

CHARTER TOWNSHIP OF DELTA
REPORT ON FINANCIAL STATEMENTS
(with required supplementary information and
additional supplementary information)
YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Charter Township of Delta
State of Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Delta, State of Michigan as of and for the year ended December 31, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Delta's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Delta, State of Michigan as of December 31, 2011, and the respective changes in financial position and, where applicable cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 and Note 14 to the financial statements, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages viii through xx and 47 through 51 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 and assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charter Township of Delta as a whole. The supplementary information included on pages 53 to 84 is presented for purposes of additional analysis and is not a required part of the financial statements. The combining and individual nonmajor fund financial statements and other information are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Maney Costeiran PC

April 3, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Charter Township of Delta (Township), we offer readers of the Charter Township of Delta's financial statements this narrative overview and analysis of the financial activities of the Charter Township of Delta for the fiscal year ended December 31, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$106.1 million dollars (net assets). Of this amount, \$33.7 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$226 thousand dollars.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$18.7 million, an increase of \$525 thousand in comparison with the prior year. The increase can be attributed to increased state revenue sharing payments. Approximately \$8.2 million is available for spending.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8.2 million, or 53 percent of total general fund expenditures.
- The Township's total long-term liabilities decreased \$1,515,867.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development, and culture and recreation. The business-type activities of the Township include water and sewer activity.

The government-wide financial statements include not only the Township itself (known as the *primary government*), but also the legally separate Economic Development Corporation (EDC) for which the Township is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Township also has established the Brownfield Redevelopment Authority. Had there been activity or balances, it would also be reported as a discreetly presented component unit.

The government-wide financial statements can be found on pages 2 through 4 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and paramedic fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided for the general fund and major special revenue fund in the required supplementary information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 5 through 7 of this report.

Proprietary funds. The Township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its water and sewer activity. The Township does not utilize an internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer funds, both of which are considered to be major funds of the Township.

The basic proprietary fund financial statements can be found on pages 9 through 13 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 14 and 15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 45 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Township's progress in funding its obligation to provide pension benefits to its employees and the general and paramedic special revenue fund budgets. Required supplementary information can be found on page 47 through 51 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 53 through 84 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$106.1 million at the close of the most recent fiscal year.

Charter Township of Delta's Net Assets

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 27,909,764	\$ 27,670,949	\$ 20,054,821	\$ 20,722,014	\$ 47,964,585	\$ 48,392,963
Capital assets	30,671,322	30,545,664	60,917,753	62,778,799	91,589,075	93,324,463
Total assets	58,581,086	58,216,613	80,972,574	83,500,813	139,553,660	141,717,426
Long-term liabilities outstanding	9,032,999	9,078,612	12,656,479	14,085,837	21,689,478	23,164,449
Other liabilities	9,591,147	9,996,705	2,183,719	2,240,707	11,774,866	12,237,412
Total liabilities	18,624,146	19,075,317	14,840,198	16,326,544	33,464,344	35,401,861
Net assets:						
Invested in capital assets, net of related debt	21,796,958	21,666,575	47,289,893	47,760,048	69,086,851	69,426,623
Restricted	3,309,150	2,683,720	1,960	949	3,311,110	2,684,669
Unrestricted	14,850,832	14,791,001	18,840,523	19,413,272	33,691,355	34,204,273
Total net assets	\$ 39,956,940	\$ 39,141,296	\$ 66,132,376	\$ 67,174,269	\$ 106,089,316	\$ 106,315,565

By far the largest portion of the Township's net assets (65 percent) reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net assets (3 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets (\$33.7 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The restricted governmental fund net assets increased by \$626,441 due to the adoption of GASB 54.

The government's net assets decreased by \$226 thousand during the current fiscal year. Majority of the decrease can be attributed to the depreciation on capital assets which outpaced sale growth in the water and sewer funds.

Governmental activities. Governmental activities increased the Township’s net assets by \$815,644 while the business-type activities net assets decreased by \$1,041,893. Key elements of this decrease are as follows:

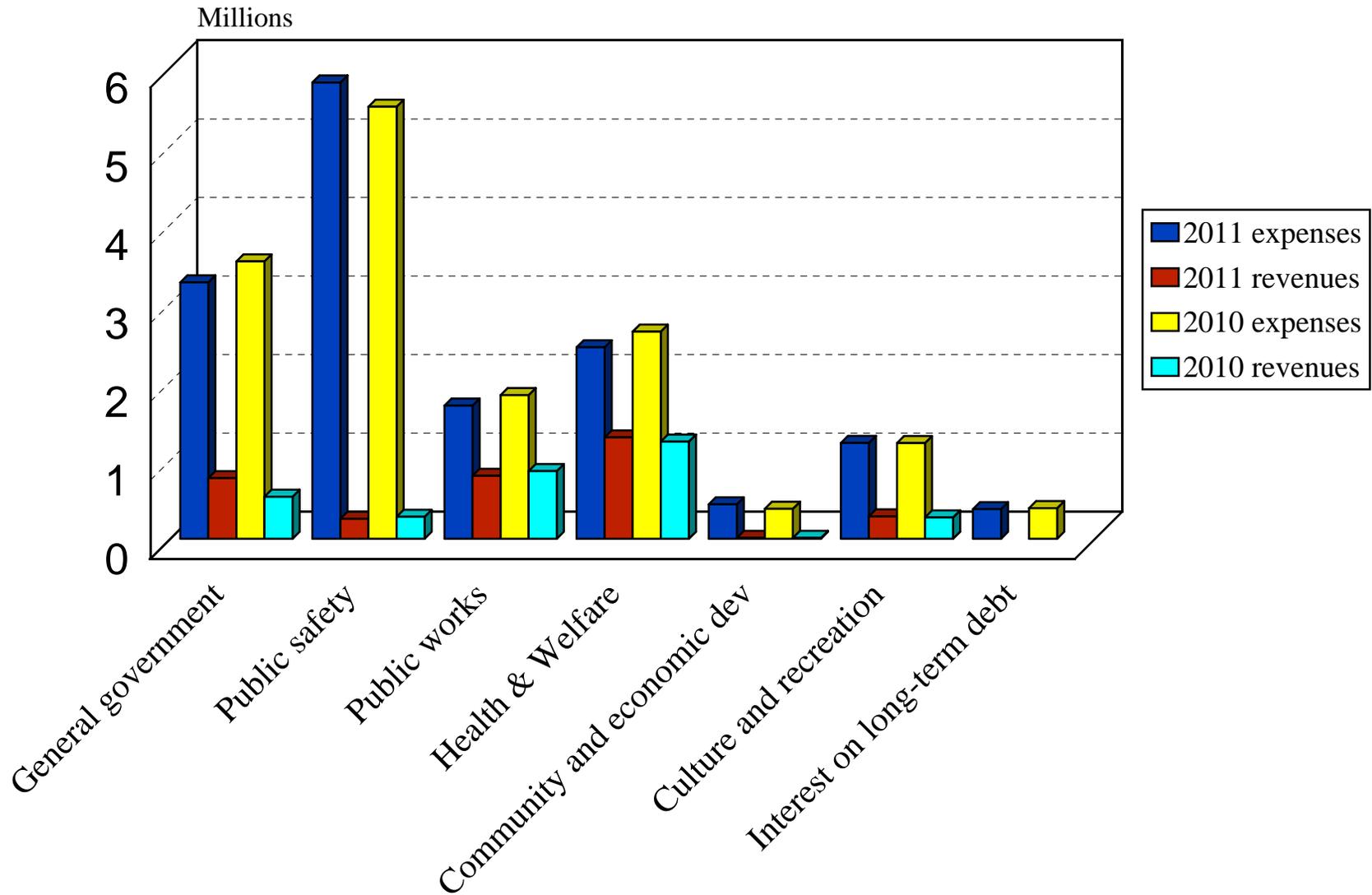
Charter Township of Delta’s Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 3,025,655	\$ 3,021,675	\$ 8,979,758	\$ 8,590,038	\$ 12,005,413	\$ 11,611,713
Operating grants and contributions	393,538	177,591	-	-	393,538	177,591
Capital grants and contributions	-	-	60,269	177,345	60,269	177,345
General revenues:						
Property taxes	7,871,510	8,291,773	-	-	7,871,510	8,291,773
Paramedic levy	1,320,527	1,382,850	-	-	1,320,527	1,382,850
State sources	2,340,854	1,877,945	-	-	2,340,854	1,877,945
Franchise fee-cable	494,868	462,614	-	-	494,868	462,614
Investment earnings	341,520	270,539	340,649	298,017	682,169	568,556
Other	273,628	239,323	-	-	273,628	239,323
Total revenue	<u>16,062,100</u>	<u>15,724,310</u>	<u>9,380,676</u>	<u>9,065,400</u>	<u>25,442,776</u>	<u>24,789,710</u>
Expenses:						
General government	3,265,719	3,531,564	-	-	3,265,719	3,531,564
Public safety	5,809,100	5,500,693	-	-	5,809,100	5,500,693
Public works	1,696,645	1,829,680	-	-	1,696,645	1,829,680
Health and welfare	2,437,300	2,638,038	-	-	2,437,300	2,638,038
Community and economic development	438,813	382,173	-	-	438,813	382,173
Culture and recreation	1,221,232	1,219,243	-	-	1,221,232	1,219,243
Interest on long-term debt	377,647	390,887	-	-	377,647	390,887
Water	-	-	5,043,305	4,790,442	5,043,305	4,790,442
Sewer	-	-	5,379,264	5,353,093	5,379,264	5,353,093
Total expenses	<u>15,246,456</u>	<u>15,492,278</u>	<u>10,422,569</u>	<u>10,143,535</u>	<u>25,669,025</u>	<u>25,635,813</u>
Increase (decrease) in net assets	815,644	232,032	(1,041,893)	(1,078,135)	(226,249)	(846,103)
Net assets, beginning of year	<u>39,141,296</u>	<u>38,909,264</u>	<u>67,174,269</u>	<u>68,252,404</u>	<u>106,315,565</u>	<u>107,161,668</u>
Net assets, end of year	<u><u>\$ 39,956,940</u></u>	<u><u>\$ 39,141,296</u></u>	<u><u>\$ 66,132,376</u></u>	<u><u>\$ 67,174,269</u></u>	<u><u>\$ 106,089,316</u></u>	<u><u>\$ 106,315,565</u></u>

Charter Township of Delta

Expenses and Program Revenues - Governmental Activities

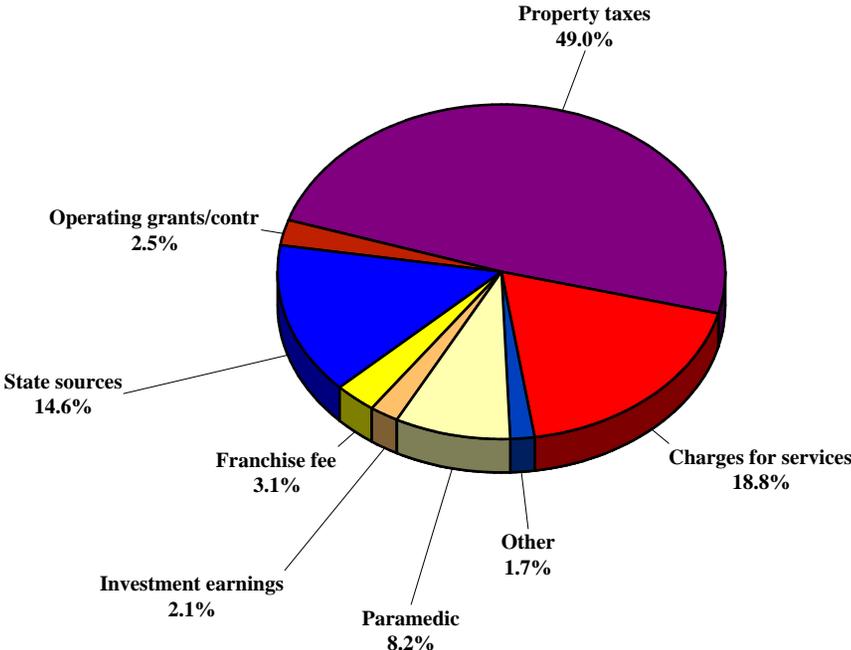
December 31,



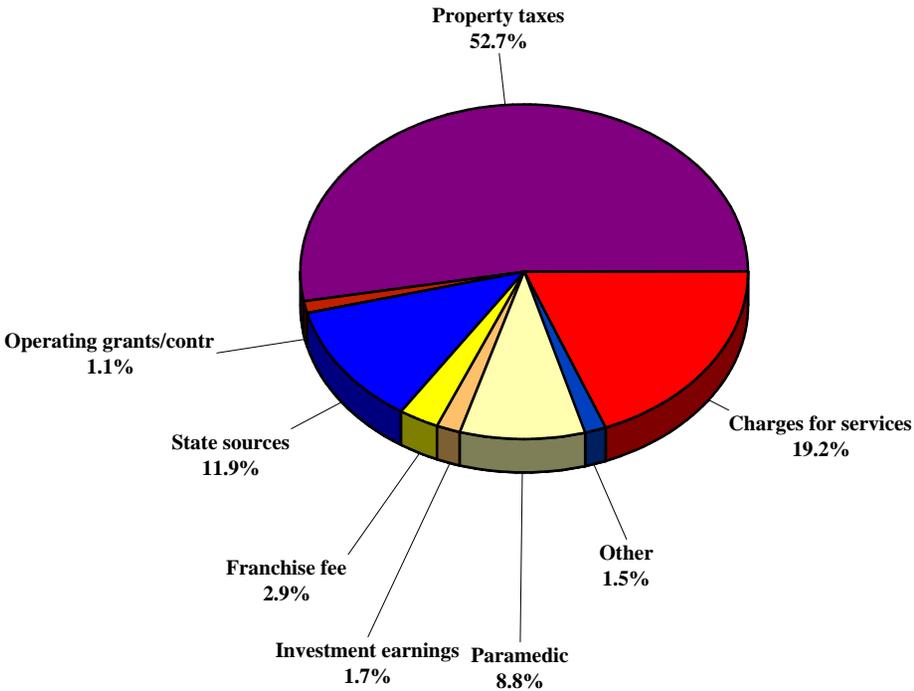
Charter Township of Delta

Revenues by Source - Governmental Activities

December 31



2011

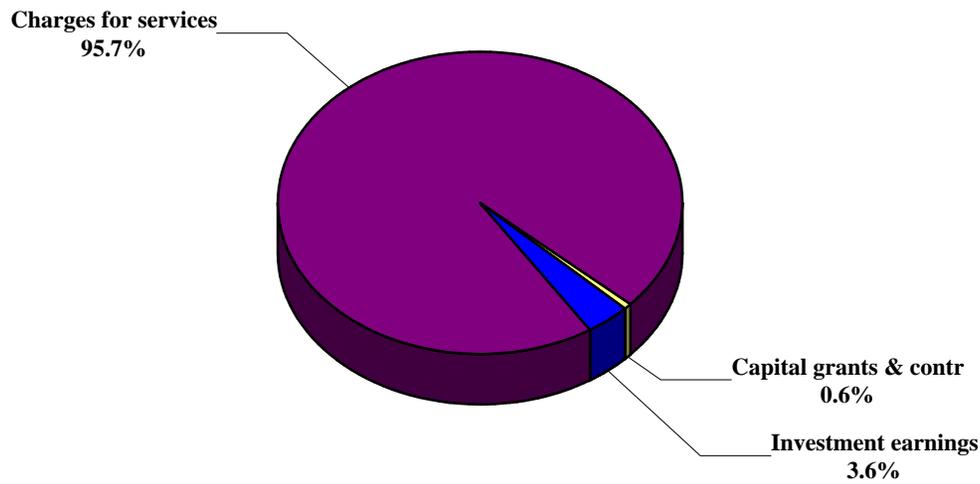


2010

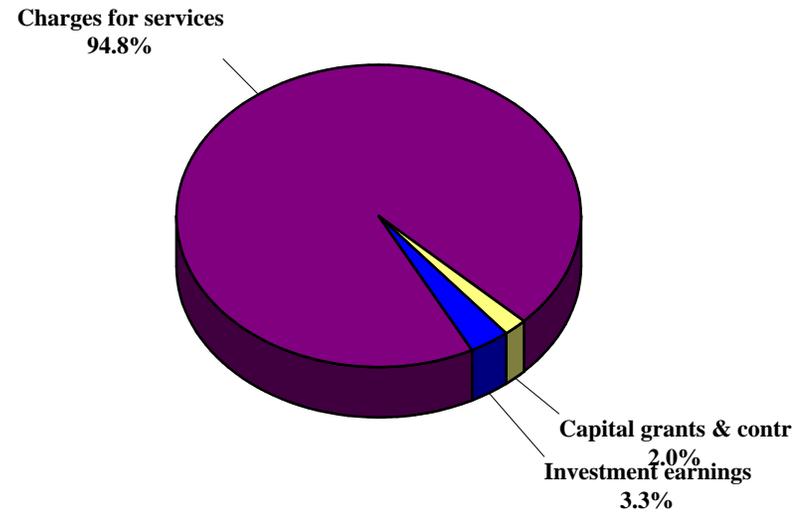
Charter Township of Delta

Revenues by Source - Business-type Activities

December 31

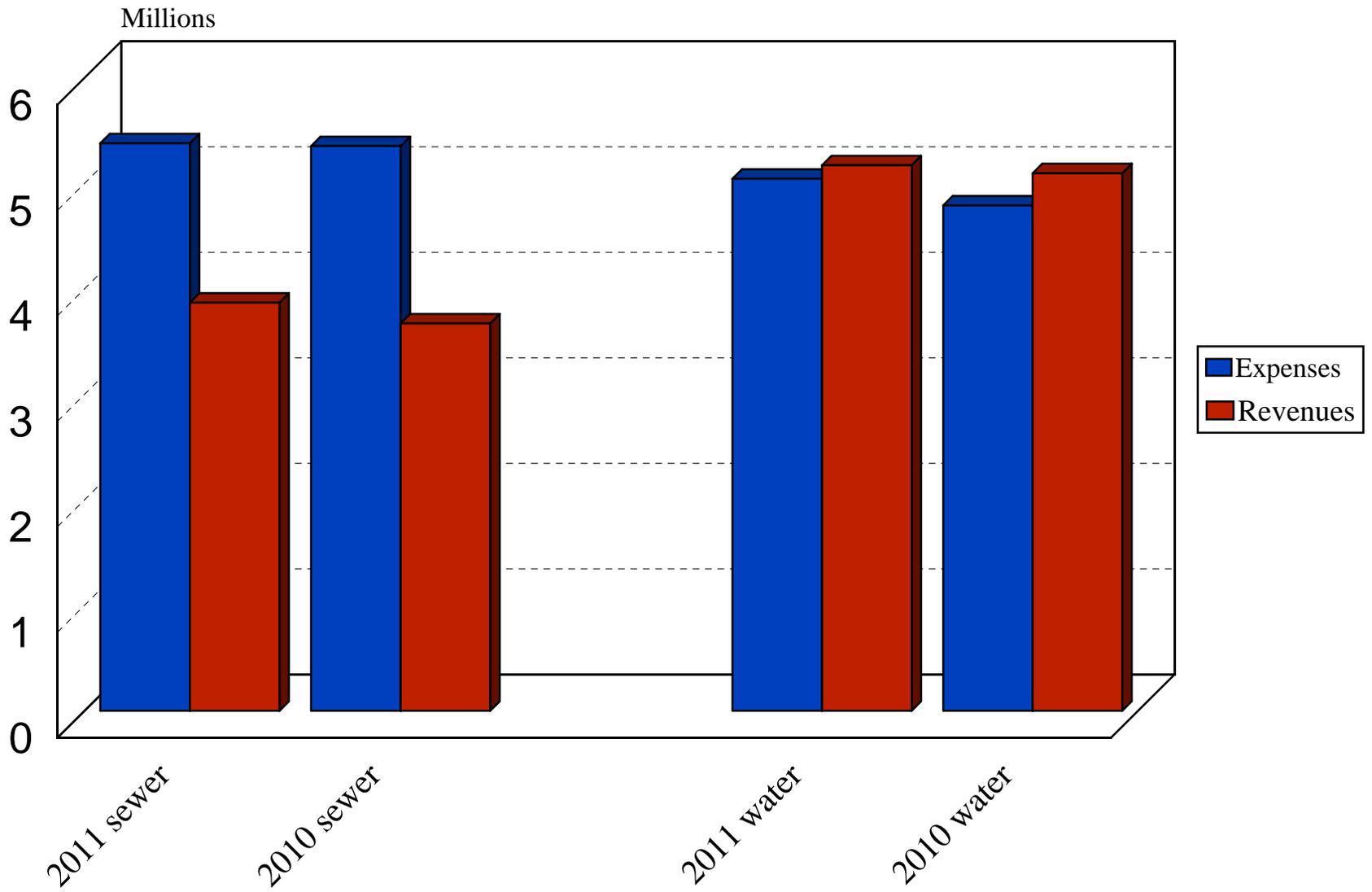


2011



2010

**Charter Township of Delta
Expenses and Program Revenues - Business-type Activities
December 31,**



- Property taxes decreased by \$420,263 (5 percent) during the year. Most of this decrease is due to falling property tax values, and property tax revenue received from the 425 agreements with the City of Lansing.
- State revenue sharing increased by \$462,909 (24 percent) during the year. State revenue sharing is based upon census data and collection of state sales tax. Most of this increase is due to the census that occurred in 2010 showed an increase in the area's population which effectively increased the revenue the Township received during the current year.
- Overall government activities revenue is up \$337,790 from prior year. This increase is due to the above mentioned events.
- Expenses for governmental activities went from \$15.5 million to \$15.2 million, a decrease of \$300,000. Majority of the decrease is due to a reduction in fulltime employees achieved through attrition.

Business-type activities. Business-type activities decreased the Township's net assets by \$1,041,893. Key elements of this decrease are as follows.

- Depreciation on capital assets outpaced sales growth.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balance of \$18.7 million, an increase of \$525 thousand in comparison with the prior year. Approximately 44 percent of this total amount (\$8.2 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable (\$89,734), restricted (\$2,948,636), or assigned (\$7,527,447) to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8.2 million, while total fund balance reached \$14.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 53 percent of total general fund expenditures, while total fund balance represents 94 percent of that same amount.

The fund balance of the Township's general fund increased by \$295 thousand during the current fiscal year. The key factor in this increase are as follows:

- An increase in state revenue sharing.

Proprietary funds. The Township's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets for the water and sewer funds at the end of the year amounted to \$18.8 million. The total decrease in net assets amounted to \$1,041,893. Other factors concerning the finances of this fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

The final amended budget increased appropriations by \$1,172,258, budgeted revenue increased by \$348,482, while other financial sources increased \$658,085 from the original budget. The change in appropriations can be summarized as follows:

- \$144,800 increase in public safety
- \$856,659 increase in public works
- \$170,799 increase in debt service

The main reason for the changes resulted from expenditures related to grants received and an increase in flowage rights. During the year actual revenue was higher than the amended budgetary estimates. This arises primarily from an increase in state shared revenue, stronger returns from investments, and more than anticipated fees for services. In addition, actual expenses were lower than the amended budget due to tight budgetary control.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of December 31, 2011, amounts to \$91.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, vehicles, park facilities, sidewalks, and other infrastructure. The total decrease in the Township's investment in capital assets for the current fiscal year was 2 percent (a 1 percent increase for governmental activities and a 3 percent increase for business-type activities).

There were no major capital asset events during the current fiscal year.

Charter Township of Delta's Capital Assets
(net of depreciation)

	Governmental activities		Business activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 5,655,383	\$ 5,655,383	\$ 1,567,569	\$ 1,552,069	\$ 7,222,952	\$ 7,207,452
Building and building equipment	12,537,888	12,849,508	5,929,970	7,020,094	18,467,858	19,869,602
Land improvements/sidewalks	2,650,594	2,255,434	284	4,426	2,650,878	2,259,860
Vehicles	422,331	327,864	-	-	422,331	327,864
Equipment	1,391,377	1,420,312	446,962	477,480	1,838,339	1,897,792
Usage rights	6,605,314	6,405,163	-	-	6,605,314	6,405,163
Streets and highways	1,408,435	1,632,000	-	-	1,408,435	1,632,000
Sewer and water mains	-	-	52,972,968	53,724,730	52,972,968	53,724,730
	<u>\$ 30,671,322</u>	<u>\$ 30,545,664</u>	<u>\$ 60,917,753</u>	<u>\$ 62,778,799</u>	<u>\$ 91,589,075</u>	<u>\$ 93,324,463</u>

Additional information on the Township's capital assets can be found in Note 4 on pages 29 through 31 of this report.

Long-term debt. At the end of the current fiscal year, the Township had total long-term debt outstanding of \$23.9 million. Of this amount, \$17.7 million comprises debt backed by the full faith and credit of the government. The amount of \$2.7 million of the Township's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The remaining \$3.5 million represents compensated absences earned but not used as of year end (\$1.1 million) and other long-term items (\$2.4 million).

Charter Township of Delta's Outstanding Debt
General Obligation Bonds, Revenue Bonds and other Long-term Debt

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
General obligations	\$ 7,000,000	\$ 7,100,000	\$ 10,710,000	\$ 11,880,000	\$ 17,710,000	\$ 18,980,000
Revenue bonds	-	-	2,650,000	2,850,000	2,650,000	2,850,000
Other long-term debt	1,993,087	1,902,498	375,048	401,843	2,368,135	2,304,341
Compensated absences	786,183	867,956	361,559	353,893	1,147,742	1,221,849
	<u>\$ 9,779,270</u>	<u>\$ 9,870,454</u>	<u>\$ 14,096,607</u>	<u>\$ 15,485,736</u>	<u>\$ 23,875,877</u>	<u>\$ 25,356,190</u>

The Township's total debt decreased by \$1.5 million (6 percent) during the current fiscal year. The key factor in this decrease was making the routine payments on debt.

The Township was given an "AAA" rating from Standard & Poor's and Fitch for the general obligation debt due to the bonds being insured. If the bonds had not been insured the ratings would have been "AA" and "AA+" respectively.

Additional information on the Township's long-term debt can be found in Note 6 on pages 32 through 36 of this report.

Economic Factors and Next Year's Budgets and Rates

Charter Township of Delta's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2012 that also promotes and funds numerous project objectives that have been set by the Township's strategic plan.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Manager's Office, 7710 West Saginaw Highway, Lansing, MI 48917-9712

BASIC FINANCIAL STATEMENTS

**CHARTER TOWNSHIP OF DELTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

	<u>Primary government</u>			<u>Component unit</u>
	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>	<u>Economic Development Corporation</u>
ASSETS				
CURRENT ASSETS:				
Cash	\$ 9,976,637	\$ 5,567,546	\$ 15,544,183	\$ 131,939
Investments	11,160,532	6,237,261	17,397,793	-
Receivables:				
Accounts	258,721	785,186	1,043,907	-
Taxes	5,877,533	-	5,877,533	-
Interest	46,085	39,053	85,138	-
Special assessment - current	-	63,925	63,925	-
Special assessment - interest	-	16,839	16,839	-
Other	-	127,591	127,591	-
Internal balances	21,285	(21,285)	-	-
Current portion of long-term receivable	-	26,521	26,521	-
Prepaid expenses	89,734	-	89,734	-
TOTAL CURRENT ASSETS	27,430,527	12,842,637	40,273,164	131,939
NONCURRENT ASSETS:				
Investments:				
Replacement account	-	6,218,447	6,218,447	-
Deferred charges:				
Tap in charges - deferred	-	231,803	231,803	-
Unamortized bond issuance costs	73,291	284,958	358,249	-
Unamortized bond discount	45,432	-	45,432	-
Special assessments - deferred	-	139,782	139,782	-
Long-term receivable	-	335,234	335,234	-
Prepaid other postemployment benefits - restricted	360,514	1,960	362,474	-
TOTAL NONCURRENT ASSETS	479,237	7,212,184	7,691,421	-
CAPITAL ASSETS:				
Land	5,655,383	1,567,569	7,222,952	-
Other capital assets, net of accumulated depreciation	25,015,939	59,350,184	84,366,123	-
TOTAL CAPITAL ASSETS	30,671,322	60,917,753	91,589,075	-
TOTAL ASSETS	58,581,086	80,972,574	139,553,660	131,939

See notes to financial statements.

	Primary Government			Component Unit
	Governmental activities	Business-type activities	Total	Economic Development Corporation
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	\$ 332,306	\$ 376,513	\$ 708,819	\$ 690
Accrued salaries and related items	213,860	-	213,860	-
Accrued interest	178,717	102,800	281,517	-
Customer deposits	48,674	86,508	135,182	-
Deferred revenue - taxes	8,071,319	-	8,071,319	-
Current portion of long-term obligations	234,326	1,396,795	1,631,121	-
Current portion of compensated absences	511,945	221,103	733,048	-
TOTAL CURRENT LIABILITIES	9,591,147	2,183,719	11,774,866	690
NONCURRENT LIABILITIES:				
Noncurrent portion of long-term obligations:				
Accrued compensated absences	274,238	140,456	414,694	-
Other long-term debt	1,858,761	348,253	2,207,014	-
Unamortized bond premiums	-	177,770	177,770	-
Revenue bonds payable	-	2,450,000	2,450,000	-
General obligation debt	6,900,000	9,540,000	16,440,000	-
TOTAL NONCURRENT LIABILITIES	9,032,999	12,656,479	21,689,478	-
TOTAL LIABILITIES	18,624,146	14,840,198	33,464,344	690
NET ASSETS:				
Invested in capital assets net of related debt	21,796,958	47,289,893	69,086,851	-
Restricted for perpetual care	249,626	-	249,626	-
Restricted for paramedic services	2,249,010	-	2,249,010	-
Restricted for budget stabilization	450,000	-	450,000	-
Restricted for other postemployment benefits	360,514	1,960	362,474	-
Unrestricted	14,850,832	18,840,523	33,691,355	131,249
TOTAL NET ASSETS	\$ 39,956,940	\$ 66,132,376	\$ 106,089,316	\$ 131,249

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets			Component unit Economic Development Corporation
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government		Total	
					Governmental activities	Business-type activities		
Primary government:								
Governmental activities:								
General government	\$ 3,265,719	\$ 532,325	\$ 240,476	\$ -	\$ (2,492,918)	\$ -	\$ (2,492,918)	\$ -
Public safety	5,809,100	102,734	153,062	-	(5,553,304)	-	(5,553,304)	-
Public works	1,696,645	802,600	-	-	(894,045)	-	(894,045)	-
Health and welfare	2,437,300	1,291,299	-	-	(1,146,001)	-	(1,146,001)	-
Community and economic development	438,813	12,220	-	-	(426,593)	-	(426,593)	-
Culture and recreation	1,221,232	284,477	-	-	(936,755)	-	(936,755)	-
Interest on long-term debt	377,647	-	-	-	(377,647)	-	(377,647)	-
Total governmental activities	<u>15,246,456</u>	<u>3,025,655</u>	<u>393,538</u>	<u>-</u>	<u>(11,827,263)</u>	<u>-</u>	<u>(11,827,263)</u>	<u>-</u>
Business-type activities:								
Water	5,043,305	5,110,927	-	60,269	-	127,891	127,891	-
Sewer	5,379,264	3,868,831	-	-	-	(1,510,433)	(1,510,433)	-
Total business activities	<u>10,422,569</u>	<u>8,979,758</u>	<u>-</u>	<u>60,269</u>	<u>-</u>	<u>(1,382,542)</u>	<u>(1,382,542)</u>	<u>-</u>
Total primary government	<u>\$ 25,669,025</u>	<u>\$ 12,005,413</u>	<u>\$ 393,538</u>	<u>\$ 60,269</u>	<u>-</u>	<u>-</u>	<u>(13,209,805)</u>	<u>-</u>
Component unit:								
Economic Development Corporation	\$ 3,690	\$ -	\$ -	\$ -	-	-	-	(3,690)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					7,871,510	-	7,871,510	-
Paramedic levy					1,320,527	-	1,320,527	-
State sources					2,340,854	-	2,340,854	-
Franchise fee-cable					494,868	-	494,868	-
Investment earnings					341,520	340,649	682,169	2,018
Other					273,628	-	273,628	-
Total general revenues					<u>12,642,907</u>	<u>340,649</u>	<u>12,983,556</u>	<u>2,018</u>
Change in net assets					815,644	(1,041,893)	(226,249)	(1,672)
Net assets, beginning of year					39,141,296	67,174,269	106,315,565	132,921
Net assets, end of year					<u>\$ 39,956,940</u>	<u>\$ 66,132,376</u>	<u>\$ 106,089,316</u>	<u>\$ 131,249</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<u>General</u>	<u>Paramedic fund (a special revenue fund)</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
ASSETS				
ASSETS:				
Cash	\$ 7,955,799	\$ 1,057,206	\$ 963,632	\$ 9,976,637
Investments	8,930,606	1,186,941	1,042,985	11,160,532
Receivables:				
Accounts	258,721	-	-	258,721
Taxes	4,608,735	1,268,798	-	5,877,533
Interest	36,949	4,863	4,273	46,085
Due from other funds	21,285	-	-	21,285
Prepaid expenditures	89,734	-	-	89,734
TOTAL ASSETS	<u>\$ 21,901,829</u>	<u>\$ 3,517,808</u>	<u>\$ 2,010,890</u>	<u>\$ 27,430,527</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 332,306	\$ -	\$ -	\$ 332,306
Accrued salaries and related items	213,860	-	-	213,860
Customer deposits	48,674	-	-	48,674
Deferred revenue - taxes and contributions	6,835,177	1,268,798	-	8,103,975
TOTAL LIABILITIES	<u>7,430,017</u>	<u>1,268,798</u>	<u>-</u>	<u>8,698,815</u>
FUND BALANCES:				
Nonspendable:				
Prepaid expenditures	89,734	-	-	89,734
Restricted:				
Budget stabilization	450,000	-	-	450,000
Perpetual care fund	-	-	249,626	249,626
Paramedic fund	-	2,249,010	-	2,249,010
Assigned:				
Debt service	-	-	34,647	34,647
Capital projects	-	-	1,726,617	1,726,617
Compensated absences	786,183	-	-	786,183
Roads	1,200,000	-	-	1,200,000
Retiree health insurance	2,000,000	-	-	2,000,000
Non-motorized transportation	300,000	-	-	300,000

See notes to financial statements.

	<u>General</u>	<u>Paramedic fund (a special revenue fund)</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
FUND BALANCES (Concluded):				
Assigned (Concluded):				
Economic development	\$ 200,000	\$ -	\$ -	\$ 200,000
Capital improvements	1,000,000	-	-	1,000,000
County drains	280,000	-	-	280,000
Unassigned	8,165,895	-	-	8,165,895
TOTAL FUND BALANCES	<u>14,471,812</u>	<u>2,249,010</u>	<u>2,010,890</u>	<u>18,731,712</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,901,829</u>	<u>\$ 3,517,808</u>	<u>\$ 2,010,890</u>	<u>\$ 27,430,527</u>
Total governmental fund balances				\$ 18,731,712
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:				
Cost of the capital assets			\$ 47,746,903	
Less accumulated depreciation			<u>17,075,581</u>	
				30,671,322
Other postemployment benefits pre-payments which exceed the annual required contribution are recorded as a prepaid				360,514
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:				
Delinquent personal property taxes receivable, less allowance for doubtful accounts				32,656
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:				
General obligation debt				(7,000,000)
Other long-term debt				(1,993,087)
Bond discount, net of amortization of \$8,368				45,432
Bond issuance cost, net of amortization of \$13,501				73,291
Compensated absences				(786,183)
Accrued interest				<u>(178,717)</u>
Net assets of governmental activities				<u>\$ 39,956,940</u>

See notes to financial statements.

CHARTER TOWNSHIP OF DELTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	<u>General</u>	<u>Paramedic fund (a special revenue fund)</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
REVENUES:				
Local sources:				
Property taxes	\$ 7,868,208	\$ -	\$ -	\$ 7,868,208
Paramedic levy	-	1,320,527	-	1,320,527
Licenses and permits	861,902	-	-	861,902
Charges for services	1,891,145	-	-	1,891,145
Investment earnings	255,951	54,029	31,540	341,520
Rental income	39,259	-	403,612	442,871
Local contributions	74,543	-	-	74,543
Other	513,978	-	9,712	523,690
Total local sources	11,504,986	1,374,556	444,864	13,324,406
State shared revenue	2,340,854	-	-	2,340,854
State and Federal grants	393,538	-	-	393,538
Total revenues	14,239,378	1,374,556	444,864	16,058,798
EXPENDITURES:				
Current:				
General government	3,018,788	-	-	3,018,788
Public safety	5,719,116	-	-	5,719,116
Public works	2,141,027	-	-	2,141,027
Health and welfare	2,448,309	155,000	-	2,603,309
Community and economic development	391,603	-	-	391,603
Culture and recreation	1,280,225	-	-	1,280,225
Debt service:				
Principal repayment	319,782	-	100,000	419,782
Interest expense	65,699	-	303,937	369,636
Total expenditures	15,384,549	155,000	403,937	15,943,486
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,145,171)</u>	<u>1,219,556</u>	<u>40,927</u>	<u>115,312</u>
OTHER FINANCING SOURCES (USES):				
Drain usage rights - Eaton County	410,371	-	-	410,371
Interfund transfers from other funds	1,173,143	-	143,500	1,316,643
Interfund transfers to other funds	(143,500)	(1,131,666)	(41,477)	(1,316,643)
Total other financing sources (uses)	1,440,014	(1,131,666)	102,023	410,371
Net change in fund balances	294,843	87,890	142,950	525,683
FUND BALANCES:				
Beginning of year, as restated	14,176,969	2,161,120	1,867,940	18,206,029
End of year	<u>\$ 14,471,812</u>	<u>\$ 2,249,010</u>	<u>\$ 2,010,890</u>	<u>\$ 18,731,712</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

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

Net change in fund balances - total governmental funds	\$ 525,683
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(1,323,718)
Capital outlay	1,482,495
Realized loss on disposal of fixed assets	(33,119)
Excess contributions for other postemployment benefit payments exceeding the annual required contribution is an expenditure in the governmental funds, but not in the statement of activities (where it is an asset)	
	77,828
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable beginning of the year	175,392
Accrued interest payable end of the year	(178,717)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	
Repayment of principal on long-term debt	419,782
Amortization of bond discounts	(1,793)
Amortization of bond issuance cost	(2,893)
Drain assessments from Eaton County (long-term debt recorded as an other financing source at the fund level)	
	(410,371)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Accrued revenue beginning of the year - primarily delinquent personal property taxes	(29,354)
Accrued revenue end of the year - primarily delinquent personal property taxes	32,656
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences beginning of the year	867,956
Accrued compensated absences end of the year	(786,183)
Change in net assets of governmental activities	\$ 815,644

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 DECEMBER 31, 2011**

ASSETS	Business-type activities-Enterprise funds		
	Sewer fund	Water fund	Total
CURRENT ASSETS:			
Cash	\$ 2,784,861	\$ 2,782,685	\$ 5,567,546
Investments	3,117,612	3,119,649	6,237,261
Receivables:			
Accounts	416,498	368,688	785,186
Interest	21,745	17,308	39,053
Special assessment - current	18,273	45,652	63,925
Special assessment - interest	9,609	7,230	16,839
Other	55,667	71,924	127,591
Current portion of long-term receivable	-	26,521	26,521
TOTAL CURRENT ASSETS	6,424,265	6,439,657	12,863,922
NONCURRENT ASSETS:			
Investments:			
Replacement account	4,132,979	2,085,468	6,218,447
Deferred charges:			
Tap in charges - deferred	146,217	85,586	231,803
Unamortized bond issuance cost	18,827	266,131	284,958
Special assessment - deferred	8,744	131,038	139,782
Long-term receivable	-	335,234	335,234
Prepaid (payable) other postemployment benefits - restricted	930	1,030	1,960
TOTAL NONCURRENT ASSETS	4,307,697	2,904,487	7,212,184
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation	28,118,177	32,799,576	60,917,753
TOTAL ASSETS	38,850,139	42,143,720	80,993,859

See notes to financial statements.

LIABILITIES AND NET ASSETS	Business-type activities-Enterprise funds		
	Sewer fund	Water fund	Total
CURRENT LIABILITIES:			
Accounts payable	\$ 184,255	\$ 192,258	\$ 376,513
Accrued interest	10,112	92,688	102,800
Customer deposits	68,392	18,116	86,508
Current portion of long-term liabilities	252,195	1,144,600	1,396,795
Current portion of compensated absences	189,466	31,637	221,103
Due to other funds	16,746	4,539	21,285
TOTAL CURRENT LIABILITIES	721,166	1,483,838	2,205,004
LONG-TERM LIABILITIES, net of current portion:			
Compensated absences	117,398	23,058	140,456
Other long-term debt	348,253	-	348,253
Unamortized bond premiums	43,548	134,222	177,770
Revenue bonds payable	-	2,450,000	2,450,000
General obligation tax bonds	1,038,800	8,501,200	9,540,000
TOTAL LONG-TERM LIABILITIES	1,547,999	11,108,480	12,656,479
TOTAL LIABILITIES	2,269,165	12,592,318	14,861,483
NET ASSETS:			
Invested in capital assets net of related debt	26,454,208	20,835,685	47,289,893
Restricted for other postemployment benefits	930	1,030	1,960
Unrestricted	10,125,836	8,714,687	18,840,523
TOTAL NET ASSETS	\$36,580,974	\$29,551,402	\$ 66,132,376

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 YEAR ENDED DECEMBER 31, 2011**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 3,635,639	\$ 4,672,837	\$ 8,308,476
Capital charges	148,098	72,885	220,983
Hydrant rental	-	134,890	134,890
Forfeited discounts	43,479	54,652	98,131
Other services charges	-	83,432	83,432
Other	12,959	16,166	29,125
	<u>3,840,175</u>	<u>5,034,862</u>	<u>8,875,037</u>
OPERATING EXPENSES:			
Costs of sales and services	3,414,307	3,524,484	6,938,791
Depreciation	1,893,403	930,775	2,824,178
	<u>5,307,710</u>	<u>4,455,259</u>	<u>9,762,969</u>
Operating income (loss)	<u>(1,467,535)</u>	<u>579,603</u>	<u>(887,932)</u>
NON-OPERATING REVENUES (EXPENSES):			
Contributions - infrastructure	-	60,269	60,269
Main charges	28,656	76,065	104,721
Investment income - net	177,948	162,701	340,649
Interest and fiscal charges	(76,500)	(577,197)	(653,697)
Amortization of bond issuance cost	(3,764)	(37,693)	(41,457)
Amortization of bond premium	8,710	26,844	35,554
	<u>135,050</u>	<u>(289,011)</u>	<u>(153,961)</u>
Total non-operating revenues - net	<u>135,050</u>	<u>(289,011)</u>	<u>(153,961)</u>
Change in net assets	(1,332,485)	290,592	(1,041,893)
NET ASSETS, beginning of year	<u>37,913,459</u>	<u>29,260,810</u>	<u>67,174,269</u>
NET ASSETS, end of year	<u>\$ 36,580,974</u>	<u>\$ 29,551,402</u>	<u>\$ 66,132,376</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2011**

	Business-type activities-Enterprise funds		
	Sewer fund	Water fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 3,618,805	\$ 4,644,067	\$ 8,262,872
Capital charges	148,098	72,885	220,983
Hydrant rental	-	134,890	134,890
Forfeited discounts	43,479	54,652	98,131
Other services charges	-	83,432	83,432
Other	12,959	16,166	29,125
Payment to suppliers	(1,384,910)	(2,772,425)	(4,157,335)
Payment to employees	(2,100,299)	(730,271)	(2,830,570)
Payment for interfund services	(5,917)	(3,758)	(9,675)
Net cash provided in operating activities	<u>332,215</u>	<u>1,499,638</u>	<u>1,831,853</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Contributions	-	60,269	60,269
Main and tap in charges	66,582	92,468	159,050
Net cash provided by noncapital financing activities	<u>66,582</u>	<u>152,737</u>	<u>219,319</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest received from special assessments	16,506	26,726	43,232
Proceeds from special assessments	(36,789)	46,582	9,793
Proceeds from sale of fixed assets	2,194	204	2,398
Principal repayments on debt	(252,195)	(1,144,600)	(1,396,795)
Interest paid on bonds and land contract	(77,909)	(584,876)	(662,785)
Payments for capital acquisitions	(781,211)	(181,920)	(963,131)
Net cash used by capital and related financing activities	<u>(1,129,404)</u>	<u>(1,837,884)</u>	<u>(2,967,288)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	173,827	145,196	319,023
Purchase of investments	256,877	(303,998)	(47,121)
Net cash used by investing activities	<u>430,704</u>	<u>(158,802)</u>	<u>271,902</u>
NET DECREASE IN CASH	(299,903)	(344,311)	(644,214)
CASH:			
Beginning of year	3,084,764	3,126,996	6,211,760
End of year	<u>\$ 2,784,861</u>	<u>\$ 2,782,685</u>	<u>\$ 5,567,546</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2011**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSE) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,467,535)	\$ 579,603	\$ (887,932)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,893,403	930,775	2,824,178
Gain on the sale of fixed assets	(2,194)	(204)	(2,398)
(Increase) decrease in assets:			
Receivables	(16,834)	(28,770)	(45,604)
Prepaid expenditures	19	(1,826)	(1,807)
Due to/from other funds - net	(5,917)	(3,758)	(9,675)
Increase (decrease) in liabilities:			
Accounts payable	(74,563)	22,165	(52,398)
Accrued compensated absences	5,836	1,830	7,666
Customer deposits	-	(177)	(177)
Net cash provided by operating activities	<u>\$ 332,215</u>	<u>\$ 1,499,638</u>	<u>\$ 1,831,853</u>

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2011**

	Pension trust fund	Other post employment benefit trust fund	Agency fund
	Employee retirement	Retiree health benefits	Tax collection fund
ASSETS			
ASSETS:			
Cash	\$ -	\$ -	\$ 1,201,836
Investments	17,545,213	5,831,874	1,349,319
Taxes receivable - delinquent	-	-	456,539
Interest receivable	-	-	5,528
	17,545,213	5,831,874	3,013,222
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Undistributed tax collections:			
Current	-	-	2,556,104
Delinquent and other	-	-	457,118
	-	-	3,013,222
NET ASSETS:			
Held in trust for pension benefits and other purposes	\$ 17,545,213	\$ 5,831,874	\$ -

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED DECEMBER 31, 2011**

	Pension trust fund	Other post employment benefit trust fund
	Employee retirement	Retiree health benefits
ADDITIONS:		
Investment - net	\$ 2,228	\$ 91,099
Contributions	1,231,982	661,500
Total additions	1,234,210	752,599
DEDUCTIONS:		
Distributions	3,310,350	-
Change in net assets	(2,076,140)	752,599
NET ASSETS:		
Beginning of year	19,621,353	5,079,275
End of year	\$ 17,545,213	\$ 5,831,874

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Charter Township of Delta (Township) is incorporated under the provisions of Act 359, P.A. 1947 as amended (Charter Township Act) and is located in mid-Michigan. The Township provides the following services as authorized by its charter; public safety (police and fire), public improvements (streets, sewers, water system, lighting), planning and zoning, recreation and general administrative services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Units

The following is a description of the discretely presented component units:

The Economic Development Corporation of the Charter Township of Delta (EDC) is excluded from the reporting entity - the EDC is a nonstock, nonprofit corporation. The primary purpose of the corporation is to encourage and assist commercial enterprises to locate and expand facilities and services in the Township and to its residents. The corporation is organized pursuant to the State of Michigan, Public Act 338 of 1974, as amended. Members of the Board of Directors of the corporation are appointed by the Township Board of Trustees. The Township Board has the ability to exercise oversight responsibility, specifically in the area of designation of management. The EDC is presented as a discretely presented component unit.

The Brownfield Redevelopment Authority was established in 2002. The Authority has no balances and no activity took place during the year. As a consequence, it is not reported in the financial statements.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary* government is reported separately from its legally separate *component* units for which the primary government is financially accountable.

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

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.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *paramedic fund* is a special revenue fund. It is utilized to account for the Township's ambulance service tax levy.

The government reports the following major proprietary funds:

The water and sewer funds are used to account for the results of operations that provide a service to citizens that are financed primarily by user charges for the provision of that service.

Additionally, the government reports the following nonmajor fund types:

Capital project fund - The *capital project fund* accounts for the receipt of proceeds and transfers from the general fund for the purchase of fixed assets or construction of major capital projects. The Township's capital project fund includes the improvement revolving fund.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Debt service fund - The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt payable primarily from rent revenue from the Township Library. The Township's only current debt service fund relates to the Library building.

Permanent fund - The Township utilizes the Cemetery Perpetual Care fund to account for principal trust amounts received and related interest.

Additionally, the government reports as fiduciary funds, the employee retirement pension trust fund, post employment benefit trust fund and the tax collection fund (agency fund).

The *pension trust fund* accounts for the activities of the Money Purchase Retirement Plan, which accumulates resources for pension benefit payments to qualified employees.

The other *post employment benefit trust fund* accounts for the accumulated resources related to health benefit payments to qualified retirees.

The *agency fund* is utilized to account for the Township's collection of taxes for other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)

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

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Investments

Cash includes amounts in petty cash and demand deposits. Investments include instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorized the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

The Township's retirement system investments are held in trust by the investment fiduciary, ICMA Retirement Corporation. Michigan Compiled Laws, Section 38.1132, authorizes Delta Township's retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contract obligations of a specified nature, and real or personal property.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” and are all current. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Accounts receivable in the proprietary funds do not have an allowance for uncollectibles. Delinquent amounts are ultimately added to the tax roll and become a lien on the property and as a consequence, no allowance is deemed necessary. An allowance is recorded related to delinquent personal property taxes amounting to fifty percent of the total. No other significant allowances are deemed necessary.

3. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (sidewalks and usage rights), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvement are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Concluded)

4. Capital Assets (Concluded)

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful live:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Streets and highways	15
Vehicles	5
Office equipment	5

5. Compensated Absences

It is the Township's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from the Township. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Concluded)

7. Pension and Other Postemployment Benefit Costs

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

8. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for certain individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

9. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

10. Fund Balance

Beginning with fiscal year 2011, the Township implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are in nonspendable form (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The Township's Budget Stabilization, Paramedic Fund, and Perpetual Care fund balances are considered restricted.

Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Township would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.

In the general fund, the goal of the Township Board shall be to maintain a minimum unassigned fund balance of no less than 50% of General Fund expenditures. For purposes of this calculation, "expenditures" will be the annual budgeted expenditures amount less non-recurring capital expenditures. If unassigned fund balance levels fall below 50% of expenditures, the General Fund budget for the following year will be adjusted to restore fund balance to the 50% level.

The Township has a stabilization arrangement, under Michigan Public Act 30 of 1978. There are no requirements to add to the stabilization amount. The conditions under which stabilization amount may be spent are to cover general fund deficits, expenses related arising from natural disasters, and to prevent a reduction in the level of public services provided.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to September 1 of each year, a proposed budget is submitted to the Township Board for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to December 31 the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended by the Township Board during the fiscal year.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level. Violations, if any, are noted in the required supplementary information sections.
8. The budget was amended during the year with supplemental appropriations. The budget was approved prior to December 31, 2011. The Township does not consider the amendments to be significant.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEPOSITS AND INVESTMENTS

As of December 31, 2011, the Township had the following investments.

<u>Investment Type</u>	<u>Fair value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard & Poor's Rating</u>	<u>%</u>
U.S. Treasury Notes	\$ 1,088,486	3.6674	AAA	4.9%
U.S. Agency Loans	17,897,567	4.4394	AAA	80.9%
U.S. Agencies:				
Mortgage Backed Securities	73,066	20.3615	AAA	0.3%
Corporate	595,391	1.6167	AA+	2.7%
Municipal bonds	2,445,674	5.1160	AA+	11.1%
MBIA External Investment Pool - CLASS	30,502	0.0027	AAA	0.1%
Total fair value	<u>\$ 22,130,686</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>4.4467</u>		

1 day maturity equals 0.0027, on year equals 1.00

The Township voluntarily invests excess funds in pooled short term investment funds which included money market funds. One of the pooled investment funds utilized by the Township is MBIA. MBIA is an external pooled investment fund of “qualified” investments for Michigan townships. MBIA is not regulated nor is it registered with the SEC. MBIA reports as of December 31, 2011, the fair value of the Township’s investments is the same as the value of the pool shares.

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township’s cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2011, \$10,521,466 of the Township's bank balance of \$18,820,179 was exposed to custodial credit risk because it was uninsured. Money market accounts are included in the above totals. The balance of \$19,712,831 is reported as deposits on the financial statements as of December 31, 2011.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

The above amounts as previously reported in Note 3:

Deposits	\$ 19,712,831
Investments	22,130,686
	\$ 41,843,517

The above amounts are reported in the financial statements as follows:

Cash:	
Township wide	\$ 15,544,183
Component unit - Economic Development Corporation	131,939
Tax collection fund (a fiduciary fund)	1,201,836
Investments:	
Township wide	17,397,793
Township wide designated	6,218,447
Tax collection fund (a fiduciary fund)	1,349,319
	\$ 41,843,517

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEPOSITS AND INVESTMENTS (Concluded)

Pension and post employment benefits

The Charter Township of Delta’s Pension and Other Post Employment Benefit Trust Funds (the “trust funds” or the “System”) investments are maintained separately from the Township’s pooled cash and investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosure for the System’s deposits and investments are presented separately.

Deposits - The System does not maintain any checking or other demand/time deposit accounts.

Investments - The Michigan Public Employees Retirement Systems’ Investment Act, Public Act 314 of 1985, as amended, authorizes the System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The System has the responsibility and authority to oversee the investment portfolio. A professional investment manager is contracted to assist in managing the System’s assets. All investment decisions are subject to Michigan law and the investment policy established by the System.

The System’s investments are held with an insurance company administered trust fund. Following is a summary of the System’s investments as of December 31, 2011:

	Other post employment benefit trust fund	Pension Trust Fund
	<u> </u>	<u> </u>
Balanced funds	\$ 5,831,874	\$ 4,842,707
U.S. Stock funds	-	5,370,643
Stable Value funds	-	5,914,139
Bond funds	-	876,819
International Stock funds	-	397,962
Guaranteed Lifetime Income funds	-	142,943
	<u>\$ 5,831,874</u>	<u>\$ 17,545,213</u>

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

The capital assets are as follows:

	Balance December 31, 2010	Additions	Deletions	Balance December 31, 2011
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,655,383	\$ -	\$ -	\$ 5,655,383
Capital assets, being depreciated:				
Buildings and building equipment	18,012,025	16,642	-	18,028,667
Land improvements and sidewalks	5,122,991	604,107	-	5,727,098
Vehicles	1,083,881	185,671	60,601	1,208,951
Flowage rights	7,998,409	410,371	-	8,408,780
Streets and highways	3,307,583	-	8,420	3,299,163
Equipment	5,285,294	265,704	132,137	5,418,861
Total capital assets, being depreciated	40,810,183	1,482,495	201,158	42,091,520
Less accumulated depreciation for:				
Buildings and building equipment	5,162,517	328,262	-	5,490,779
Land improvements	2,867,557	208,947	-	3,076,504
Vehicles	756,017	91,204	60,601	786,620
Flowage rights	1,593,246	210,220	-	1,803,466
Streets and highways	1,675,583	215,145	-	1,890,728
Equipment	3,864,982	269,940	107,438	4,027,484
Total accumulated depreciation	15,919,902	1,323,718	168,039	17,075,581
Total capital assets, being depreciated, net	24,890,281	158,777	33,119	25,015,939
Total	\$ 30,545,664	\$ 158,777	\$ 33,119	\$ 30,671,322

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS (Continued)

	Balance December 31, 2010	Additions	Deletions	Balance December 31, 2011
Primary government:				
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,552,069	\$ 15,500	\$ -	\$ 1,567,569
Capital assets, being depreciated:				
Buildings and building equipment	29,202,696	-	-	29,202,696
Land improvements/sidewalks	59,085	-	-	59,085
Equipment	2,527,466	86,929	17,826	2,596,569
Sewer and water mains	80,026,999	860,703	-	80,887,702
Total capital assets, being depreciated	<u>111,816,246</u>	<u>947,632</u>	<u>17,826</u>	<u>112,746,052</u>
Less accumulated depreciation for:				
Buildings and building equipment	22,182,602	1,090,124	-	23,272,726
Land improvements/sidewalks	54,659	4,142	-	58,801
Equipment	2,049,986	117,447	17,826	2,149,607
Sewer and water mains	26,302,269	1,612,465	-	27,914,734
Total accumulated depreciation	<u>50,589,516</u>	<u>2,824,178</u>	<u>17,826</u>	<u>53,395,868</u>
Total capital assets, being depreciated, net	<u>61,226,730</u>	<u>(1,876,546)</u>	<u>-</u>	<u>59,350,184</u>
Total	<u>\$ 62,778,799</u>	<u>\$(1,861,046)</u>	<u>\$ -</u>	<u>\$ 60,917,753</u>

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS (Concluded)

Depreciation expense was charged to functions/programs of the primary government at December 31, 2011 as follows:

Governmental activities:		
General government		\$ 324,428
Public safety		260,043
Public works		635,965
Health and welfare		60,035
Culture and recreation		43,247
		<u>1,323,718</u>
Total depreciation expense - governmental activities		<u>\$ 1,323,718</u>
Business type activities:		
Water		\$ 930,775
Sewer		1,893,403
		<u>2,824,178</u>
Total depreciation expense - business-type activities		<u>\$ 2,824,178</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances as of December 31, 2011 is as follows:

<u>Receivable fund</u>		<u>Payable fund</u>	<u>Amount</u>
General fund	<u>\$ 21,285</u>	Water fund	\$ 4,539
		Sewer fund	<u>16,746</u>
			<u>\$ 21,285</u>

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS (Concluded)

The outstanding balances between funds result mainly from the accrued payroll. The payroll is calculated in the general fund, and the other funds reimburse. The general fund expects to collect in the subsequent year.

Interfund transfers:

	Transfer in	
Transfer out:	General fund	Nonmajor special revenue
General fund	\$ -	\$ 143,500
Major special revenue	1,131,666	-
Nonmajor capital projects	37,667	-
Nonmajor perpetual care fund	3,810	-
	\$ 1,173,143	\$ 143,500

Transfers are used to 1) move revenues from the fund with collection authorization to the general fund for reimbursement of expenses incurred on behalf of the paramedic fund, 2) move funds for purchase of capital outlay, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

NOTE 6 - LONG-TERM DEBT

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$30,075,000.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM DEBT (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 15-year, 20-year, or 30 year serial bonds with differing amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Governmental activities	4.00% - 4.50%	\$ 7,000,000
Business-type activities	3.75% - 5.00%	<u>10,710,000</u>
		<u><u>\$ 17,710,000</u></u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year ending December 31</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 100,000	\$ 299,550	\$ 1,170,000	\$ 441,940
2013	100,000	295,550	1,265,000	389,365
2014	100,000	291,550	1,330,000	327,925
2015	100,000	287,550	1,395,000	263,551
2016	150,000	282,550	1,450,000	196,489
2017 - 2021	950,000	1,306,325	2,050,000	625,788
2022 - 2026	1,000,000	1,100,725	2,050,000	170,175
2027 - 2031	1,700,000	825,575	-	-
2032 - 2036	2,300,000	384,750	-	-
2037	500,000	11,250	-	-
	<u>\$ 7,000,000</u>	<u>\$ 5,085,375</u>	<u>\$ 10,710,000</u>	<u>\$ 2,415,233</u>

Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Water system improvement Water fund	5.20% - 6.00%	<u>\$ 2,650,000</u>

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM DEBT (Continued)

Revenue bond debt service requirements to maturity are as follows:

<u>Year ending December 31</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 200,000	\$ 152,351
2013	200,000	141,500
2014	250,000	130,501
2015	250,000	116,562
2016	300,000	102,500
2017 - 2020	1,450,000	219,626
	<u>\$ 2,650,000</u>	<u>\$ 863,040</u>

Other Long-Term Debt

The government is assessed for drains at large by Eaton County. The assessment covers the Township's share of installation and usage rights for the drains. General assessment outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Amount</u>
Governmental activities	4.90% - 5.05%	\$ 1,993,087
Business type activities	5.25%	<u>375,048</u>
		<u>\$ 2,368,135</u>

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM DEBT (Continued)

Installment notes and general assessment debt service requirements are as follows:

Year ending December 31	Governmental activities general assessment		Business type activities general assessment	
	Principal	Interest	Principal	Interest
2012	\$ 134,326	\$ 103,329	\$ 26,795	\$ 19,694
2013	134,326	96,412	26,795	18,288
2014	134,326	89,420	26,795	16,881
2015	134,026	82,492	26,795	15,474
2016	131,326	75,616	26,795	14,067
2017 - 2021	656,627	275,683	133,975	49,236
2022 - 2026	556,583	105,110	107,098	14,150
2027 - 2030	111,547	13,330	-	-
	\$ 1,993,087	\$ 841,392	\$ 375,048	\$ 147,790

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM DEBT (Concluded)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 7,100,000	\$ -	\$ 100,000	\$ 7,000,000	\$ 100,000
General assessment payable	1,902,498	410,371	319,782	1,993,087	134,326
Compensated absences	867,956	-	81,773	786,183	511,945
	<u>\$ 9,870,454</u>	<u>\$ 410,371</u>	<u>\$ 501,555</u>	<u>\$ 9,779,270</u>	<u>\$ 746,271</u>
Business-type activities:					
Bonds payable:					
General obligation	\$ 11,880,000	\$ -	\$ 1,170,000	\$ 10,710,000	\$ 1,170,000
Revenue bonds	2,850,000	-	200,000	2,650,000	200,000
Other long-term debt	401,843	-	26,795	375,048	26,795
Add:					
Bond premiums	213,324	-	35,554	177,770	-
	15,345,167	-	1,432,349	13,912,818	1,396,795
Compensated absences	353,893	7,666	-	361,559	221,103
	<u>\$ 15,699,060</u>	<u>\$ 7,666</u>	<u>\$ 1,432,349</u>	<u>\$ 14,274,377</u>	<u>\$ 1,617,898</u>

NOTE 7 - PROPERTY TAX REVENUE

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, community college and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Property taxes levied for the ensuing year's revenue are included in taxes receivable and deferred revenue. Property tax receivables related to delinquent taxes are also deferred unless collected within 60 days of year-end.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PROPERTY TAX REVENUE (Concluded)

The Township is permitted by state statute to levy taxes up to \$5.00 per \$1,000 of taxable valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. In addition, the residents of the Township have approved an additional \$1.00 per \$1,000 specifically for the operation of the paramedic operations. In 2011, the Township levied \$4.9287 per \$1,000 for general governmental purposes and \$0.9896 per \$1,000 for the paramedic operation for a total of \$5.9183 per \$1,000.

NOTE 8 - PENSION PLANS

Money Purchase Retirement Plan

The Charter Township of Delta has a Money Purchase Retirement Plan which was established on January 1, 1971. This defined contribution plan covers all full time employees and elected officials who have attained the age of eighteen years. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus results of investments transactions. The Plan assets are invested by ICMA Retirement Corporation who is the trustee of the Plan. The Township acts as a public plan sponsor for the retirement plan. Partial vesting occurs after three years of service at 20% and increases 20% per year until full vesting occurs at seven years of service. The Township contributes 12.5% of the employees' base annual compensation, based on the contribution provisions set up in the plan and trust agreement. The Township's total payroll was \$8,419,974 in 2011. The base salary amounted to \$5,639,768. The Township made the required contributions of \$704,971. No significant employee contributions were made. Plan provisions and contribution requirements are established and may be amended by the Township.

Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all Township employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Plan assets are held in trust for the exclusive benefit of participating employees and are not assessable by the government or its creditors.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - PENSION PLANS (Continued)

Defined Benefit Plan

Plan Description. On July 1, 1994, the Township and its firefighters union elected to place the union firefighters into the Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirement system (PERS). The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the State of Michigan. The Township has no administrative responsibility for the plan. The Municipal Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing Municipal Employee Retirement Systems of Michigan, Lansing, Michigan 48917 or calling (517) 622 - 4401.

Funding Policy. The Plan provides for vesting of benefits after 10 years of credited service. Participants may elect normal retirement at age 60 with 10 or more years of service. The Plan also provides for early retirement at age 55 with 15 or more years of service, and at age 50 with 25 or more years of service. Election of early retirement is subject to reduction of benefits as outlined below.

Participants of the firefighters union are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 1% to 2.5% of the member's final average compensation (F.A.C.) up to a maximum of 80% of F.A.C. subject to certain limitations. The retirement allowance is reduced 1/2% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available. The Plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary, until such time as the contributions exceed 9% of covered payroll whereon the Township is directed to make withholdings from salaries and wages of eligible employees and forward these to MERS. The MERS' actuary uses the entry age normal actuarial cost method.

The Township's pension cost for fiscal years ending December 31, 2011 and 2010 was \$174,501 and \$170,172, respectively. The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method.

The significant actuarial assumptions to be used to compute the actuarial accrued liabilities are as follows: (1) the entry age normal actuarial cost method of valuation was used in determining age and service benefit liabilities and normal cost; (2) an 8% rate of return on investment of present and future assets was used based on estimated long-term yield considering (a) the nature and mix of current and expected investments; and (b) the basis used to value those assets; (3) projected salary increases are based on annual pay increases of 4.5% (1% for calendar years 2011-2014) plus a percentage based on an age-related scale to reflect merit, longevity and promotional pay increases. Benefits will not increase after retirement except that some participants will receive cost of living allowances. The actuarial value of the Plan's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 10 year period. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 28 years. The remaining amortization period will be reduced by one year in each of the next eight years reaching 20 years on 2018.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION PLANS (Concluded)

c. Trend Information

Year ending December 31,	Annual pension cost	Percentage of annual pension cost contributed	Net pension obligation
2009	\$ 159,636	100%	-
2010	170,172	100%	-
2011	174,501	100%	-

d. Plan Membership

As of December 31 the Plan membership consisted of:

	2011	2010
Active employees	31	30
Inactive vested members	2	2
Retirees and beneficiaries currently receiving benefits	14	14
	<u>47</u>	<u>46</u>

e. Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the Plan was 70% funded. The actuarial accrued liability for benefits was \$11.1 million, and the actuarial value of assets was \$7.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.3 million. The covered payroll (annual payroll of active employees covered by the Plan) was \$1.8 million, and the ratio of the UAAL to the covered payroll was 188%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over the time relative to the actuarial accrued liability for benefits.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits and deferred compensation plan described in Note 8, the Township also sponsors a retiree health care plan (the "Plan"). The Plan provides other post employment benefits (OPEB) for all of its full time employees through a single-employer defined benefit plan. Based on the plan, the Township is required to have an actuarial calculation every three years. The information provided is the results of the most recent actuarial valuation with a measurement date of December 31, 2009.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Plan Description. The purpose of the Plan is to provide health care benefits to all employees who retire from the Township with a minimum ten years of service based on the schedule of shared participation rates. The Plan is maintained as a trust fund in the Charter Township of Delta's financial statements. The Township Board of Trustees has the authority to establish and amend benefit provisions.

Funding Policy. The contribution requirements of plan members and the Township are established and may be amended by the Township. Retirees receiving benefits contribute to the cost of the premiums based on the number of years of service. The Township's share of costs ranges from 25% for those employees with ten years of service to 100% for those with 25 years of service. The Township is also required to contribute at a rate that is based on an actuarial valuation that is prepared in accordance within certain parameters, in addition to a pay-as-you-go basis for retiree health care cost. The current rate is 8.98 percent of annual covered payroll. The Township contributed \$187,682 for their portion of shared costs with retiree's premiums. At December 31, 2009, the date of the latest actuarial valuation, participants in the Plan consisted of:

Retirees and beneficiaries receiving benefits	34
Active employees	116
	150
Total	150

Funding progress. For the year ended December 31, 2011 the Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2009. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 27 years. Based on that valuation, the Township contributed \$806,882 in the year ended December 31, 2011 which represents 104.8% of the annual required contribution. An additional \$42,300 was contributed on behalf of the Delta Township District Library. This is an additional 5.5% of the annual required contribution. The value of the Plan's assets at the end of December 31, 2011 was \$5,831,874.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual required contribution (recommended)	\$ 769,574
Amounts contributed:	
Payments of current expenses	(849,182)
Decrease in net OPEB obligation	(79,608)
OPEB obligation (prepayment):	
Beginning of year	(283,151)
End of year	\$ (362,759)
Amounts reported on Charter Township of Delta	\$ 362,474
Amounts reported on Delta Township Library	285
	\$ 362,759

The annual OPEB costs, the percentage contributed to the Plan, and the net OPEB obligation for the current and the preceding two years is as follows:

	Fiscal year ending December 31,		
	2009	2010	2011
Annual OPEB costs	\$ 864,939	\$ 756,104	\$ 849,182
Percentage contributed:			
Charter Township of Delta	115.2%	97.2%	104.8%
Delta Township District Library	2.7%	5.5%	5.5%
Total contributions	117.9%	102.7%	110.3%

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Concluded)

The funding progress of the Plan as of the most recent valuation date of December 31, 2009, is as follows:

Actuarial accrued liability (AAL)	\$ 11,436,918
Actuarial value of plan assets - 12/31/2009	<u>4,124,502</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 7,312,416</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>36.1%</u>
Covered payroll (active plan members)	<u>\$ 8,309,559</u>
UAAL as a percentage of covered payroll	<u>88.0%</u>

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

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

In the December 31, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 8 percent investment rate of return and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten years. Both rates include a 4.5 percent inflation assumption. The actuarial value of the assets was determined using the fair market value at the time of measurement. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009 was twenty seven years.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - LIMITED OBLIGATION BONDS - ECONOMIC DEVELOPMENT CORPORATION

The Corporation acts as a liaison between companies seeking financing and financial institutions in an effort to further the economic development of the Township. In performing this function, the corporation becomes a party in the financing agreements. The resulting debt of the developer is serviced directly by the financial institution. Under the bond agreements, the liability of the corporation upon the default of the debtor, is limited to the underlying value of the property. Under these arrangements, the corporation has no additional responsibility of repayment.

At December 31, 2011 and 2010, there was no outstanding value of the long-term financing bonds receivable and bonds payable incurred in the aforementioned manner.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Township and its component unit are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township and its component unit carry commercial insurance to cover any losses that may result from the above described activities. No settlements have incurred in excess of coverage in 2011 or any of the prior three years.

There are various claims and legal actions pending against the Township, many of which are either partially or fully covered by insurance. The Township is defending against these actions. In the opinion of Township management, the ultimate amount of loss, if any, resulting from these claims and legal actions will not be material to the financial position of the Township.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - BUILDING DEPARTMENT

The Township records the results of building department operations in the general fund. In accordance with Michigan Public Act 245 of 1999, the Township is required to maintain an accounting system that separately accumulates revenues and expenditures related to the building department function. For the year ended December 31, 2011 building department revenues were \$376,305 and expenditures were \$814,341.

NOTE 13 - LIBRARY CONSTRUCTION

The Township has issued general obligation bonds totaling \$7,300,000 for the purpose of constructing a building to be utilized by the Delta Township District Library as a library. In April 2007, the Township and the Library entered into a thirty-five year operating lease with lease payments corresponding to the payment terms of the aforementioned bonds plus \$1 a year during the remainder of the lease term. The bonds are scheduled to be paid thru 2037. Lease revenue is scheduled as follows:

Year ending December 31,		
2012	\$	399,550
2013		395,550
2014		391,550
2015		387,550
2016		432,550
2017 - 2021		2,256,325
2022 - 2026		2,100,725
2027 - 2031		2,525,575
2032 - 2036		2,684,750
2037		511,250
		\$ 12,085,375

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - NEW ACCOUNTING STANDARDS

In the current year, the Township implemented the Governmental Accounting Standards Board's Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which redefined the definition of a special revenue fund. As a result, the budget stabilization activity is now included in the general fund rather than a separate fund and the improvement revolving fund is now considered a capital projects fund rather than a special revenue fund. The reclassifications of the beginning fund balances are as follows:

	<u>General Fund</u>
Fund balance as previously stated, December 31, 2010	\$ 13,726,969
Adoption of GASB 54 (budget stabilization balance)	450,000
Fund balance as restated, December 31, 2010	<u>\$ 14,176,969</u>

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued in December 2010. This statement incorporates into the GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the Township's 2012 fiscal year.

GASB statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, was issued by the GASB in June 2011 and will be effective for the Township's 2012 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

REQUIRED SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011**

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Taxes	\$ 8,159,273	\$ 8,159,273	\$ 7,868,208	\$ (291,065)
Licenses and permits	745,450	745,450	861,902	116,452
Charges for services	1,774,267	1,774,267	1,891,145	116,878
Investment income - net	120,000	120,000	255,951	135,951
Rental income	36,500	36,500	39,259	2,759
Local contributions	67,050	67,050	74,543	7,493
Other	479,008	479,008	513,978	34,970
State shared revenue	1,898,302	1,973,702	2,340,854	367,152
State and federal grants	28,000	301,082	393,538	92,456
Total revenues	<u>13,307,850</u>	<u>13,656,332</u>	<u>14,239,378</u>	<u>583,046</u>
EXPENDITURES:				
Current:				
General government:				
Legislative - trustees	80,127	80,127	77,632	2,495
Manager	413,471	413,471	393,366	20,105
Assessing	442,198	442,198	431,552	10,646
Clerk	408,892	408,892	408,345	547
Treasurer	286,285	286,285	246,089	40,196
Computer	209,055	209,055	197,932	11,123
Township hall and grounds	362,137	362,137	276,670	85,467
General service administration	877,425	877,425	770,741	106,684
Cemetery	236,920	236,920	216,461	20,459
Total general government	<u>3,316,510</u>	<u>3,316,510</u>	<u>3,018,788</u>	<u>297,722</u>
Public safety:				
Law enforcement - police	2,984,864	2,984,864	2,950,528	34,336
Fire	1,823,398	1,968,198	1,942,724	25,474
Emergency operations center	11,700	11,700	11,523	177
Protective inspection	826,209	826,209	814,341	11,868
Total public safety	<u>5,646,171</u>	<u>5,790,971</u>	<u>5,719,116</u>	<u>71,855</u>

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
EXPENDITURES (Concluded):				
Current:				
Public works:				
Department of public works	\$ 66,243	\$ 66,243	\$ 61,376	\$ 4,867
Drains	5,600	441,863	434,873	6,990
Streets and highways	620,500	996,496	701,433	295,063
Engineering	430,488	474,888	470,798	4,090
Street lighting	480,664	480,664	472,547	8,117
Total public works	<u>1,603,495</u>	<u>2,460,154</u>	<u>2,141,027</u>	<u>319,127</u>
Health and welfare:				
Paramedics	<u>2,585,565</u>	<u>2,585,565</u>	<u>2,448,309</u>	<u>137,256</u>
Community and economic development:				
Planning	327,713	327,713	324,958	2,755
Economic development	112,688	112,688	66,645	46,043
Total community and economic development	<u>440,401</u>	<u>440,401</u>	<u>391,603</u>	<u>48,798</u>
Culture and recreation:				
Parks and recreation	<u>1,306,918</u>	<u>1,306,918</u>	<u>1,280,225</u>	<u>26,693</u>
Debt service	<u>214,682</u>	<u>385,481</u>	<u>385,481</u>	<u>-</u>
Total expenditures	<u>15,113,742</u>	<u>16,286,000</u>	<u>15,384,549</u>	<u>901,451</u>
OTHER FINANCING SOURCES (USES):				
Drain assessments issued by Eaton County	-	410,371	410,371	-
Interfund transfers in	1,954,011	2,201,725	1,173,143	(1,028,582)
Interfund transfers out	(143,500)	(143,500)	(143,500)	-
Total other financing sources (uses)	<u>1,810,511</u>	<u>2,468,596</u>	<u>1,440,014</u>	<u>(1,028,582)</u>
Net change in fund balances	<u>\$ 4,619</u>	<u>\$ (161,072)</u>	<u>294,843</u>	<u>\$ 455,915</u>
FUND BALANCE:				
Beginning of year, as restated			<u>14,176,969</u>	
End of year			<u>\$ 14,471,812</u>	

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PARAMEDIC SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2011**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
REVENUES:				
Taxes and special assessments	\$1,323,690	\$ 1,323,690	\$1,320,527	\$ (3,163)
Investment income - net	25,000	25,000	54,029	29,029
	<u>1,348,690</u>	<u>1,348,690</u>	<u>1,374,556</u>	<u>25,866</u>
EXPENDITURES:				
Current:				
Health and welfare	160,000	160,000	155,000	5,000
	<u>1,188,690</u>	<u>1,188,690</u>	<u>1,219,556</u>	<u>30,866</u>
OTHER FINANCING SOURCES (USES):				
Interfund transfers out	(1,450,511)	(1,450,511)	(1,131,666)	318,845
	<u>\$ (261,821)</u>	<u>\$ (261,821)</u>	87,890	<u>\$ 349,711</u>
FUND BALANCE , beginning of year			<u>2,161,120</u>	
FUND BALANCE , end of year			<u>\$2,249,010</u>	

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION PLAN FUNDING PROGRESS
FOR THE UNION FIREFIGHTERS RETIREMENT PLAN
YEAR ENDED DECEMBER 31, 2011**

The three year historical information required to be disclosed is as follows:

Actuarial valuation date	(1) Actuarial value of assets	(2) Actuarial accrued liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded ratio (1) / (2)	(5) Annual covered payroll	(6) UAAL as a % of payroll [(2) - (1)] / (5)
2008	\$ 6,852,975	\$ 9,286,619	\$ 2,433,644	74%	\$ 1,773,725	137%
2009	7,245,628	9,889,100	2,643,472	73%	1,890,792	140%
2010	7,762,220	11,065,793	3,303,573	70%	1,761,465	188%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2010, the latest actuarial valuation follows:

- A. The Actuarial Accrued Liability was determined as part of an actuarial valuation at December 31, 2010, the most recently filed actuarial valuation report.
- B. The report was based upon the Plan's actuarial assumptions described in Note 8. The asset valuation method assumes the funds earn the expected rate of return (8%), and includes an adjustment to reflect market value. For the December 31, 2010 valuation, the actuarial asset value was 116.29% of market value (\$6,674,761).
- C. The amortization method used is level percent of payroll ranging from 20-60 years. The payroll is assumed to increase 4.5% (1% for calendar years 2011-2014) a year for the purpose of determining the level percent contribution.

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEUDLE OF THE POSTRETIREMENT HEALTH CARE PLAN FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2011**

The historical information required to be disclosed is as follows:

Actuarial valuation date	(1) Actuarial value of assets	(2) Actuarial accrued liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded ratio (1) / (2)	(5) Annual covered payroll	(6) UAAL as a % of payroll [(2) - (1)] / (5)
2006	\$ 2,096,771	\$ 9,351,483	\$ 7,254,712	22%	\$ 7,849,803	92%
2009	4,124,502	11,436,918	7,312,416	36%	8,309,559	88%

Schedule of employer contributions

Year ended December	Actual valuation date	Annual required contribution	Percentage contributed
2009	December 31, 2006	\$ 733,257	117.9%
2010	December 31, 2009	736,435	102.7%
2011	December 31, 2009	769,574	110.3%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2009 the latest actuarial valuation follows:

Actuarial cost method	Individual entry age
Amortization method	Level percent open
Amortization period (perpetual)	27 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
Valuation health care cost trend rate	8.5% in 2011, grading to 4.5% in 2020

SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
BALANCE SHEETS
DECEMBER 31, 2011 AND 2010**

	2011	2010
ASSETS		
ASSETS:		
Cash	\$ 7,955,799	\$ 9,062,124
Investments	8,930,606	8,268,108
Receivables:		
Accounts	258,721	210,198
Taxes	4,608,735	3,710,344
Interest	36,949	56,460
Due from other funds	21,285	30,960
Prepaid expenditures	89,734	123,780
	TOTAL ASSETS	\$ 21,461,974
	\$ 21,901,829	\$ 21,461,974
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 332,306	\$ 251,079
Due to other governmental units	-	115,103
Accrued salaries and related items	213,860	193,261
Customer deposits	48,674	58,087
Deferred revenue	6,835,177	7,117,475
	TOTAL LIABILITIES	7,735,005
	7,430,017	7,735,005
FUND BALANCE:		
Nonspendable:		
Prepaid expenditures	89,734	123,780
Restricted:		
Budget stabilization	450,000	-
Assigned:		
Compensated absences	786,183	866,928
Roads	1,200,000	1,200,000
Retiree health insurance	2,000,000	1,500,000
Non-motorized transportation	300,000	300,000
Economic development	200,000	190,000
Capital improvements	1,000,000	1,000,000
County drains	280,000	-
Unassigned	8,165,895	8,546,261
	TOTAL FUND BALANCE	13,726,969
	14,471,812	13,726,969
TOTAL LIABILITIES AND FUND BALANCE	\$ 21,901,829	\$ 21,461,974

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
REVENUES:		
Taxes	\$ 7,868,208	\$ 8,297,062
Licenses and permits	861,902	843,486
Charges for services	1,891,145	1,866,741
Investment income - net	255,951	211,718
Rental income	39,259	37,913
Local contributions	74,543	60,000
Other	513,978	499,177
State shared revenue	2,340,854	1,877,945
State and federal grants	393,538	177,591
Total revenues	14,239,378	13,871,633
EXPENDITURES:		
Current:		
General government:		
Legislative - trustees	77,632	79,072
Manager	393,366	399,783
Assessing	431,552	377,868
Clerk	408,345	469,194
Treasurer	246,089	301,124
Computer	197,932	198,908
Township hall and grounds	276,670	440,699
General service administration	770,741	747,275
Cemetery	216,461	213,609
Total general government	3,018,788	3,227,532
Public safety:		
Law enforcement - police	2,950,528	2,915,888
Fire	1,942,724	1,620,991
Emergency operations center	11,523	31,531
Protective inspection	814,341	770,205
Total public safety	5,719,116	5,338,615

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
EXPENDITURES (Concluded):		
Current:		
Public works:		
Recycling	\$ 61,376	\$ 78,714
Drains	434,873	271,321
Streets and highways	701,433	746,880
Engineering	470,798	613,344
Street lighting	472,547	469,722
Total public works	2,141,027	2,179,981
Health and welfare:		
Paramedics	2,448,309	2,422,964
Community and economic development:		
Planning	324,958	303,976
Economic development	66,645	31,784
Total community and economic development	391,603	335,760
Culture and recreation:		
Parks and recreation	1,280,225	1,256,340
Debt service	385,481	189,089
Total expenditures	15,384,549	14,950,281
OTHER FINANCING SOURCES (USES):		
Drain assessments issued by Eaton County	410,371	253,497
Interfund transfers from other funds	1,173,143	1,220,109
Interfund transfers to other funds	(143,500)	(143,500)
Total other financing sources	1,440,014	1,330,106
Net change in fund balance	294,843	251,458
FUND BALANCE:		
Beginning of year (as restated, Note 14)	14,176,969	13,475,511
End of year	\$ 14,471,812	\$ 13,726,969

**CHARTER TOWNSHIP OF DELTA
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2011**

	<u>Carrier Creek</u>	<u>Forest Glen</u>	<u>Sherwood Forest</u>	<u>Watson and Branches</u>	<u>Gettysburg</u>	<u>Thornapple</u>	<u>Grand Woods</u>	<u>Total</u>
2012	\$ 139,468	\$ 20,255	\$ 6,209	\$ 28,801	\$ 34,898	\$ 4,601	\$ 3,422	\$ 237,654
2013	135,248	19,737	6,045	27,981	33,949	4,465	3,313	230,738
2014	131,028	19,167	5,865	27,101	33,046	4,333	3,205	223,745
2015	126,808	18,623	5,694	26,251	32,143	4,202	2,797	216,518
2016	122,587	18,079	5,522	25,400	31,278	4,075		206,941
2017	118,367	17,555	5,357	24,571	30,338	3,940	-	200,128
2018	114,147	16,991	5,179	23,700	29,435	3,808	-	193,260
2019	109,927	16,447	5,008	22,850	28,532	3,677	-	186,441
2020	105,706	15,903	4,836	22,000	27,657	3,548	-	179,650
2021	101,486	15,372	4,669	21,162	26,727	3,415	-	172,831
2022	97,266	14,815	4,493	20,300	25,824	3,283	-	165,981
2023	93,046	14,271	4,321	19,450	24,922	3,152	-	159,162
2024	88,826	13,727	4,150	18,600	24,036	3,021	-	152,360
2025	84,605	13,190	3,980	17,752	23,116	2,889	-	145,532
2026	-	12,639	3,806	-	22,214	-	-	38,659
2027	-	12,095	3,635	-	21,311	-	-	37,041
2028	-	11,551	3,463	-	20,416	-	-	35,430
2029	-	11,008	3,292	-	19,505	-	-	33,805
2030	-	-	-	-	18,603	-	-	18,603
	<u>1,568,515</u>	<u>281,425</u>	<u>85,524</u>	<u>325,919</u>	<u>507,950</u>	<u>52,409</u>	<u>12,737</u>	<u>2,834,479</u>
Less interest	<u>443,123</u>	<u>93,100</u>	<u>29,364</u>	<u>89,322</u>	<u>171,650</u>	<u>13,796</u>	<u>1,037</u>	<u>841,392</u>
	<u>\$ 1,125,392</u>	<u>\$ 188,325</u>	<u>\$ 56,160</u>	<u>\$ 236,597</u>	<u>\$ 336,300</u>	<u>\$ 38,613</u>	<u>\$ 11,700</u>	<u>\$ 1,993,087</u>

Note: Drains at large consists of drains installed by Eaton County Drain Commission in which the State of Michigan, homeowner, Delta Township, and the Eaton County Drain Commission share the cost of installment. Delta Township is assessed yearly for their share of the cost plus interest on the outstanding balance. Interest rates charged to the different projects range from 4.90% to 5.05%.

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
BALANCE SHEETS
DECEMBER 31, 2011 AND 2010**

ASSETS	<u>2011</u>	<u>2010</u>
ASSETS:		
Cash	\$ 1,057,206	\$ 1,126,339
Investments	1,186,941	1,028,003
Receivables:		
Taxes	1,268,798	1,323,820
Interest	<u>4,863</u>	<u>6,778</u>
TOTAL ASSETS	<u><u>\$ 3,517,808</u></u>	<u><u>\$ 3,484,940</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Deferred revenue	<u>\$ 1,268,798</u>	<u>\$ 1,323,820</u>
FUND BALANCE:		
Assigned for subsequent years' expenditures	-	261,821
Restricted	<u>2,249,010</u>	<u>1,899,299</u>
TOTAL FUND BALANCE	<u><u>2,249,010</u></u>	<u><u>2,161,120</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 3,517,808</u></u>	<u><u>\$ 3,484,940</u></u>

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
REVENUES:		
Taxes and special assessments	\$ 1,320,527	\$ 1,382,850
Investment income - net	54,029	36,795
Total revenues	1,374,556	1,419,645
EXPENDITURES:		
Current:		
Health and welfare	155,000	142,508
Excess of revenues over expenditures	1,219,556	1,277,137
OTHER FINANCING SOURCES (USES):		
Interfund transfers out	(1,131,666)	(1,181,590)
Net change in fund balance	87,890	95,547
FUND BALANCE:		
Beginning of year	2,161,120	2,065,573
End of year	\$ 2,249,010	\$ 2,161,120

Nonmajor Governmental Funds

Capital Projects Fund

Capital Projects Fund - The general fund transfers amounts annually to the fund which may only be utilized for capital improvements. This fund is utilized pursuant to Michigan law.

Debt Service Fund

Debt Service Fund - The Township maintains a debt service fund to account for resources accumulated and payments made related to debt related to the Township Library.

Permanent Fund

Cemetery Perpetual Care Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

**CHARTER TOWNSHIP OF DELTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<u>Capital projects</u>	<u>Debt service</u>	<u>Permanent fund Cemetery perpetual care fund</u>	<u>Total nonmajor governmental funds</u>
ASSETS				
ASSETS:				
Cash	\$ 811,642	\$ 34,647	\$ 117,343	\$ 963,632
Investments	911,242	-	131,743	1,042,985
Interest receivable	3,733	-	540	4,273
TOTAL ASSETS	<u>\$ 1,726,617</u>	<u>\$ 34,647</u>	<u>\$ 249,626</u>	<u>\$ 2,010,890</u>
FUND BALANCES				
FUND BALANCES:				
Restricted	\$ -	\$ -	\$ 249,626	\$ 249,626
Assigned	1,726,617	34,647	-	1,761,264
TOTAL FUND BALANCES	<u>\$ 1,726,617</u>	<u>\$ 34,647</u>	<u>\$ 249,626</u>	<u>\$ 2,010,890</u>

**CHARTER TOWNSHIP OF DELTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011**

	<u>Capital projects</u>	<u>Debt service</u>	<u>Permanent fund Cemetery perpetual care fund</u>	<u>Total nonmajor governmental funds</u>
REVENUES:				
Local sources:				
Investment earnings	\$ 25,187	\$ 2,543	\$ 3,810	\$ 31,540
Rental income	-	403,612	-	403,612
Other	-	-	9,712	9,712
Total local sources	<u>25,187</u>	<u>406,155</u>	<u>13,522</u>	<u>444,864</u>
EXPENDITURES:				
Debt service:				
Principal repayment	-	100,000	-	100,000
Interest expense	-	303,937	-	303,937
Total expenditures	<u>-</u>	<u>403,937</u>	<u>-</u>	<u>403,937</u>
EXCESS OF REVENUES (EXPENDITURES)	<u>25,187</u>	<u>2,218</u>	<u>13,522</u>	<u>40,927</u>
OTHER FINANCING SOURCES (USES):				
Interfund transfers from other funds	143,500	-	-	143,500
Interfund transfers to other funds	(37,667)	-	(3,810)	(41,477)
Total other financing sources (uses)	<u>105,833</u>	<u>-</u>	<u>(3,810)</u>	<u>102,023</u>
Net change in fund balances	131,020	2,218	9,712	142,950
FUND BALANCES:				
Beginning of year	<u>1,595,597</u>	<u>32,429</u>	<u>239,914</u>	<u>1,867,940</u>
End of year	<u>\$ 1,726,617</u>	<u>\$ 34,647</u>	<u>\$ 249,626</u>	<u>\$ 2,010,890</u>

**CHARTER TOWNSHIP OF DELTA
CAPITAL PROJECT FUND
BALANCE SHEETS
DECEMBER 31, 2011 AND 2010**

	2011	2010
ASSETS		
ASSETS:		
Cash	\$ 811,642	\$ 831,597
Investments	911,242	758,995
Interest receivable	3,733	5,005
TOTAL ASSETS	\$ 1,726,617	\$ 1,595,597
 FUND BALANCES		
FUND BALANCES:		
Assigned	\$ 1,726,617	\$ 1,595,597

**CHARTER TOWNSHIP OF DELTA
CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
REVENUES:		
Investment income - net	\$ 25,187	\$ 17,329
 OTHER FINANCING SOURCES (USES):		
Interfund transfers from other funds	143,500	143,500
Interfund transfers to other funds	(37,667)	(35,706)
Total other financing sources	105,833	107,794
Net change in fund balances	131,020	125,123
 FUND BALANCE:		
Beginning of year	1,595,597	1,470,474
End of year	\$ 1,726,617	\$ 1,595,597

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
BALANCE SHEETS
DECEMBER 31, 2011 AND 2010**

	ASSETS	<u>2011</u>	<u>2010</u>
ASSETS:			
Cash		<u>\$ 34,647</u>	<u>\$ 32,429</u>
	FUND BALANCE		
FUND BALANCE:			
Assigned		<u>\$ 34,647</u>	<u>\$ 32,429</u>

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
REVENUE:		
Rental income - Delta Township District Library	\$ 403,612	\$ 407,800
Investment income - net	2,543	1,884
	<u>406,155</u>	<u>409,684</u>
EXPENDITURES:		
Principal payments on debt	100,000	100,000
Interest and fiscal charges	303,937	308,384
	<u>403,937</u>	<u>408,384</u>
Net change in fund balance	2,218	1,300
FUND BALANCE:		
Beginning of year	<u>32,429</u>	<u>31,129</u>
End of year	<u>\$ 34,647</u>	<u>\$ 32,429</u>

**CHARTER TOWNSHIP OF DELTA
2007 GENERAL OBLIGATION LIMITED TAX LIBRARY DEBT
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2011**

<u>Interest rate</u>	<u>Due April 1</u>	<u>Principal</u>	<u>Interest</u>		<u>Total payment requirements</u>
			<u>April 1</u>	<u>October 1</u>	
4.000%	2012	\$ 100,000	\$ 150,775	\$ 148,775	\$ 399,550
4.000%	2013	100,000	148,775	146,775	395,550
4.000%	2014	100,000	146,775	144,775	391,550
4.000%	2015	100,000	144,775	142,775	387,550
4.000%	2016	150,000	142,775	139,775	432,550
4.000%	2017	150,000	139,775	136,775	426,550
4.000%	2018	200,000	136,775	132,775	469,550
4.000%	2019	200,000	132,775	128,775	461,550
4.100%	2020	200,000	128,775	124,675	453,450
4.125%	2021	200,000	124,675	120,550	445,225
4.125%	2022	200,000	120,550	116,425	436,975
4.200%	2023	200,000	116,425	112,225	428,650
4.250%	2024	200,000	112,225	107,975	420,200
4.250%	2025	200,000	107,975	103,725	411,700
4.250%	2026	200,000	103,725	99,475	403,200
4.250%	2027	300,000	99,475	93,100	492,575
4.300%	2028	300,000	93,100	86,650	479,750
4.300%	2029	300,000	86,650	80,200	466,850
4.300%	2030	400,000	80,200	71,600	551,800
4.300%	2031	400,000	71,600	63,000	534,600
4.500%	2032	400,000	63,000	54,000	517,000
4.500%	2033	400,000	54,000	45,000	499,000
4.500%	2034	500,000	45,000	33,750	578,750
4.500%	2035	500,000	33,750	22,500	556,250
4.500%	2036	500,000	22,500	11,250	533,750
4.500%	2037	500,000	11,250	-	511,250
		<u>\$ 7,000,000</u>	<u>\$ 2,618,075</u>	<u>\$ 2,467,300</u>	<u>\$ 12,085,375</u>

NOTE: General obligation debt bonds dated May 1, 2007 were issued to provide funds for the construction of the library building under the provisions of Public Act 94. Original debt of \$7,300,000.

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
BALANCE SHEETS
DECEMBER 31, 2011 AND 2010**

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,784,861	\$ 3,084,764
Investments	3,117,612	2,800,640
Receivables:		
Customer accounts	416,498	399,664
Interest	21,745	33,327
Special assessment - current	18,273	20,507
Special assessment - interest	9,609	10,412
Other	55,667	10,506
TOTAL CURRENT ASSETS	6,424,265	6,359,820
NONCURRENT ASSETS:		
Investments:		
Replacement account	4,132,979	4,706,828
Deferred charges:		
Tap in charges - deferred	146,217	184,143
Unamortized bond issuance costs	18,827	22,592
Special assessment - deferred	8,744	14,882
Prepaid other postemployment benefits - restricted	930	949
TOTAL NONCURRENT ASSETS	4,307,697	4,929,394
PROPERTY, PLANT, AND EQUIPMENT, net of accumulated depreciation	28,118,177	29,230,368
TOTAL ASSETS	\$ 38,850,139	\$ 40,519,582

	<u>2011</u>	<u>2010</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 184,255	\$ 258,818
Accrued interest	10,112	11,521
Customer deposits	68,392	68,392
Current portion of long-term liabilities	252,195	252,195
Current portion of compensated absences	189,466	186,436
Due to other funds	16,746	22,663
	<u>721,166</u>	<u>800,025</u>
TOTAL CURRENT LIABILITIES		
LONG-TERM LIABILITIES , net of current portion:		
Compensated absences	117,398	114,592
Other long-term debt	348,253	375,048
Unamortized bond premiums	43,548	52,258
General obligation bonds payable	1,038,800	1,264,200
	<u>1,547,999</u>	<u>1,806,098</u>
TOTAL LONG-TERM LIABILITIES		
	<u>2,269,165</u>	<u>2,606,123</u>
TOTAL LIABILITIES		
NET ASSETS:		
Invested in capital assets net of related debt	26,454,208	27,309,259
Restricted for other postemployment benefits	930	949
Unrestricted	10,125,836	10,603,251
	<u>36,580,974</u>	<u>37,913,459</u>
TOTAL NET ASSETS		
	<u>\$ 38,850,139</u>	<u>\$ 40,519,582</u>
TOTAL LIABILITIES AND NET ASSETS		

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
OPERATING REVENUES:		
Charges for services	\$ 3,635,639	\$ 3,519,256
Capital charges	148,098	85,652
Forfeited discounts	43,479	44,211
Other	12,959	41
Total operating revenues	3,840,175	3,649,160
OPERATING EXPENSES:		
Costs of sales and services	3,414,307	3,363,223
Depreciation	1,893,403	1,909,169
Total operating expenses	5,307,710	5,272,392
Operating loss	(1,467,535)	(1,623,232)
NON-OPERATING REVENUES (EXPENSES):		
Main charges	28,656	22,672
Investment income - net	177,948	157,752
Interest and fiscal charges	(76,500)	(85,646)
Amortization of bond issuance cost	(3,764)	(3,765)
Amortization of bond premium	8,710	8,710
Total non-operating revenues - net	135,050	99,723
Net loss	(1,332,485)	(1,523,509)
NET ASSETS:		
Beginning of year	37,913,459	39,436,968
End of year	\$ 36,580,974	\$ 37,913,459

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Operating loss	\$ (1,467,535)	\$ (1,623,232)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,893,403	1,909,169
Gain on disposal of fixed assets	(2,194)	-
Receivables	(16,834)	(15,826)
Prepaid expenditures	19	-
Due to/from other funds - net	(5,917)	9,405
Accounts payable	(74,563)	148,499
Accrued compensated absences	5,836	21,011
Total adjustments	1,799,750	2,072,258
Net cash provided by operating activities	332,215	449,026
Cash flows from non-capital financing activities:		
Main and tap in charges	66,582	40,322
Cash flows for capital and related financing activities:		
Principal repayments on debt	(252,195)	(227,695)
Net interest paid on bonds	(77,909)	(86,818)
Payments for capital acquisitions	(781,211)	(932,231)
Proceeds from special assessments	(36,789)	42,515
Interest received from special assessments	16,506	17,778
Proceeds from the sale of fixed assets	2,194	-
Net cash used by capital and related financing activities	(1,129,404)	(1,186,451)
Cash flows from investing activities:		
Interest received from investments	173,827	140,527
Purchase/proceeds of investments	256,877	(156,811)
Net cash provided (used) by investing activities	430,704	(16,284)
NET DECREASE IN CASH	(299,903)	(713,387)
CASH:		
Beginning of year	3,084,764	3,798,151
End of year	\$ 2,784,861	\$ 3,084,764

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULES OF COSTS OF SALES AND SERVICES
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Salaries and wages	\$ 1,337,392	\$ 1,358,023
Payroll taxes	101,359	101,004
Employee fringe benefits	514,511	438,701
Pension expense	152,892	151,661
Office supplies	5,047	8,418
Chemicals	241,865	279,060
Supplies	37,243	32,379
Maintenance of plant	18,669	24,918
Maintenance of equipment	128,146	145,751
Accounting and auditing	140,016	147,698
Administrative fees	100,000	100,000
Contracted services	66,736	43,707
Engineering	71,366	74,614
Collection fees	632	517
Telephone	36,946	14,341
Transportation	32,927	30,423
Insurance	88,628	98,900
Utilities	321,961	290,593
Miscellaneous	17,971	22,515
	<u>\$ 3,414,307</u>	<u>\$ 3,363,223</u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND
AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2011**

Delta Township Bonds
General Obligation Limited Tax Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2012	3.875 %	\$ 225,400	\$ 30,337	\$ 25,970	\$ 56,307	\$ 281,707
2013	5.000 %	248,675	25,970	19,753	45,723	294,398
2014	5.000 %	252,350	19,753	13,444	33,197	285,547
2015	5.000 %	268,275	13,444	6,738	20,182	288,457
2016	5.000 %	269,500	6,738	-	6,738	276,238
		<u>\$ 1,264,200</u>	<u>\$ 96,242</u>	<u>\$ 65,905</u>	<u>\$ 162,147</u>	<u>\$ 1,426,347</u>

NOTE: The general obligation limited tax bonds were issued by the Charter Township of Delta on April 24, 2003 for the purpose of construction of sewer projects. Original amount was \$2,762,375.

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2011**

		<u>Carrier Creek</u>
2012	\$	46,489
2013		45,083
2014		43,676
2015		42,269
2016		40,862
2017		39,456
2018		38,049
2019		36,642
2020		35,235
2021		33,829
2022		32,422
2023		31,015
2024		29,609
2025		<u>28,202</u>
		522,838
Less interest		<u>147,790</u>
		<u><u>\$ 375,048</u></u>

NOTE: Drains at large consists of drains installed by Eaton County Drain Commission in which the State of Michigan, homeowners, Delta Township, and the Eaton County Drain Commission share the cost of installment. Delta Township is assessed yearly for their share of the cost plus interest on the outstanding balance. The interest rate charged to the Sewer Fund's share of the Carrier Creek project is 5.25%.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
BALANCE SHEETS
DECEMBER 31, 2011 AND 2010**

ASSETS	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash	\$ 2,782,685	\$ 3,126,996
Investments	3,119,649	2,847,551
Receivables:		
Customer accounts	368,688	341,972
Interest	17,308	25,259
Special assessment - current	45,652	45,746
Special assessment - interest	7,230	8,500
Other	71,924	47,051
Current portion of long-term receivable	<u>26,521</u>	<u>22,819</u>
TOTAL CURRENT ASSETS	<u>6,439,657</u>	<u>6,465,894</u>
NONCURRENT ASSETS:		
Investments:		
Replacement account	2,085,468	2,053,568
Deferred charges:		
Water tap charges - deferred	85,586	101,989
Unamortized bond issuance costs	266,131	303,824
Special assessments - deferred	131,038	177,526
Long-term receivable	335,234	361,755
Prepaid (payable) other postemployment benefits - restricted	<u>1,030</u>	<u>(796)</u>
TOTAL NONCURRENT ASSETS	<u>2,904,487</u>	<u>2,997,866</u>
PROPERTY, PLANT AND EQUIPMENT,		
less accumulated depreciation	<u>32,799,576</u>	<u>33,548,431</u>
TOTAL ASSETS	<u><u>\$ 42,143,720</u></u>	<u><u>\$ 43,012,191</u></u>

LIABILITIES AND NET ASSETS	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 192,258	\$ 170,093
Accrued interest	92,688	100,367
Customer deposits	18,116	18,293
Current portion of long-term liabilities	1,144,600	1,144,600
Current portion of compensated absences	31,637	29,992
Due to other funds	4,539	8,297
	<u>1,483,838</u>	<u>1,471,642</u>
TOTAL CURRENT LIABILITIES		
	<u>1,483,838</u>	<u>1,471,642</u>
LONG-TERM LIABILITIES , net of current portion:		
Compensated absences	23,058	22,873
Unamortized bond premiums	134,222	161,066
Revenue bonds payable	2,450,000	2,650,000
General obligation bonds payable	8,501,200	9,445,800
	<u>11,108,480</u>	<u>12,279,739</u>
TOTAL LONG-TERM LIABILITIES		
	<u>11,108,480</u>	<u>12,279,739</u>
TOTAL LIABILITIES		
	<u>12,592,318</u>	<u>13,751,381</u>
NET ASSETS:		
Invested in capital assets net of related debt	20,835,685	20,450,789
Restricted for other postemployment benefits	1,030	-
Unrestricted	8,714,687	8,810,021
	<u>29,551,402</u>	<u>29,260,810</u>
TOTAL NET ASSETS		
	<u>29,551,402</u>	<u>29,260,810</u>
TOTAL LIABILITIES AND NET ASSETS		
	<u>\$ 42,143,720</u>	<u>\$ 43,012,191</u>

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
OPERATING REVENUES:		
Charges for services	\$ 4,672,837	\$ 4,491,831
Capital charges	72,885	74,840
Hydrant rental	134,890	134,820
Forfeited discounts	54,652	52,032
Other service charges	83,432	141,921
Other	16,166	19,775
Total operating revenues	5,034,862	4,915,219
OPERATING EXPENSES:		
Costs of sales and services	3,524,484	3,220,218
Depreciation	930,775	939,378
Total operating expenses	4,455,259	4,159,596
Operating income	579,603	755,623
NON-OPERATING REVENUES (EXPENSES):		
Contributions - infrastructure	60,269	177,345
Main charges	76,065	2,987
Investment income - net	162,701	140,265
Interest and fiscal charges	(577,197)	(619,997)
Amortization of bond issuance cost	(37,693)	(37,693)
Amortization of bond premium	26,844	26,844
Total non-operating revenues - net	(289,011)	(310,249)
Net income	290,592	445,374
NET ASSETS:		
Beginning of year	29,260,810	28,815,436
End of year	\$ 29,551,402	\$ 29,260,810

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Operating income	\$ 579,603	\$ 755,623
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	930,775	939,378
Gain on disposal of fixed assets	(204)	-
Receivables	(28,770)	40,206
Prepaid expenditures	(1,826)	-
Due to/from other funds - net	(3,758)	2,090
Accounts payable	22,165	8,598
Accrued compensated absences	1,830	(10,943)
Customer deposits	(177)	(8,300)
Total adjustments	920,035	971,029
Net cash provided by operating activities	1,499,638	1,726,652
Cash flows from non-capital financing activities:		
Contributions	60,269	177,346
Main and tap in charges	92,468	27,119
Net cash provided by non-capital financing activities	152,737	204,465
Cash flows from capital and related financing activities:		
Principal repayments on debt	(1,144,600)	(994,100)
Net interest paid on bonds	(584,876)	(626,395)
Payments for capital acquisitions	(181,920)	(336,760)
Proceeds from special assessments	46,582	50,768
Interest received from special assessments	26,726	27,163
Proceeds from sale of fixed assets	204	-
Net cash used by capital and related financing activities	(1,837,884)	(1,879,324)
Cash flows from investing activities:		
Interest received from investments	145,196	113,557
Purchase of investments	(303,998)	(444,335)
Net cash used by investing activities	(158,802)	(330,778)
NET DECREASE IN CASH	(344,311)	(278,985)
CASH:		
Beginning of year	3,126,996	3,405,981
End of year	\$ 2,782,685	\$ 3,126,996

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULES OF COSTS OF SALES AND SERVICES
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
Salaries and wages	\$ 473,027	\$ 455,252
Payroll taxes	35,916	35,547
Employee fringe benefits	169,301	144,745
Pension expense	52,031	51,958
Office supplies	3,546	5,694
Supplies	87,030	91,864
Water purchases	2,096,037	1,782,492
Maintenance of plant	103,380	95,051
Maintenance of equipment	25,190	24,592
Transportation	30,437	32,124
Administrative	100,000	100,000
Accounting and auditing	140,016	147,698
Contracted services	48,698	83,153
Engineering	24,678	38,016
Collection fees	-	76
Telephone	21,730	14,511
Insurance	31,718	34,000
Utilities	64,408	66,349
Printing	110	82
Miscellaneous	17,231	17,014
	\$ 3,524,484	\$ 3,220,218

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2011**

Michigan Municipal Bond Authority
Water Supply System Revenue Bonds - 2000A

Interest rate	Due November 1	Principal	Interest		Total payment requirements
			May 1	November 1	
5.55	2012	\$ 100,000	\$ 35,231	\$ 35,232	\$ 170,463
5.60	2013	100,000	32,456	32,456	164,912
5.70	2014	125,000	29,656	29,657	184,313
5.75	2015	125,000	26,094	26,094	177,188
6.00	2016	125,000	22,500	22,500	170,000
6.00	2017	150,000	18,750	18,750	187,500
6.00	2018	150,000	14,250	14,250	178,500
6.00	2019	150,000	9,750	9,750	169,500
6.00	2020	175,000	5,250	5,250	185,500
		<u>\$ 1,200,000</u>	<u>\$ 193,937</u>	<u>\$ 193,939</u>	<u>\$ 1,587,876</u>

NOTE: Revenue bonds dated May 17, 2000 were issued to provide acquisition and construction of improvements and extensions to the Township's water supply systems under the provisions of Public Act 94. Original debt of \$2,000,000.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2011**

Michigan Municipal Bond Authority
Water Supply System Revenue Bonds - 2000B

Interest rate	Due November 1	Principal	Interest		Total payment requirements
			May 1	November 1	
5.30	2012	\$ 100,000	\$ 40,944	\$ 40,944	\$ 181,888
5.40	2013	100,000	38,294	38,294	176,588
5.45	2014	125,000	35,594	35,594	196,188
5.50	2015	125,000	32,187	32,187	189,374
5.75	2016	175,000	28,750	28,750	232,500
5.75	2017	175,000	23,719	23,719	222,438
5.75	2018	200,000	18,687	18,687	237,374
5.75	2019	225,000	12,938	12,938	250,876
5.75	2020	225,000	6,469	6,469	237,938
		<u>\$ 1,450,000</u>	<u>\$ 237,582</u>	<u>\$ 237,582</u>	<u>\$ 1,925,164</u>

NOTE: Revenue bonds dated November 28, 2000 were issued to provide acquisition and construction of improvements and extensions to the Township's water supply system under the provisions of Public Act 94. Original debt of \$2,000,000.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND
AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2011**

Charter Township of Delta Bonds
General Obligation Limited Tax Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2012	3.875 %	\$ 694,600	\$ 93,488	\$ 80,030	\$ 173,518	\$ 868,118
2013	5.000 %	766,325	80,030	60,872	140,902	907,227
2014	5.000 %	777,650	60,872	41,431	102,303	879,953
2015	5.000 %	826,725	41,431	20,763	62,194	888,919
2016	5.000 %	830,500	20,763	-	20,763	851,263
		<u>\$ 3,895,800</u>	<u>\$ 296,584</u>	<u>\$ 203,096</u>	<u>\$ 499,680</u>	<u>\$ 4,395,480</u>

NOTE: The general obligation limited tax bonds were issued by Charter Township of Delta on April 24, 2003 for the purpose of refinancing the bonds Eaton County issued on behalf of the Township. The excess proceeds, after refinancing, was used for water construction projects. Original amount was \$8,512,625.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND
AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2011**

Charter Township of Delta Bonds
General Obligation Limited Tax Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2012	3.750 %	\$ 250,000	\$ 108,400	\$ 103,715	\$ 212,115	\$ 462,115
2013	3.750 %	250,000	103,715	99,025	202,740	452,740
2014	3.750 %	300,000	99,025	93,400	192,425	492,425
2015	3.750 %	300,000	93,400	87,775	181,175	481,175
2016	3.750 %	350,000	87,775	81,213	168,988	518,988
2017	3.750 %	350,000	81,213	74,650	155,863	505,863
2018	3.800 %	400,000	74,650	67,050	141,700	541,700
2019	3.875 %	400,000	67,050	59,300	126,350	526,350
2020	3.900 %	450,000	59,300	50,525	109,825	559,825
2021	4.000 %	450,000	50,525	41,525	92,050	542,050
2022	4.000 %	500,000	41,525	31,525	73,050	573,050
2023	4.000 %	500,000	31,525	21,525	53,050	553,050
2024	4.100 %	500,000	21,525	11,275	32,800	532,800
2025	4.100 %	550,000	11,275	-	11,275	561,275
		<u>\$ 5,550,000</u>	<u>\$ 930,903</u>	<u>\$ 822,503</u>	<u>\$ 1,753,406</u>	<u>\$ 7,303,406</u>

NOTE: The general obligation limited tax bonds were issued by Charter Township of Delta on March 1, 2006 for the purpose of paying the cost of acquiring and constructing, various capital improvements to the Township's water supply system. Original amount was \$6,500,000.

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2011
(with comparative totals for December 31, 2010)**

	Pension	Other post	Agency fund	Totals	
	trust fund	employment benefit trust fund		2011	2010
ASSETS	Employee retirement	Retiree health benefits	Tax collection fund		
ASSETS:					
Cash	\$ -	\$ -	\$ 1,201,836	\$ 1,201,836	\$ 1,877,383
Investments	17,545,213	5,831,874	1,349,319	24,726,406	26,414,105
Taxes receivable - delinquent	-	-	456,539	456,539	407,322
Interest receivable	-	-	5,528	5,528	11,298
TOTAL ASSETS	\$ 17,545,213	\$ 5,831,874	\$ 3,013,222	\$ 26,390,309	\$ 28,710,108
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Undistributed tax collections:					
Current	\$ -	\$ -	\$ 2,556,104	\$ 2,556,104	\$ 3,599,523
Delinquent and other	-	-	457,118	457,118	409,957
TOTAL LIABILITIES	-	-	3,013,222	3,013,222	4,009,480
FUND BALANCES:					
Restricted for retirement benefits	17,545,213	5,831,874	-	23,377,087	24,700,628
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,545,213	\$ 5,831,874	\$ 3,013,222	\$ 26,390,309	\$ 28,710,108

**CHARTER TOWNSHIP OF DELTA
AGENCY FUND
TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2011**

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
ASSETS				
Cash	\$ 1,877,383	\$ -	\$ 675,547	\$ 1,201,836
Investments	1,713,477	56,249,610	56,613,768	1,349,319
Taxes receivable delinquent	407,322	193,878	144,661	456,539
Interest receivable	11,298	-	5,770	5,528
TOTAL ASSETS	\$ 4,009,480	\$ 56,443,488	\$ 57,439,746	\$ 3,013,222
LIABILITIES				
Undistributed tax collections:				
Current	\$ 3,599,523	\$ 56,063,940	\$ 57,107,359	\$ 2,556,104
Delinquent and other	409,957	225,734	178,573	457,118
TOTAL LIABILITIES	\$ 4,009,480	\$ 56,289,674	\$ 57,285,932	\$ 3,013,222