment securities with fixed maturity dates. The Township's investment policy has no restrictions on maturity lengths (other than that found in state law, as described below).

***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the Township had no investments in commercial paper.

**Note 4 - Deferred Inflows/Outflows of Resources**

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

	Governmental Activities	Business-type Activities
Deferred outflows related to pension	\$ 3,577,840	\$ -
Deferred outflows related to OPEB	2,157,059	99,813
Total deferred outflows	<u>\$ 5,734,899</u>	<u>\$ 99,813</u>

December 31, 2018

**Note 4 - Deferred Inflows/Outflows of Resources (Continued)**

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

	Governmental Funds	Governmental Activities	Business-type Activities
Property taxes levied for the next fiscal year	\$ 9,369,720	\$ 9,369,720	\$ -
Revenue received beyond 60 days:			
Block grant	74,474	-	-
City of Plymouth, Michigan dispatch	99,085	-	-
Deferred inflows related to pension	-	424,644	-
Deferred inflows related to OPEB	-	19,869	919
<b>Total deferred inflows</b>	<b>\$ 9,543,279</b>	<b>\$ 9,814,233</b>	<b>\$ 919</b>

**Note 5 - Capital Assets**

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

**Governmental Activities**

	Balance January 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2018
Capital assets not being depreciated:					
Land	\$ 3,731,178	\$ -	\$ -	\$ -	\$ 3,731,178
Construction in progress	7,823	(137,675)	593,468	-	463,616
Subtotal	3,739,001	(137,675)	593,468	-	4,194,794
Capital assets being depreciated:					
Buildings and improvements	16,350,090	137,675	69,152	(8,402)	16,548,515
Sidewalks	1,205,525	-	-	-	1,205,525
Road improvements	815,902	-	-	-	815,902
Furnishings, vehicles, and equipment	8,836,510	-	383,159	(1,766,633)	7,453,036
Subtotal	27,208,027	137,675	452,311	(1,775,035)	26,022,978
Accumulated depreciation:					
Buildings and improvements	5,803,220	-	450,177	(1,739)	6,251,658
Sidewalks	644,789	-	39,463	(42,975)	641,277
Road improvements	142,780	-	21,123	42,974	206,877
Furnishings, vehicles, and equipment	6,859,455	-	550,019	(1,662,804)	5,746,670
Subtotal	13,450,244	-	1,060,782	(1,664,544)	12,846,482
Net capital assets being depreciated	13,757,783	137,675	(608,471)	(110,491)	13,176,496
Net governmental activities capital assets	<u>\$ 17,496,784</u>	<u>\$ -</u>	<u>\$ (15,003)</u>	<u>\$ (110,491)</u>	<u>\$ 17,371,290</u>

December 31, 2018

**Note 5 - Capital Assets (Continued)**

***Business-type Activities***

	Balance January 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2018
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	54,155,883	-	546,605	-	54,702,488
Buildings and improvements	4,834,012	-	-	-	4,834,012
Meters and supplies	1,976,197	-	76,262	(61,329)	1,991,130
Equipment and other	3,196,418	-	29,523	(322,621)	2,903,320
Subtotal	64,162,510	-	652,390	(383,950)	64,430,950
Accumulated depreciation:					
Water and sewer transportation	29,566,998	-	1,091,937	-	30,658,935
Buildings and improvements	2,594,077	-	123,893	-	2,717,970
Meters and supplies	1,042,859	-	-	(61,330)	981,529
Equipment and other	2,048,965	-	215,488	(291,453)	1,973,000
Subtotal	35,252,899	-	1,431,318	(352,783)	36,331,434
Net capital assets being depreciated	28,909,611	-	(778,928)	(31,167)	28,099,516
Net business-type activity capital assets	<u>\$ 30,549,610</u>	<u>\$ -</u>	<u>\$ (778,928)</u>	<u>\$ (31,167)</u>	<u>\$ 29,739,515</u>

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

Governmental activities:	
General government	\$ 80,119
Police	23,170
Public works	60,587
Fire	143,808
Dispatch	4,753
Building inspections	16,669
Planning and zoning	1,039
Support services	233,817
Recreation and culture	496,820
Total governmental activities	<u>\$ 1,060,782</u>
Business-type activities:	
Water and sewer	\$ 1,370,195
Solid waste and disposal	1,260
Golf fund	48,866
Senior transportation	10,997
Total business-type activities	<u>\$ 1,431,318</u>

December 31, 2018

**Note 5 - Capital Assets (Continued)**

The Township has an active project at year end related to the construction of a fire truck. At year end, \$463,616 has been spent to date, with a remaining commitment of \$198,693. Additionally, subsequent to year end, the Township entered into a purchase agreement for a fire truck totaling \$937,739.

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

The composition of interfund balances is as follows:

***Due to/from Other Funds***

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Disposal Fund	\$ 1,104,638
	Water and Sewer Fund	196,458
	Total General Fund	1,301,096
Nonmajor governmental fund	General Fund	2,147
	Golf Course Fund	13,300
	Total nonmajor governmental fund	15,447
Water and Sewer Fund	Golf Course Fund	12,923
	Nonmajor enterprise funds	1,329
	Total Water and Sewer Fund	14,252
Solid Waste Disposal Fund	Water and Sewer Fund	1,181,217
Nonmajor enterprise fund	General Fund	1,142
Special Assessment Fund	General Fund	22,366
	Total	<u>\$ 2,535,520</u>

***Advances to Other Funds***

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Golf Course Fund	\$ 941,814
Water and Sewer Fund	Special Assessment Fund	1,547,584
	Total	<u>\$ 2,489,398</u>

***Due to/from Primary Government and Component Units***

Receivable	Payable	Amount
General Fund	Downtown Development Authority	<u>\$ 18,458</u>

December 31, 2018

**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 Improvement Revolving Fund to the General Fund represents repayment of excess amounts 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 2020, with an interest rate of 4 percent being charged to the Golf Fund. The long-term advance from the Water and Sewer Fund to the Special Assessments Fund is to cover the cost of special assessment projects and will be repaid with an interest rate of 4 percent.

**Note 7 - Long-term Debt**

Long-term debt can be summarized as follows:

**Governmental Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligations:					
General obligations	\$ 5,289,468	\$ -	\$ (592,991)	\$ 4,696,477	\$ 647,030
Unamortized bond premiums	204,098	-	(25,512)	178,586	25,512
Total general obligations	5,493,566	-	(618,503)	4,875,063	672,542
Compensated absences	1,168,257	632,927	(538,320)	1,262,864	569,283
Total governmental activities long-term debt	<u>\$ 6,661,823</u>	<u>\$ 632,927</u>	<u>\$ (1,156,823)</u>	<u>\$ 6,137,927</u>	<u>\$ 1,241,825</u>

**Business-type Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligations	\$ 2,187,952	\$ -	\$ (273,681)	\$ 1,914,271	\$ 173,699
Compensated absences	167,346	67,359	(70,844)	163,861	66,475
Total business-type activities long-term debt	<u>\$ 2,355,298</u>	<u>\$ 67,359</u>	<u>\$ (344,525)</u>	<u>\$ 2,078,132</u>	<u>\$ 240,174</u>

December 31, 2018

**Note 7 - Long-term Debt (Continued)**

**General Obligation Bonds and Contracts**

The Township issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. General obligations outstanding at December 31, 2018 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
<b>Governmental Activities</b>				
2017 general obligation refunding bond originally issued for \$887,400, used to refund various general obligation debt, with principal maturity ranges from \$37,000 to \$87,000	2017	3.00%	2026	\$ 849,600
2011 installment purchase agreement originally issued for \$606,150, used to pay the costs of acquiring the property at Five Mile Road, with principal maturity ranges from approximately \$52,000 to \$68,000	2011	3.10%	2021	185,750
2012 general obligation limited tax refunding bonds, used to advance refund \$4,400,000 of outstanding 2004 general obligation bonds, with principal maturity ranges from \$375,000 to \$435,000	2012	2.0%-4.0%	2025	3,213,585
2013 general obligation limited tax capital improvement bonds, used for various township park improvements, with principal maturity ranges from approximately \$106,000 to \$134,000	2013	2.16%	2024	626,128
Total governmental activities				<u>\$ 4,875,063</u>
<b>Business-type Activities</b>				
2017 limited tax general obligation capital improvement refunding bonds originally issued for \$1,577,600, used to refund various general obligation capital improvement debt, with principal maturity ranges from \$68,000 to \$154,000	2017	3.00%	2030	\$ 1,510,400
2013 general obligation limited tax bonds, used for various water and sewer system improvements, with principal maturity ranges from approximately \$35,000 to \$45,000	2013	2.16%	2024	211,401
2013 general obligation limited tax capital improvement bonds, used for various golf course improvements, with principal maturity ranges from approximately \$33,000 to \$41,000	2013	2.16%	2024	192,470
Total business-type activities				<u>\$ 1,914,271</u>

**Note 7 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

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

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal*	Interest	Total	Principal	Interest	Total
2019	\$ 647,030	\$ 178,700	\$ 825,730	\$ 173,699	\$ 59,039	\$ 232,738
2020	648,768	130,349	779,117	184,027	54,379	238,406
2021	654,250	111,610	765,860	217,981	49,079	267,060
2022	644,895	93,090	737,985	225,102	43,188	268,290
2023	651,534	70,503	722,037	233,462	37,090	270,552
2024-2028	1,322,200	95,341	1,417,541	652,800	100,126	752,926
2029-2031	127,800	5,076	132,876	227,200	9,024	236,224
Total	<u>\$ 4,696,477</u>	<u>\$ 684,669</u>	<u>\$ 5,381,146</u>	<u>\$ 1,914,271</u>	<u>\$ 351,925</u>	<u>\$ 2,266,196</u>

\*Excludes the \$178,586 of unamortized premiums.

**Bond Refunding**

In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At December 31, 2018, \$2,360,000 of bonds outstanding is considered defeased.

**Note 8 - Risk Management**

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

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

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

	2018	2017
Unpaid claims - Beginning of year	\$ 25,000	\$ 25,000
Incurred claims, including claims incurred but not reported	70,119	57,968
Claim payments	(70,119)	(57,968)
Unpaid claims - End of year	<u>\$ 25,000</u>	<u>\$ 25,000</u>

**Note 9 - Pension Plans**

***Plan Description***

**Defined Benefit Plan**

The Township participates in the MERS pension plan, an agent multiple-employer defined benefit plan, administered by the Municipal Employees' Retirement System of Michigan (MERS), which covers all police and fire union employees plus certain command officers. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board.

The pension system issues a publicly available financial report that can be obtained at [www.mersofmichigan.com](http://www.mersofmichigan.com) or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

**Defined Contribution Plan**

The Charter Township of Plymouth also provides pension benefits to all of its full time general office and DPW employees through a defined contribution plan. The benefits are administered by John Hancock.

***Benefits Provided***

**Defined Benefit Plan**

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers all police and fire union employees plus certain command officers.

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

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

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

**Note 9 - Pension Plans (Continued)**

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

**Defined Contribution Plan**

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

***Employees Covered by Benefit Terms***

At the December 31, 2017 measurement date, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	35
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>40</u>
Total employees covered by the plan	<u><u>81</u></u>

***Contributions***

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

For the year ended December 31, 2018, the average active employee contribution rate was 9.5 percent of annual pay, and the Township's average contribution rate was 25.5 percent of annual payroll.

***Net Pension Liability***

The net pension liability reported at December 31, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of that date.

December 31, 2018

**Note 9 - Pension Plans (Continued)**

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2016</b>	\$ 29,835,307	\$ 20,337,646	\$ 9,497,661
Changes for the year:			
Service cost	494,127	-	494,127
Interest	2,346,393	-	2,346,393
Differences between expected and actual experience	1,150,117	-	1,150,117
Contributions - Employer	-	738,427	(738,427)
Contributions - Employee	-	375,793	(375,793)
Net investment income	-	2,676,932	(2,676,932)
Benefit payments, including refunds	(1,504,921)	(1,504,921)	-
Administrative expenses	-	(42,361)	42,361
<b>Net changes</b>	<b>2,485,716</b>	<b>2,243,870</b>	<b>241,846</b>
<b>Balance at December 31, 2017</b>	<b>\$ 32,321,023</b>	<b>\$ 22,581,516</b>	<b>\$ 9,739,507</b>

The plan's fiduciary net position represents 69.9 percent of the total pension liability.

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

For the year ended December 31, 2018, the Township recognized pension expense of \$1,928,898 from all plans, which includes \$1,515,394 from the MERS defined benefit plan and \$413,504 from the John Hancock defined contribution plan.

At December 31, 2018, 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	\$ 996,406	\$ -
Changes in assumptions	564,111	-
Net difference between projected and actual earnings on pension plan investments	-	(424,644)
Employer contributions to the plan subsequent to the measurement date	2,017,323	-
<b>Total</b>	<b>\$ 3,577,840</b>	<b>\$ (424,644)</b>

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

Years Ending December 31	Amount
2019	\$ 617,995
2020	549,871
2021	181,459
2022	(213,452)

**Note 9 - Pension Plans (Continued)**

**Actuarial Assumptions**

The total pension liability in the December 31, 2017 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.75 percent (with merit increases totaling up to 11 percent, for a total of 3.75 percent to 14.75 percent), an investment rate of return (net of investment expenses) of 8.00 percent (including inflation), and the RP-2014 mortality tables.

The actuarial assumptions used in the December 31, 2017 actuarial valuation date valuation were based on the results of an actuarial experience study for the period from January 1, 2009 through December 31, 2013.

**Discount Rate**

The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Investment Rate of Return**

Best estimates of arithmetic real rates of return as of the December 31, 2017 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.65 %
Global fixed income	18.50	1.76
Real assets	13.50	7.72
Diversifying strategies	12.50	5.50

**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 or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.0%)	Current Discount Rate (8.0%)	1 Percent Increase (9.0%)
Net pension liability of the MERS pension plan	\$ 13,655,585	\$ 9,739,507	\$ 6,495,621

**Note 9 - Pension Plans (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 of resources related to pension, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

**Note 10 - Other Postemployment Benefit Plan**

***Plan Description***

**Defined Benefit Plan**

The Township provides retiree healthcare benefits to eligible employees hired prior to certain dates (which vary from 2009 to 2012, dependent on employee group) and their beneficiaries. This is a single-employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Defined Contribution Plan**

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

***Benefits Provided***

Charter Township of Plymouth OPEB Plan provides healthcare and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan. As of 2014, the plan was closed to new entrants.

Benefit terms provide for annual cost of living adjustments to each employee's OPEB benefits subsequent to the employee's retirement date. The annual adjustments are one-half of the change in the Consumer Price Index, limited to a maximum increase in OPEB benefits of 2 percent for all employees.

The township board grants the authority to establish and amend the benefit terms and contribution requirements.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

Date of member count	December 31, 2017
Inactive plan members or beneficiaries currently receiving benefits	58
Active plan members	58
	<hr/>
Total plan members	116
	<hr/> <hr/>

***Contributions***

Retiree healthcare costs are paid by the Township on a "pay-as-you-go" basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended December 31, 2018, the Township made payments for postemployment health benefit premiums of \$573,414.

December 31, 2018

**Note 10 - Other Postemployment Benefit Plan (Continued)**

Pertaining to the defined contribution plan, during the year ended December 31, 2018, the Township made contributions of \$80,036 to the health savings accounts.

**Total OPEB Liability**

The Township's total OPEB liability of \$19,563,676 was measured as of December 31, 2018 and was determined by an actuarial valuation performed as of December 31, 2017, which used update procedures to roll forward the estimated liability to December 31, 2018.

Changes in the total OPEB liability during the measurement year were as follows:

Changes in Net OPEB Liability	Total OPEB Liability
<b>Balance at December 31, 2017</b>	\$ 16,383,116
Changes for the year:	
Service cost	290,829
Interest	622,715
Differences between expected and actual experience	(26,407)
Changes in assumptions	2,866,837
Benefit payments, including refunds	<u>(573,414)</u>
Net changes	<u>3,180,560</u>
<b>Balance at December 31, 2018</b>	<u>\$ 19,563,676</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the Township recognized OPEB expense of \$944,477.

At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (20,788)
Changes in assumptions	<u>2,256,872</u>	<u>-</u>
Total	<u>\$ 2,256,872</u>	<u>\$ (20,788)</u>

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

Years Ending December 31	Amount
2019	\$ 604,347
2020	604,347
2021	604,347
2022	<u>423,043</u>
Total	<u>\$ 2,236,084</u>

**Note 10 - Other Postemployment Benefit Plan (Continued)**

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using an inflation assumption of 2.0 percent; assumed salary increases (including inflation) of 3.5 percent; a healthcare cost trend rate of 8.5 percent, decreasing 0.25 percent per year to an ultimate rate of 4.5 percent; and the RP-2014 mortality tables with the MP-2018 improvement scale.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.0 percent. The discount rate was based on a 20-year AA/Aa tax-exempt municipal bond yield.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Township, calculated using the discount rate of 3.0 percent, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (2.0%)	Current Discount Rate (3.0%)	1 Percent Increase (4.0%)
Total OPEB liability of the Charter Township of Plymouth OPEB Plan	\$ 22,148,505	\$ 19,563,676	\$ 17,415,704

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the total OPEB liability of the Township, calculated using the healthcare cost trend rate of 8.5 percent, as well as what the Township's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.5%)	Current Healthcare Cost Trend Rate (8.5%)	1 Percent Increase (9.5%)
Total OPEB liability of the Charter Township of Plymouth OPEB Plan	\$ 16,986,632	\$ 19,563,676	\$ 22,717,659

**Assumption Changes**

Assumption changes from the December 31, 2017 valuation used to roll forward the liability to December 31, 2018 include a decrease in discount rate from 3.8 to 3.0 percent, an increase in salary scale from 3.0 to 3.5 percent, updated mortality tables, and updated healthcare trend rates.

**Note 11 - Commitments - Brownfield Redevelopment Authority**

Brownfield redevelopment costs of approximately \$55,000 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.

December 31, 2018

**Note 12 - Restricted Net Position**

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

Drug enforcement	\$ 398,714
Construction code activity (Note 2)	841,676
PEG fees	<u>140,467</u>
Total restricted net position/fund balance	<u>\$ 1,380,857</u>

**Note 13 - Tax Abatements**

The Township uses the Industrial Facilities Tax exemption (PA 57 of 2018) 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, 2018, the Township abated \$122,013 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 57 of 2018 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, 2018, the Authority abated \$5,297 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 14 - Change in Accounting Principle**

During the current year, the Township adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, the government-wide statements and proprietary funds now include a liability for the unfunded portion of the Township's retiree healthcare costs. Some of the change in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan footnote for further details. This change does not impact the General Fund or any other governmental funds.

As a result of implementing this statement, the beginning net positions of the governmental activities and business-type activities and the beginning fund balances of the Water and Sewer Fund and Solid Waste Disposal Fund have been restated as follows:

	Net Position/Fund Balance		
	As Previously Reported	As Restated	Effect of Change
Governmental activities	\$ (2,447,183)	\$ (7,186,432)	\$ (4,739,249)
Business-type activities	57,269,282	57,428,606	159,324
Water and Sewer Fund	57,001,199	57,088,998	87,799
Solid Waste Disposal Fund	101,946	173,471	71,525

**Note 15 - Subsequent Events**

In January 2019, the Brownfield Redevelopment Authority entered into an interlocal agreement with the Charter Township of Northville Brownfield Redevelopment Authority to create the Michigan International Technology Center Redevelopment Authority.

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## Required Supplemental Information

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# Charter Township of Plymouth

## Required Supplemental Information Budgetary Comparison Schedule General Fund

**Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 7,595,000	\$ 7,545,000	\$ 7,516,399	\$ (28,601)
State-shared revenue and grants:				
Federal grants	258,215	327,515	309,984	(17,531)
State-shared revenue and grants	2,601,113	3,053,113	2,948,956	(104,157)
Charges for services:				
Intragovernmental service charge	774,100	774,100	740,062	(34,038)
City of Plymouth, Michigan	342,000	342,000	342,000	-
Fines and forfeitures	70,000	-	12,028	12,028
Licenses and permits	1,350,000	1,350,000	1,242,155	(107,845)
Interest and rentals	50,000	25,000	81,188	56,188
Other revenue:				
Cable franchise fees	765,000	765,000	715,611	(49,389)
Other miscellaneous income	809,750	952,750	1,016,896	64,146
Other charges for services	100,000	100,000	117,069	17,069
<b>Total revenue</b>	<b>14,715,178</b>	<b>15,234,478</b>	<b>15,042,348</b>	<b>(192,130)</b>
<b>Expenditures</b>				
Current services:				
General government	3,023,746	3,415,560	3,275,283	140,277
Public safety	9,531,295	9,563,668	9,615,412	(51,744)
Public works	572,963	586,794	589,334	(2,540)
Community services	7,566	69,366	89,425	(20,059)
Planning and zoning	137,390	139,040	148,423	(9,383)
Recreation and culture	353,991	439,946	423,388	16,558
Debt service	-	776,678	756,031	20,647
<b>Total expenditures</b>	<b>13,626,951</b>	<b>14,991,052</b>	<b>14,897,296</b>	<b>93,756</b>
<b>Excess of Revenue Over Expenditures</b>	<b>1,088,227</b>	<b>243,426</b>	<b>145,052</b>	<b>(98,374)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	107,976	107,976
Transfers out	(776,678)	-	-	-
Sale of capital assets	-	1,525	1,525	-
<b>Total other financing (uses) sources</b>	<b>(776,678)</b>	<b>1,525</b>	<b>109,501</b>	<b>107,976</b>
<b>Net Change in Fund Balance</b>	<b>311,549</b>	<b>244,951</b>	<b>254,553</b>	<b>9,602</b>
<b>Fund Balance - Beginning of year</b>	<b>4,054,923</b>	<b>4,054,923</b>	<b>4,054,923</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 4,366,472</b>	<b>\$ 4,299,874</b>	<b>\$ 4,309,476</b>	<b>\$ 9,602</b>

## Charter Township of Plymouth

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

	Last Four Fiscal Years			
	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 494,127	\$ 569,526	\$ 559,291	\$ 549,735
Interest	2,346,393	2,238,167	2,086,180	1,981,341
Differences between expected and actual experience	1,150,117	11,232	254,164	-
Changes in assumptions	-	-	1,128,222	-
Benefit payments, including refunds	<u>(1,504,921)</u>	<u>(1,351,905)</u>	<u>(1,333,920)</u>	<u>(1,196,222)</u>
<b>Net Change in Total Pension Liability</b>	2,485,716	1,467,020	2,693,937	1,334,854
<b>Total Pension Liability - Beginning of year</b>	<u>29,835,307</u>	<u>28,368,287</u>	<u>25,674,350</u>	<u>24,339,496</u>
<b>Total Pension Liability - End of year</b>	<b><u>\$ 32,321,023</u></b>	<b><u>\$ 29,835,307</u></b>	<b><u>\$ 28,368,287</u></b>	<b><u>\$ 25,674,350</u></b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 738,427	\$ 856,865	\$ 685,285	\$ 629,153
Contributions - Member	375,793	356,673	343,691	300,261
Net investment income (loss)	2,676,932	2,093,078	(284,305)	1,149,359
Administrative expenses	(42,361)	(41,301)	(41,663)	(42,269)
Benefit payments, including refunds	<u>(1,504,921)</u>	<u>(1,351,905)</u>	<u>(1,333,920)</u>	<u>(1,196,222)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	2,243,870	1,913,410	(630,912)	840,282
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>20,337,646</u>	<u>18,424,236</u>	<u>19,055,148</u>	<u>18,214,866</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u>\$ 22,581,516</u></b>	<b><u>\$ 20,337,646</u></b>	<b><u>\$ 18,424,236</u></b>	<b><u>\$ 19,055,148</u></b>
<b>Township's Net Pension Liability - Ending</b>	<b><u>\$ 9,739,507</u></b>	<b><u>\$ 9,497,661</u></b>	<b><u>\$ 9,944,051</u></b>	<b><u>\$ 6,619,202</u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	69.87 %	68.17 %	64.95 %	74.22 %
<b>Covered Payroll</b>	\$ 3,472,263	\$ 3,970,486	\$ 3,950,911	\$ 3,887,319
<b>Township's Net Pension Liability as a Percentage of Covered Payroll</b>	280.49 %	239.21 %	251.69 %	170.28 %

# Charter Township of Plymouth

## Required Supplemental Information Schedule of Pension Contributions

### Last Ten Fiscal Years Years Ended December 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 917,323	\$ 738,427	\$ 685,285	\$ 629,153	\$ 583,883	\$ 489,480	\$ 554,612	\$ 577,569	\$ 663,468	\$ 637,764
Contributions in relation to the actuarially determined contribution	2,017,323	738,427	685,285	629,153	583,883	489,480	554,612	577,569	663,468	637,764
<b>Contribution Excess</b>	<b>\$ 1,100,000</b>	<b>\$ -</b>								
<b>Covered Payroll</b>	<b>\$ 3,472,263</b>	<b>\$ 3,970,486</b>	<b>\$ 3,950,911</b>	<b>\$ 3,887,319</b>	<b>\$ 3,814,924</b>	<b>\$ 3,778,240</b>	<b>\$ 4,142,812</b>	<b>\$ 4,757,684</b>	<b>\$ 4,781,800</b>	<b>\$ 4,447,702</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>58.10 %</b>	<b>18.60 %</b>	<b>17.34 %</b>	<b>16.18 %</b>	<b>15.31 %</b>	<b>12.96 %</b>	<b>13.39 %</b>	<b>12.14 %</b>	<b>13.87 %</b>	<b>14.34 %</b>

#### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	23 years
Asset valuation method	Five-year smoothed
Inflation	2.50 percent
Salary increase	3.75 percent
Investment rate of return	8.00 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

**Charter Township of Plymouth**

Required Supplemental Information  
Schedule of Changes in the Total OPEB Liability and Related Ratios

	<b>Last Fiscal Year</b>
	<u>2018</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 290,829
Interest	622,715
Differences between expected and actual experience	(26,407)
Changes in assumptions	2,866,837
Benefit payments, including refunds	<u>(573,414)</u>
<b>Net Change in Total OPEB Liability</b>	3,180,560
<b>Total OPEB Liability - Beginning of year</b>	<u>16,383,116</u>
<b>Total OPEB Liability - End of year</b>	<b><u><u>\$ 19,563,676</u></u></b>

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

December 31, 2018

#### ***Budgetary Information***

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

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

1. In public safety, the Township recorded a liability for the 70 percent completed portion of the cost of a new fire truck that was under construction at the balance sheet date.
2. Related to community services, the actual cost of a construction project at the Friendship Station was higher than originally anticipated.
3. In public works, the budget overrun resulted from various unexpected slight increases in expenses.
4. Planning and zoning incurred higher actual contractual services and utility expenditures than originally anticipated.

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, 2018 has not been calculated. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures.

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## Other Supplemental Information

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**Charter Township of Plymouth**

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds**

**December 31, 2018**

	Special Revenue Funds			Capital Project Fund		Total Nonmajor Funds
	Federal Drug Forfeiture Fund	State Drug Forfeiture Fund	IRS Drug Forfeiture Fund	Total Special Revenue Funds	Improvement Revolving Fund	
<b>Assets</b>						
Cash and cash equivalents	\$ 266,528	\$ 65,461	\$ 71,059	\$ 403,048	\$ 10	\$ 403,058
Due from other funds	2,134	-	-	2,134	13,313	15,447
Total assets	<b><u>\$ 268,662</u></b>	<b><u>\$ 65,461</u></b>	<b><u>\$ 71,059</u></b>	<b><u>\$ 405,182</u></b>	<b><u>\$ 13,323</u></b>	<b><u>\$ 418,505</u></b>
<b>Liabilities - Accounts payable</b>	\$ -	\$ 4,208	\$ 2,260	\$ 6,468	\$ -	\$ 6,468
<b>Fund Balances</b>						
Restricted	268,662	61,253	68,799	398,714	-	398,714
Assigned	-	-	-	-	13,323	13,323
Total fund balances	<u>268,662</u>	<u>61,253</u>	<u>68,799</u>	<u>398,714</u>	<u>13,323</u>	<u>412,037</u>
Total liabilities and fund balances	<b><u>\$ 268,662</u></b>	<b><u>\$ 65,461</u></b>	<b><u>\$ 71,059</u></b>	<b><u>\$ 405,182</u></b>	<b><u>\$ 13,323</u></b>	<b><u>\$ 418,505</u></b>

# Charter Township of Plymouth

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

**Year Ended December 31, 2018**

	Special Revenue Funds			Capital Project Fund		Total Nonmajor Funds
	Federal Drug Forfeiture Fund	State Drug Forfeiture Fund	IRS Drug Forfeiture Fund	Total Special Revenue Funds	Improvement Revolving Fund	
<b>Revenue</b>						
State-shared revenue and grants:						
Federal grants	\$ 211,390	\$ -	\$ 43,620	\$ 255,010	\$ -	\$ 255,010
State-shared revenue and grants	-	18,815	-	18,815	-	18,815
Interest and rentals	16,055	962	982	17,999	179	18,178
Total revenue	227,445	19,777	44,602	291,824	179	292,003
<b>Expenditures - Capital outlay</b>	301,738	7,888	43,253	352,879	-	352,879
<b>Excess of Revenue (Under) Over Expenditures</b>	(74,293)	11,889	1,349	(61,055)	179	(60,876)
<b>Other Financing (Uses) Sources</b>						
Transfers out	-	-	-	-	(107,976)	(107,976)
Sale of capital assets	17,175	-	-	17,175	-	17,175
Total other financing sources (uses)	17,175	-	-	17,175	(107,976)	(90,801)
<b>Net Change in Fund Balances</b>	(57,118)	11,889	1,349	(43,880)	(107,797)	(151,677)
<b>Fund Balances - Beginning of year</b>	325,780	49,364	67,450	442,594	121,120	563,714
<b>Fund Balances - End of year</b>	<u>\$ 268,662</u>	<u>\$ 61,253</u>	<u>\$ 68,799</u>	<u>\$ 398,714</u>	<u>\$ 13,323</u>	<u>\$ 412,037</u>

**Charter Township of Plymouth**

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

**December 31, 2018**

	<u>Modified Accrual</u>		<u>Full Accrual</u>		<u>Statement of Net</u>
	<u>Balance Sheet</u>		<u>Adjustments</u>		<u>Position</u>
<b>Assets</b>					
Cash and investments	\$ 951,518	\$ -		\$ -	\$ 951,518
Receivables - Property taxes	174,737	-		-	174,737
Total assets	<b><u>\$ 1,126,255</u></b>		-		1,126,255
<b>Liabilities</b>					
Accounts payable	\$ 2,782	-		-	2,782
Due to primary government	18,458	-		-	18,458
Total liabilities	21,240		-		21,240
<b>Deferred Inflows of Resources</b> - Property taxes levied for the following year	174,737		-		174,737
<b>Fund Balance</b> - Unassigned	930,278		(930,278)		-
Total liabilities, deferred inflows of resources, and fund balance	<b><u>\$ 1,126,255</u></b>				
<b>Net Position</b> - Unrestricted			<b><u>\$ 930,278</u></b>		<b><u>\$ 930,278</u></b>

**Charter Township of Plymouth**

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

**Year Ended December 31, 2018**

	<u>Modified Accrual</u> Statement of Revenue, Expenditures, and Changes in Fund Balance	Full Accrual Adjustments	Statement of Activities
<b>Revenue</b>			
Property taxes	\$ 304,732	\$ -	\$ 304,732
State-shared revenue and grants	99,894	-	99,894
Interest and rentals	8,363	-	8,363
Other revenue	430	-	430
Total revenue	413,419	-	413,419
<b>Expenditures</b> - Current - Other contract services	151,266	-	151,266
<b>Net Change in Fund Balance/Net Position</b>	262,153	-	262,153
<b>Fund Balance/Net Position</b> - Beginning of year	668,125	-	668,125
<b>Fund Balance/Net Position</b> - End of year	<u><u>\$ 930,278</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 930,278</u></u>

**Charter Township of Plymouth**

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

**December 31, 2018**

	<u>Modified Accrual</u>		<u>Full Accrual</u>		<u>Statement of Net</u>
	<u>Balance Sheet</u>		<u>Adjustments</u>		<u>Position</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 1,621,888	\$	-	\$	1,621,888
Receivables - Property taxes	10,165		-		10,165
Total assets	<b><u>\$ 1,632,053</u></b>		-		1,632,053
<b>Liabilities</b>	\$ -		-		-
<b>Deferred Inflows of Resources</b> - Property taxes levied for the following year	9,216		-		9,216
<b>Fund Balance</b> - Unrestricted	1,622,837		(1,622,837)		-
Total liabilities, deferred inflows of resources, and fund balance	<b><u>\$ 1,632,053</u></b>				
<b>Net Position</b> - Unrestricted			<b><u>\$ 1,622,837</u></b>	<b>\$</b>	<b><u>1,622,837</u></b>

**Charter Township of Plymouth**

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

**Year Ended December 31, 2018**

	<u>Modified Accrual</u> Statement of Revenue, Expenditures, and Changes in Fund Balance	Full Accrual Adjustments	Statement of Activities
<b>Revenue</b>			
Property taxes	\$ 20,884	\$ -	\$ 20,884
Interest and rentals	16,157	-	16,157
Total revenue	<u>37,041</u>	-	<u>37,041</u>
<b>Expenditures</b> - Current - Environmental remediation	<u>8,747</u>	-	<u>8,747</u>
<b>Net Change in Fund Balance/Net Position</b>	28,294	-	28,294
<b>Fund Balance/Net Position</b> - Beginning of year	<u>1,594,543</u>	-	<u>1,594,543</u>
<b>Fund Balance/Net Position</b> - End of year	<u><u>\$ 1,622,837</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,622,837</u></u>

# Charter Township of Plymouth

## Other Supplemental Information Combining Statement of Assets and Liabilities Agency Funds

December 31, 2018

	General Agency Fund	Tax Collection Fund	Police Bond Fund	Total Agency Funds
<b>Assets - Cash and cash equivalents</b>	<b>\$ 846,903</b>	<b>\$ 4,328,118</b>	<b>\$ 2,307</b>	<b>\$ 5,177,328</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 1,548	\$ 4,328,118	\$ -	\$ 4,329,666
Refundable deposits, bonds, etc.	845,355	-	2,307	847,662
Total liabilities	<b>\$ 846,903</b>	<b>\$ 4,328,118</b>	<b>\$ 2,307</b>	<b>\$ 5,177,328</b>