

**CHARTER TOWNSHIP OF DELTA**

**REPORT ON FINANCIAL STATEMENTS**  
**(with required supplementary information and**  
**additional supplementary information)**

**YEAR ENDED DECEMBER 31, 2016**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Charter Township of Delta, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information - Additional Supplementary Information*

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

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

*Manes Costeiran PC*

April 18, 2017



## 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, 2016.

### FINANCIAL HIGHLIGHTS

#### Governmental-wide activity:

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$107.1 million dollars (net position). Of this amount, \$28.7 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$3.1 million dollars.

#### Fund level activity:

- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$19.7 million, an increase of \$917,822 in comparison with the prior year.
- The Township's total outstanding debt decreased \$572 thousand.

### 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 position* presents information on all of the Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 22 through 24 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 various 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 25 through 28 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 29 through 33 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 34 and 35 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 36 through 68 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 retirement benefits to its employees and the general and paramedic special revenue fund budgets. Required supplementary information can be found on page 70 through 76 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on retirement benefits. Combining and individual fund statements and schedules can be found on pages 78 through 110 of this report.

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

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$107.1 million at the close of the most recent fiscal year.

Charter Township of Delta's Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 31,904,200	\$ 30,691,907	\$ 15,846,120	\$ 16,939,894	\$ 47,750,320	\$ 47,631,801
Capital assets	28,491,454	28,702,713	61,055,605	59,751,327	89,547,059	88,454,040
Total assets	60,395,654	59,394,620	76,901,725	76,691,221	137,297,379	136,085,841
Deferred outflows of resources	2,017,411	1,349,421	-	-	2,017,411	1,349,421
Long-term liabilities outstanding	9,293,765	8,776,420	9,040,853	10,166,111	18,334,618	18,942,531
Net pension liability	3,673,209	4,490,871	-	-	3,673,209	4,490,871
Other liabilities	956,497	862,237	734,428	589,796	1,690,925	1,452,033
Total liabilities	13,923,471	14,129,528	9,775,281	10,755,907	23,698,752	24,885,435
Deferred inflows of resources	8,466,446	8,404,323	-	-	8,466,446	8,404,323
Net position:						
Net investment in capital assets	20,229,294	20,911,594	52,395,336	49,967,379	72,624,630	70,878,973
Restricted	5,553,804	5,549,700	249,814	170,334	5,803,618	5,720,034
Unrestricted	14,240,050	11,748,896	14,481,294	15,797,601	28,721,344	27,546,497
Total net position	\$ 40,023,148	\$ 38,210,190	\$ 67,126,444	\$ 65,935,314	\$ 107,149,592	\$ 104,145,504

By far the largest portion of the Township's net position (68 percent) reflects its net 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 position (5 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$28.7 million) may be used to meet the government's ongoing obligations to citizens and creditors.

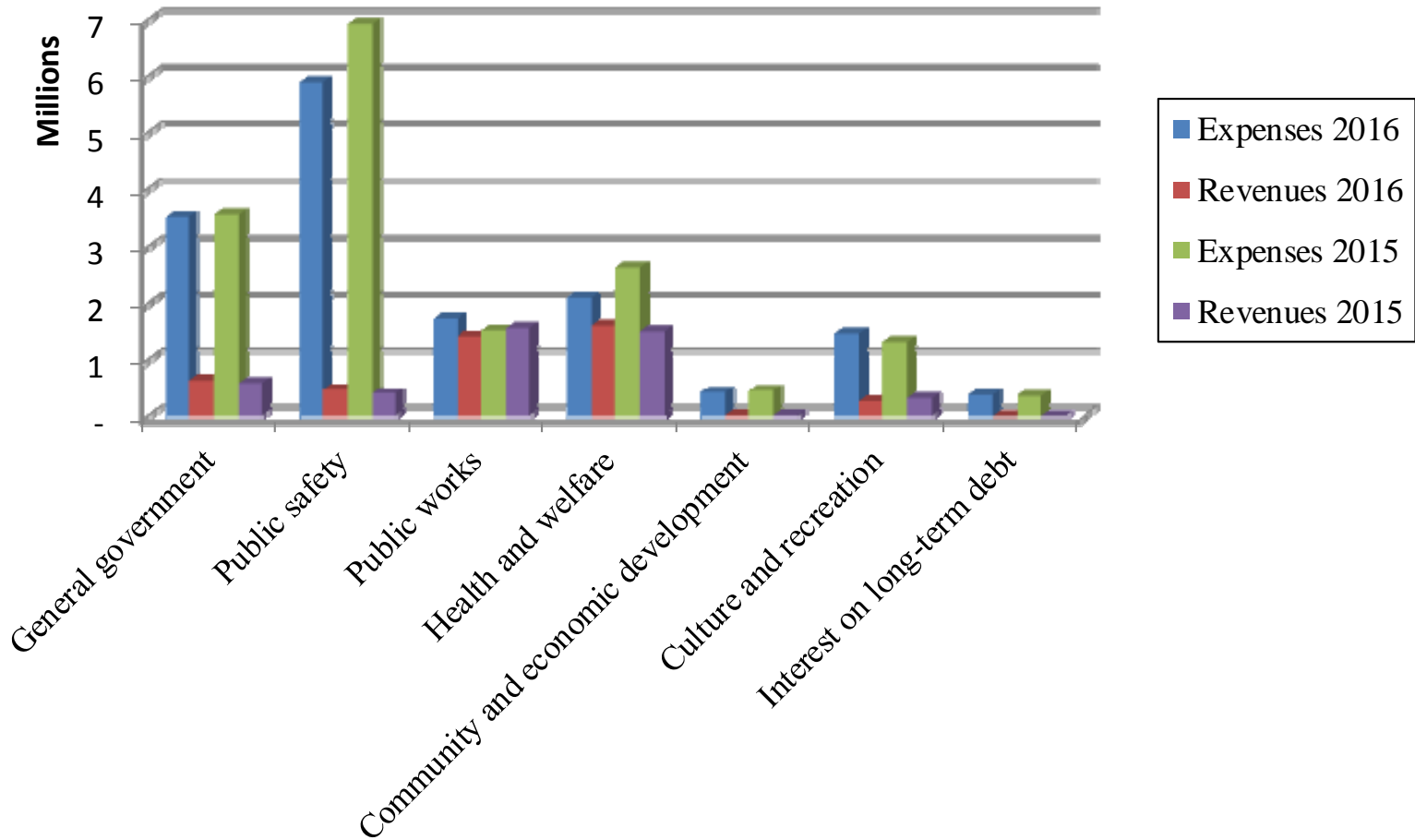
At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental activities.** Governmental activities increased the Township’s net position by \$1,812,958 and the business-type activities net position increased by \$1,191,130. Key elements of this increase are as follows:

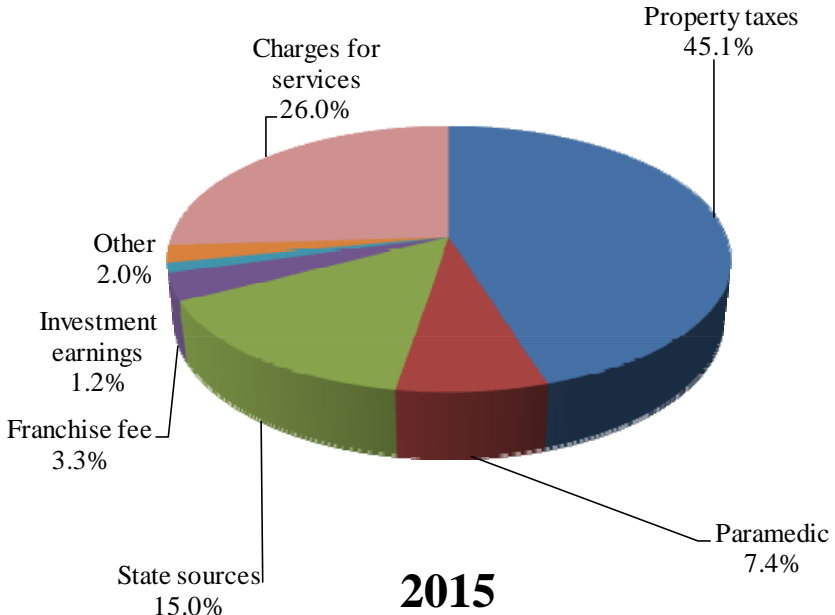
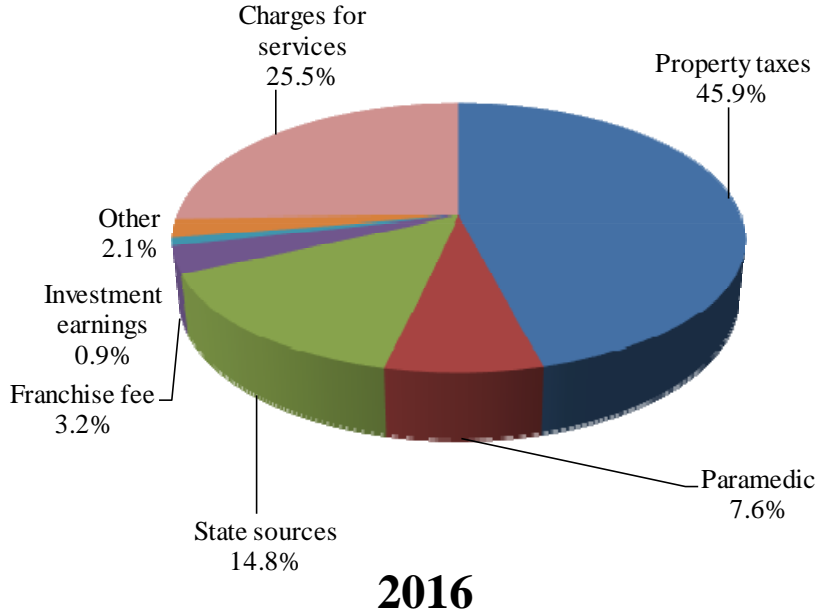
Charter Township of Delta’s Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 4,402,522	\$ 4,382,276	\$ 10,402,672	\$ 10,018,197	\$ 14,805,194	\$ 14,400,473
Capital grants and contributions	50,287	288,573	630,336	1,087,530	680,623	1,376,103
General revenues:						
Property taxes	7,942,860	7,611,664	-	-	7,942,860	7,611,664
Paramedic levy	1,307,082	1,249,460	-	-	1,307,082	1,249,460
State sources	2,559,159	2,533,410	-	-	2,559,159	2,533,410
Franchise fee-cable	559,404	553,237	-	-	559,404	553,237
Investment earnings	162,468	198,494	106,550	176,204	269,018	374,698
Other	355,836	339,137	-	-	355,836	339,137
Total revenue	<u>17,339,618</u>	<u>17,156,251</u>	<u>11,139,558</u>	<u>11,281,931</u>	<u>28,479,176</u>	<u>28,438,182</u>
Expenses:						
General government	3,523,557	3,562,966	-	-	3,523,557	3,562,966
Public safety	5,898,527	6,935,691	-	-	5,898,527	6,935,691
Public works	1,742,997	1,510,596	-	-	1,742,997	1,510,596
Health and welfare	2,108,884	2,620,775	-	-	2,108,884	2,620,775
Community and economic development	425,920	459,821	-	-	425,920	459,821
Culture and recreation	1,453,813	1,305,571	-	-	1,453,813	1,305,571
Interest on long-term debt	372,962	351,750	-	-	372,962	351,750
Water	-	-	5,316,236	5,337,950	5,316,236	5,337,950
Sewer	-	-	4,632,192	4,587,000	4,632,192	4,587,000
Total expenses	<u>15,526,660</u>	<u>16,747,170</u>	<u>9,948,428</u>	<u>9,924,950</u>	<u>25,475,088</u>	<u>26,672,120</u>
Increase (decrease) in net position	1,812,958	409,081	1,191,130	1,356,981	3,004,088	1,766,062
Net position, beginning of year	<u>38,210,190</u>	<u>37,801,109</u>	<u>65,935,314</u>	<u>64,578,333</u>	<u>104,145,504</u>	<u>102,379,442</u>
Net position, end of year	<u>\$ 40,023,148</u>	<u>\$ 38,210,190</u>	<u>\$ 67,126,444</u>	<u>\$ 65,935,314</u>	<u>\$ 107,149,592</u>	<u>\$ 104,145,504</u>

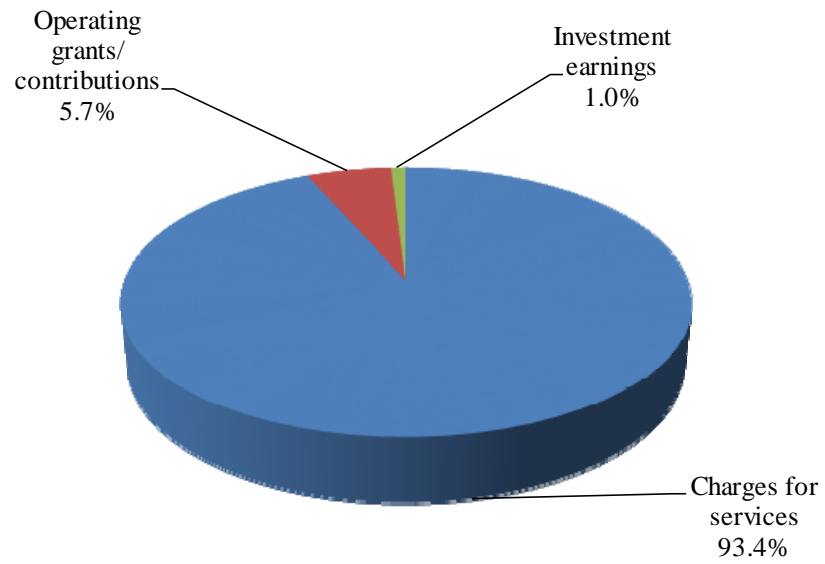
## Charter Township of Delta Expenses and Program Revenues - Governmental Activities December 31,



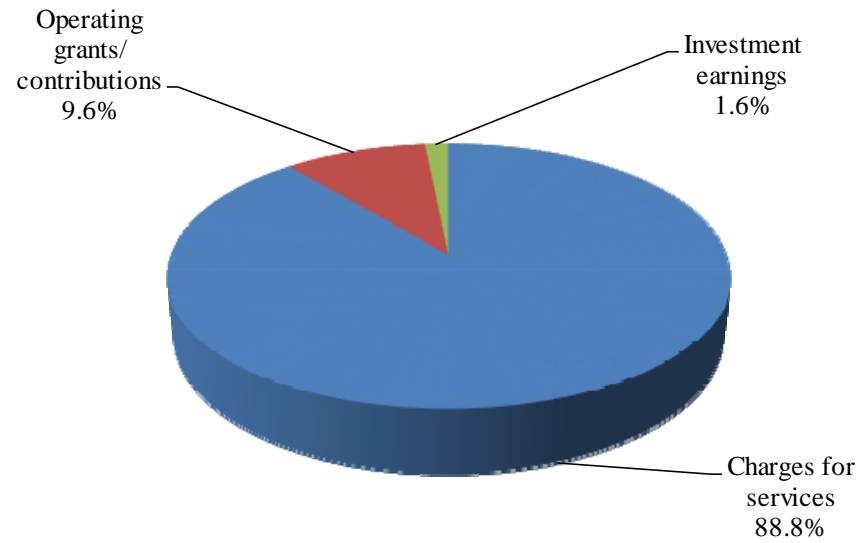
# Charter Township of Delta Revenues by Source - Governmental Activities December 31,



**Charter Township of Delta  
Revenues by Source - Business-type Activities  
December 31,**



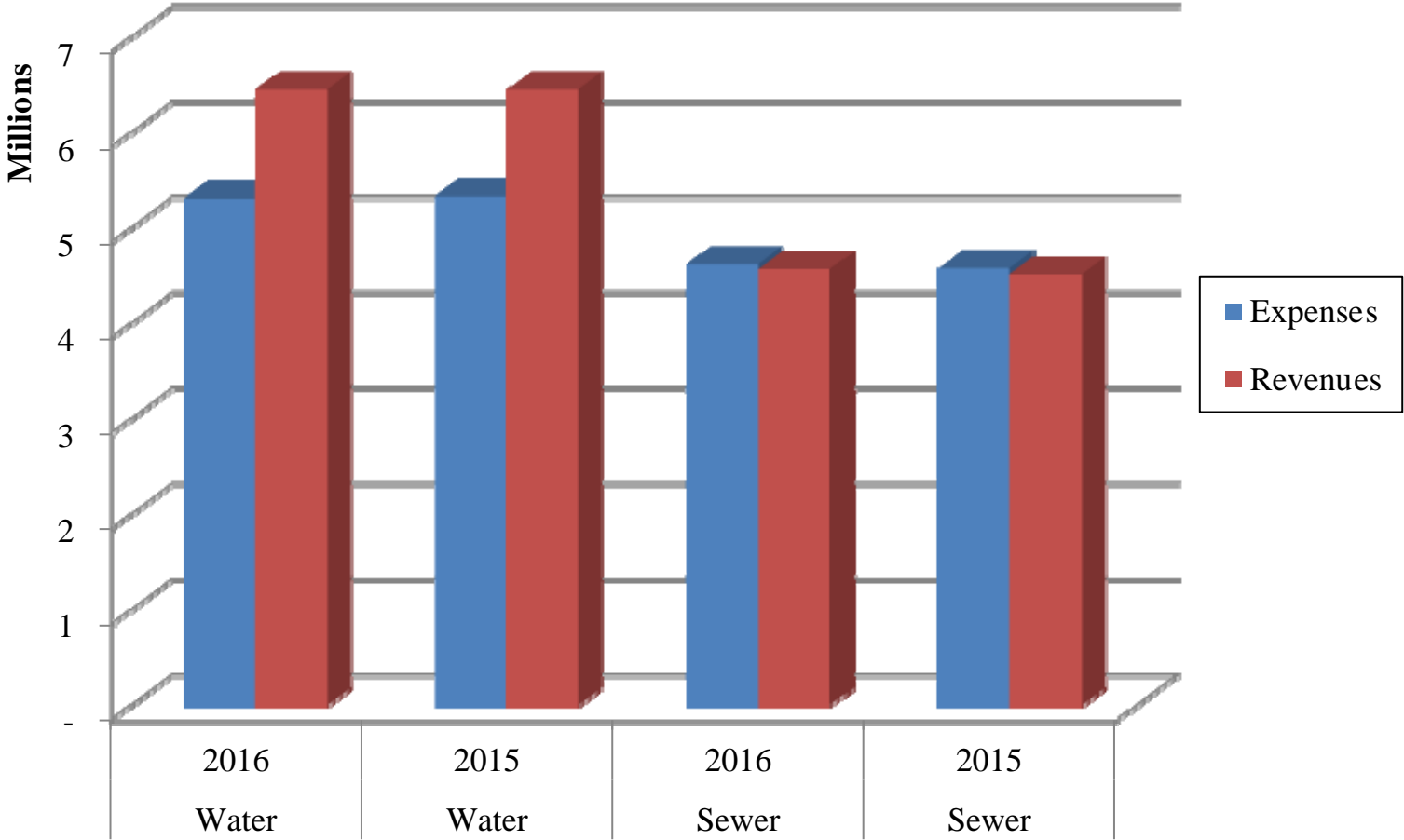
**2016**



**2015**



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



Changes in net position:

- Overall governmental activities revenue is up \$183,367 from prior year.
- Expenses for governmental activities went from \$16.7 million to \$15.5 million, a decrease of \$1.2 million. The \$1.2 million decrease in expenses relates to changes in the pension plan.

**Business-type activities.** Business-type activities increased the Township's net position by \$1,191,130. This increase can be attributed to revenue outpacing operating expenditures.

#### 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 \$19.7 million, an increase of \$917,822 in comparison with the prior year. Approximately 44 percent of this total amount (\$8.6 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable (\$18,002), restricted (\$2,693,934), or assigned (\$8,369,062).

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 \$8.6 million, while total fund balance was \$15.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 52 percent of total general fund expenditures, while total fund balance represents 93 percent of that same amount.

The fund balance of the Township's general fund increased by \$748 thousand during the current fiscal year.

**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 positions for the water and sewer funds at the end of the year amounted to \$14.5 million. The total increase in net position amounted to \$1,191,130. 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 \$625,000, budgeted revenue increased by \$25,000, while other financial sources increased \$600,000 from the original budget. The change in appropriations can be summarized as follows:

- \$600,000 increase for the General Service Administration for the purchase of the Grand Woods Park.
- \$25,000 increase in the Parks and Recreation for capital improvements.

During the year actual revenue was higher than the amended budgetary estimates. This arises primarily from an increase in tax revenue and ambulance fees collected. 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, 2016, amounts to \$89.5 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 increase in the Township’s investment in capital assets for the current fiscal year was 1.2 percent (a 0.7 percent decrease for governmental activities and a 2.2 percent increase for business-type activities).

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

	Governmental activities		Business activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 6,663,765	\$ 6,063,765	\$ 1,567,569	\$ 1,567,569	\$ 8,231,334	\$ 7,631,334
Construction in process	-	-	-	179,805	-	179,805
Building and building equipment	11,004,465	11,222,649	3,126,938	3,320,485	14,131,403	14,543,134
Land improvements/sidewalks	2,148,163	2,176,974	-	-	2,148,163	2,176,974
Vehicles	96,112	195,035	-	-	96,112	195,035
Equipment	1,458,333	1,726,363	304,939	334,031	1,763,272	2,060,394
Flowage rights	5,678,193	5,891,856	-	-	5,678,193	5,891,856
Streets and highways	1,442,423	1,426,071	-	-	1,442,423	1,426,071
Sewer and water mains	-	-	56,056,159	54,349,437	56,056,159	54,349,437
	<u>\$ 28,491,454</u>	<u>\$ 28,702,713</u>	<u>\$ 61,055,605</u>	<u>\$ 59,751,327</u>	<u>\$ 89,547,059</u>	<u>\$ 88,454,040</u>

Additional information on the Township’s capital assets can be found in the notes of this report.

**Long-term debt.** At the end of the current fiscal year, the Township had total long-term debt outstanding of \$18.3 million. Of this amount, \$13.7 million comprises debt backed by the full faith and credit of the government. The amount of \$1.4 million of the Township’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The remaining \$3.2 million represents compensated absences earned but not used as of year-end (\$1.4 million), notes payable (\$480,000) and other long-term items (\$1.3 million).

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

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
General obligations	\$ 6,663,262	\$ 6,561,740	\$ 7,070,175	\$ 7,861,621	\$ 13,733,437	\$ 14,423,361
Revenue bonds	-	-	1,390,000	1,700,000	1,390,000	1,700,000
Other long-term debt	1,118,898	1,229,379	200,094	222,327	1,318,992	1,451,706
Note payable	480,000	-	-	-	480,000	-
Compensated absences	1,031,605	985,301	380,584	345,769	1,412,189	1,331,070
	<u>\$ 9,293,765</u>	<u>\$ 8,776,420</u>	<u>\$ 9,040,853</u>	<u>\$ 10,129,717</u>	<u>\$ 18,334,618</u>	<u>\$ 18,906,137</u>

The Township's total debt decreased by \$572 thousand (3 percent) during the current fiscal year. This is attributable to the Township 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.

Additional information on the Township's long-term debt can be found in the notes 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 2017 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 POSITION  
DECEMBER 31, 2016**

	<b>Primary government</b>			<b>Component unit</b>
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>	<b>Economic Development Corporation</b>
<b>ASSETS:</b>				
Cash	\$ 9,145,224	\$ 2,746,245	\$ 11,891,469	\$ 99,218
Investments	14,679,825	7,916,699	22,596,524	-
Investments - replacement account	-	3,814,335	3,814,335	-
Receivables:				
Accounts	210,151	773,651	983,802	-
Taxes	4,858,509	-	4,858,509	-
Interest	60,105	36,372	96,477	-
Other	-	76,783	76,783	-
Internal balances	72,514	(72,514)	-	-
Prepaid items	18,002	2,341	20,343	-
Prepaid other postemployment benefits - restricted	2,859,870	249,814	3,109,684	-
Special assessments:				
Due within one year - interest	-	5,508	5,508	-
Due within one year	-	34,539	34,539	-
Due in more than one year	-	27,198	27,198	-
Note receivable:				
Due within one year	-	42,430	42,430	-
Due in more than one year	-	135,090	135,090	-
Deferred charges:				
Tap in charges - deferred	-	57,629	57,629	-
Capital assets not being depreciated:				
Land and construction in process	6,663,765	1,567,569	8,231,334	-
Other capital assets, net of accumulated depreciation	21,827,689	59,488,036	81,315,725	-
<b>TOTAL ASSETS</b>	<b>60,395,654</b>	<b>76,901,725</b>	<b>137,297,379</b>	<b>99,218</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension related items	1,859,306	-	1,859,306	-
Deferred charge on refunding	158,105	-	158,105	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,017,411</b>	<b>-</b>	<b>2,017,411</b>	<b>-</b>

See notes to financial statements.

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>	<b>Economic Development Corporation</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 427,955	\$ 557,194	\$ 985,149	\$ -
Customer deposits payable	108,523	74,140	182,663	-
Contract retainage payable	-	25,140	25,140	-
Accrued salaries and related items	335,024	-	335,024	-
Accrued interest	84,995	37,381	122,376	-
Unearned revenue	-	40,573	40,573	-
Noncurrent liabilities:				
Due within one year	1,180,874	1,370,988	2,551,862	-
Due in more than one year	8,112,891	7,669,865	15,782,756	-
Net pension liability	3,673,209	-	3,673,209	-
<b>TOTAL LIABILITIES</b>	<b>13,923,471</b>	<b>9,775,281</b>	<b>23,698,752</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	8,466,446	-	8,466,446	-
<b>NET POSITION:</b>				
Net investment in capital assets	20,229,294	52,395,336	72,624,630	-
Restricted for perpetual care	306,349	-	306,349	-
Restricted for paramedic services	1,937,585	-	1,937,585	-
Restricted for budget stabilization	450,000	-	450,000	-
Restricted for other postemployment benefits	2,859,870	249,814	3,109,684	-
Unrestricted	14,240,050	14,481,294	28,721,344	99,218
<b>TOTAL NET POSITION</b>	<b>\$ 40,023,148</b>	<b>\$ 67,126,444</b>	<b>\$ 107,149,592</b>	<b>\$ 99,218</b>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016**

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position			Component unit Economic Development Corporation
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government		Total	
					Governmental activities	Business-type activities		
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 3,523,557	\$ 646,279	\$ -	\$ 50,287	\$ (2,826,991)	\$ -	\$ (2,826,991)	\$ -
Public safety	5,898,527	472,511	-	-	(5,426,016)	-	(5,426,016)	-
Public works	1,742,997	1,404,764	-	-	(338,233)	-	(338,233)	-
Health and welfare	2,108,884	1,591,261	-	-	(517,623)	-	(517,623)	-
Community and economic development	425,920	22,675	-	-	(403,245)	-	(403,245)	-
Culture and recreation	1,453,813	265,032	-	-	(1,188,781)	-	(1,188,781)	-
Interest on long-term debt	372,962	-	-	-	(372,962)	-	(372,962)	-
Total governmental activities	15,526,660	4,402,522	-	50,287	(11,073,851)	-	(11,073,851)	-
Business-type activities:								
Water	5,316,236	6,053,629	-	402,439	-	1,139,832	1,139,832	-
Sewer	4,632,192	4,349,043	-	227,897	-	(55,252)	(55,252)	-
Total business activities	9,948,428	10,402,672	-	630,336	-	1,084,580	1,084,580	-
Total primary government	\$ 25,475,088	\$ 14,805,194	\$ -	\$ 680,623	-	-	(9,989,271)	-
<b>Component unit:</b>								
Economic Development Corporation	\$ 19	\$ -	\$ -	\$ -	-	-	-	(19)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					7,942,860	-	7,942,860	-
Paramedic levy					1,307,082	-	1,307,082	-
State sources					2,559,159	-	2,559,159	-
Franchise fee - cable					559,404	-	559,404	-
Investment earnings					162,468	106,550	269,018	697
Other					355,836	-	355,836	-
Total general revenues					12,886,809	106,550	12,993,359	697
Change in net position					1,812,958	1,191,130	3,004,088	678
Net position, beginning of year					38,210,190	65,935,314	104,145,504	98,540
Net position, end of year					\$ 40,023,148	\$ 67,126,444	\$ 107,149,592	\$ 99,218

See notes to financial statements.



**CHARTER TOWNSHIP OF DELTA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	<u>General</u>	<u>Paramedic fund (a special revenue fund)</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>				
<b>ASSETS:</b>				
Cash	\$ 7,469,716	\$ 841,818	\$ 833,690	\$ 9,145,224
Investments	12,034,712	1,356,464	1,288,649	14,679,825
Receivables:				
Accounts	210,151	-	-	210,151
Taxes	3,536,311	1,322,198	-	4,858,509
Interest	49,335	5,523	5,247	60,105
Due from other funds	72,514	-	-	72,514
Prepaid items	18,002	-	-	18,002
<b>TOTAL ASSETS</b>	<u>\$ 23,390,741</u>	<u>\$ 3,526,003</u>	<u>\$ 2,127,586</u>	<u>\$ 29,044,330</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 427,955	\$ -	\$ -	\$ 427,955
Customer deposits payable	108,523	-	-	108,523
Accrued salaries and related items	335,024	-	-	335,024
<b>TOTAL LIABILITIES</b>	<u>871,502</u>	<u>-</u>	<u>-</u>	<u>871,502</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	7,175,976	1,322,198	-	8,498,174
<b>FUND BALANCES:</b>				
Nonspendable:				
Prepaid items	18,002	-	-	18,002
Restricted:				
Budget stabilization	450,000	-	-	450,000
Perpetual care fund	-	-	306,349	306,349
Paramedic fund	-	1,937,585	-	1,937,585
Assigned:				
Debt service	-	-	33,958	33,958
Capital projects	-	-	1,787,279	1,787,279
Compensated absences	1,031,605	-	-	1,031,605
Roads	1,100,000	-	-	1,100,000

See notes to financial statements.

	<u>General</u>	<u>Paramedic fund (a special revenue fund)</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
<b>FUND BALANCES (Concluded):</b>				
Assigned (Concluded):				
Retiree health insurance	\$ 100,000	\$ -	\$ -	\$ 100,000
Non-motorized transportation	500,000	-	-	500,000
Economic development	500,000	-	-	500,000
Capital improvements	2,850,000	-	-	2,850,000
County drains	200,000	-	-	200,000
Subsequent years' expenditures	-	266,220	-	266,220
Unassigned	8,593,656	-	-	8,593,656
<b>TOTAL FUND BALANCES</b>	<u>15,343,263</u>	<u>2,203,805</u>	<u>2,127,586</u>	<u>19,674,654</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 23,390,741</u>	<u>\$ 3,526,003</u>	<u>\$ 2,127,586</u>	<u>\$ 29,044,330</u>
<b>Total governmental fund balances</b>				\$ 19,674,654
Amounts reported for governmental activities in the statement of net position are different because:				
Deferred outflows of resources - related to pensions				1,859,306
Deferred outflows of resources - related to deferred charge on refunding				158,105
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:				
Cost of the capital assets			\$ 51,402,994	
Less accumulated depreciation			<u>22,911,540</u>	
				28,491,454
Other postemployment benefits pre-payments which exceed the annual required contribution are recorded as prepaid				2,859,870
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:				
Delinquent personal property taxes receivable, less allowance for doubtful accounts				31,728
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				(6,663,262)
Other long-term debt				(1,598,898)
Compensated absences				(1,031,605)
Accrued interest				(84,995)
Net pension liability				<u>(3,673,209)</u>
<b>Net position of governmental activities</b>				<u>\$ 40,023,148</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, 2016**

	General	Paramedic fund (a special revenue fund)	Total nonmajor funds	Total governmental funds
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ 7,938,290	\$ -	\$ -	\$ 7,938,290
Paramedic levy	-	1,307,082	-	1,307,082
Licenses and permits	1,403,829	-	-	1,403,829
Charges for services	2,282,184	-	-	2,282,184
Investment earnings	126,761	21,588	14,119	162,468
Rental income	89,475	-	432,550	522,025
Local contributions	451,155	-	-	451,155
Other	647,597	-	10,972	658,569
Total local sources	12,939,291	1,328,670	457,641	14,725,602
State shared revenue	2,559,159	-	-	2,559,159
State and federal grants	50,287	-	-	50,287
Total revenues	15,548,737	1,328,670	457,641	17,335,048
<b>EXPENDITURES:</b>				
Current:				
General government	3,865,253	-	-	3,865,253
Public safety	6,356,445	-	-	6,356,445
Public works	1,435,285	-	-	1,435,285
Health and welfare	2,613,879	85,000	-	2,698,879
Community and economic development	420,912	-	-	420,912
Culture and recreation	1,531,377	-	-	1,531,377
Debt service:				
Principal repayment	230,481	-	150,000	380,481
Interest expense	45,248	-	283,346	328,594
Bond issuance cost	-	-	93,417	93,417
Total expenditures	16,498,880	85,000	526,763	17,110,643
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(950,143)	1,243,670	(69,122)	224,405
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from note payable	600,000	-	-	600,000
Bond proceeds	-	-	5,625,000	5,625,000
Bond premium	-	-	888,262	888,262
Payments to escrow agent	-	-	(6,419,845)	(6,419,845)
Transfers in	1,244,161	-	146,500	1,390,661
Transfers out	(146,500)	(1,183,281)	(60,880)	(1,390,661)
Total other financing sources (uses)	1,697,661	(1,183,281)	179,037	693,417
Net change in fund balances	747,518	60,389	109,915	917,822
<b>FUND BALANCES:</b>				
Beginning of year	14,595,745	2,143,416	2,017,671	18,756,832
End of year	\$ 15,343,263	\$ 2,203,805	\$ 2,127,586	\$ 19,674,654

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, 2016**

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

<b>Net change in fund balances - total governmental funds</b>	\$ 917,822
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	(1,359,720)
Capital outlay	1,256,946
Realized loss on disposal of fixed assets	(108,485)
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)	
	84,469
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	134,044
Accrued interest payable end of the year	(84,995)
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)	
Proceeds from note payable	(600,000)
Proceeds from bond issuance	(5,625,000)
Proceeds from bond premiums	(888,262)
Payments to escrow agent	6,419,845
Repayment of principal on long-term debt	380,481
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	(27,158)
Accrued revenue end of the year - primarily delinquent personal property taxes	31,728
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	985,301
Accrued compensated absences end of the year	(1,031,605)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Pension related items	1,327,547
<b>Change in net position of governmental activities</b>	<b>\$ 1,812,958</b>

**CHARTER TOWNSHIP OF DELTA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2016**

<b>ASSETS</b>	<b><u>Business-type activities-Enterprise funds</u></b>		
	<b><u>Sewer fund</u></b>	<b><u>Water fund</u></b>	<b><u>Total</u></b>
<b>CURRENT ASSETS:</b>			
Cash	\$ 2,191,195	\$ 555,050	\$ 2,746,245
Investments	3,526,582	4,390,117	7,916,699
Receivables:			
Accounts	392,644	381,007	773,651
Interest	18,497	17,875	36,372
Special assessment - current	6,585	27,954	34,539
Special assessment - interest	957	4,551	5,508
Other	41,442	35,341	76,783
Prepaid expenditures	-	2,341	2,341
Current portion of long-term receivable	-	42,430	42,430
<b>TOTAL CURRENT ASSETS</b>	<b><u>6,177,902</u></b>	<b><u>5,456,666</u></b>	<b><u>11,634,568</u></b>
<b>NONCURRENT ASSETS:</b>			
Investments - replacement account	1,644,893	2,169,442	3,814,335
Deferred charges:			
Tap in charges - deferred	35,652	21,977	57,629
Special assessment - deferred	976	26,222	27,198
Long-term receivable	-	135,090	135,090
Prepaid other postemployment benefits - restricted	195,558	54,256	249,814
Property, plant and equipment, net of accumulated depreciation	<u>26,439,153</u>	<u>34,616,452</u>	<u>61,055,605</u>
<b>TOTAL NONCURRENT ASSETS</b>	<b><u>28,316,232</u></b>	<b><u>37,023,439</u></b>	<b><u>65,339,671</u></b>
<b>TOTAL ASSETS</b>	<b><u>34,494,134</u></b>	<b><u>42,480,105</u></b>	<b><u>76,974,239</u></b>

<b>LIABILITIES AND NET POSITION</b>	<b>Business-type activities-Enterprise funds</b>		
	<b>Sewer fund</b>	<b>Water fund</b>	<b>Total</b>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 346,340	\$ 210,854	\$ 557,194
Customer deposits payable	63,090	11,050	74,140
Contract retainage payable	25,140	-	25,140
Accrued interest	-	37,381	37,381
Unearned revenue	-	40,573	40,573
Current portion of long-term liabilities	22,233	1,110,000	1,132,233
Current portion of compensated absences	196,243	42,512	238,755
Due to other funds	52,702	19,812	72,514
<b>TOTAL CURRENT LIABILITIES</b>	<b>705,748</b>	<b>1,472,182</b>	<b>2,177,930</b>
<b>LONG-TERM LIABILITIES, net of current portion:</b>			
Compensated absences	113,730	28,099	141,829
Bonds payable	-	7,360,000	7,360,000
Other long-term debt	177,861	-	177,861
Unamortized bond premiums (discount) - net	-	(9,825)	(9,825)
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>291,591</b>	<b>7,378,274</b>	<b>7,669,865</b>
<b>TOTAL LIABILITIES</b>	<b>997,339</b>	<b>8,850,456</b>	<b>9,847,795</b>
<b>NET POSITION:</b>			
Net investment in capital assets	26,239,059	26,156,277	52,395,336
Restricted for other postemployment benefits	195,558	54,256	249,814
Unrestricted	7,062,178	7,419,116	14,481,294
<b>TOTAL NET POSITION</b>	<b>\$ 33,496,795</b>	<b>\$ 33,629,649</b>	<b>\$ 67,126,444</b>

**CHARTER TOWNSHIP OF DELTA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 YEAR ENDED DECEMBER 31, 2016**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 3,972,757	\$ 5,632,241	\$ 9,604,998
Capital charges	295,343	77,060	372,403
Hydrant rental	-	142,380	142,380
Forfeited discounts	44,800	66,104	110,904
Other services charges	-	120,815	120,815
Other	36,143	14,725	50,868
	<u>4,349,043</u>	<u>6,053,325</u>	<u>10,402,368</u>
<b>OPERATING EXPENSES:</b>			
Costs of sales and services	3,477,843	4,027,368	7,505,211
Depreciation	1,142,677	1,081,378	2,224,055
	<u>4,620,520</u>	<u>5,108,746</u>	<u>9,729,266</u>
Total operating revenues			
Total operating expenses			
Operating income (loss)	<u>(271,477)</u>	<u>944,579</u>	<u>673,102</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Contributions - infrastructure	227,897	402,439	630,336
Main charges	-	304	304
Investment income - net	53,383	53,167	106,550
Interest and fiscal charges	(11,672)	(208,936)	(220,608)
Amortization of bond discount	-	(3,122)	(3,122)
Amortization of bond premium	-	4,568	4,568
	<u>269,608</u>	<u>248,420</u>	<u>518,028</u>
Total non-operating revenues (expenses) - net			
Change in net position	(1,869)	1,192,999	1,191,130
<b>NET POSITION, beginning of year</b>	<u>33,498,664</u>	<u>32,436,650</u>	<u>65,935,314</u>
<b>NET POSITION, end of year</b>	<u>\$ 33,496,795</u>	<u>\$ 33,629,649</u>	<u>\$ 67,126,444</u>

**CHARTER TOWNSHIP OF DELTA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2016**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 4,004,236	\$ 5,704,083	\$ 9,708,319
Capital charges	295,343	77,060	372,403
Hydrant rental	-	142,380	142,380
Forfeited discounts	44,800	66,104	110,904
Other services charges	-	120,815	120,815
Other	36,143	14,725	50,868
Payment to suppliers	(1,174,803)	(3,176,013)	(4,350,816)
Payment to employees	(2,272,437)	(819,172)	(3,091,609)
Receipt (payment) for interfund services	(2,336)	906	(1,430)
Net cash provided in operating activities	<u>930,946</u>	<u>2,130,888</u>	<u>3,061,834</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Contributions	227,897	402,439	630,336
Main and tap in charges	12,108	8,922	21,030
Net cash provided by noncapital financing activities	<u>240,005</u>	<u>411,361</u>	<u>651,366</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Interest received from special assessments	3,810	7,879	11,689
Proceeds (payments) from special assessments	(15,602)	39,862	24,260
Proceeds from sale of fixed assets	2,597	-	2,597
Proceeds from issuance of debt	-	4,570,000	4,570,000
Principal repayments on debt	(22,233)	(5,670,000)	(5,692,233)
Interest paid on bonds and land contract	(11,672)	(213,087)	(224,759)
Payments for capital acquisitions	(3,078,437)	(449,896)	(3,528,333)
Net cash used by capital and related financing activities	<u>(3,121,537)</u>	<u>(1,715,242)</u>	<u>(4,836,779)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received from investments	55,764	44,663	100,427
Proceeds (purchase) of investments	2,011,663	(753,741)	1,257,922
Net cash provided (used) by investing activities	<u>2,067,427</u>	<u>(709,078)</u>	<u>1,358,349</u>
<b>NET INCREASE IN CASH</b>	<u>116,841</u>	<u>117,929</u>	<u>234,770</u>
<b>CASH:</b>			
Beginning of year	<u>2,074,354</u>	<u>437,121</u>	<u>2,511,475</u>
End of year	<u>\$ 2,191,195</u>	<u>\$ 555,050</u>	<u>\$ 2,746,245</u>

See notes to financial statements.



**CHARTER TOWNSHIP OF DELTA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2016**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
<b>RECONCILIATION OF NET OPERATING REVENUES            (EXPENSE) TO NET CASH PROVIDED            (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (271,477)	\$ 944,579	\$ 673,102
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,142,677	1,081,378	2,224,055
Gain on the sale of fixed assets	(2,597)	-	(2,597)
(Increase) decrease in assets:			
Receivables	31,479	71,842	103,321
Prepaid expenditures	(66,024)	(15,797)	(81,821)
Due to/from other funds - net	(2,336)	906	(1,430)
Increase (decrease) in liabilities:			
Accounts payable	122,039	23,568	145,607
Accrued compensated absences	(16,634)	15,055	(1,579)
Customer deposits	-	1,080	1,080
Contract retainage payable	(6,181)	-	(6,181)
Unearned revenue	-	8,277	8,277
Net cash provided by operating activities	<u>\$ 930,946</u>	<u>\$ 2,130,888</u>	<u>\$ 3,061,834</u>

**CHARTER TOWNSHIP OF DELTA  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	<b>Pension trust fund</b>	<b>Other post employment benefit trust fund</b>	<b>Agency fund</b>
	<b>Employee retirement</b>	<b>Retiree health benefits</b>	<b>Tax collection fund</b>
<b>ASSETS</b>			
<b>ASSETS:</b>			
Cash	\$ -	\$ -	\$ 992,251
Investments	17,931,110	12,278,164	1,593,821
Taxes receivable - delinquent	-	-	432,892
Interest receivable	-	-	6,489
	<b>17,931,110</b>	<b>12,278,164</b>	<b>3,025,453</b>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES:</b>			
Undistributed tax collections:			
Current	-	-	2,589,561
Delinquent and other	-	-	435,892
	<b>-</b>	<b>-</b>	<b>3,025,453</b>
<b>TOTAL LIABILITIES</b>			
<b>NET POSITION:</b>			
Restricted for pension and other post employment benefits	<b>\$ 17,931,110</b>	<b>\$ 12,278,164</b>	<b>\$ -</b>

**CHARTER TOWNSHIP OF DELTA  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2016**

	<b>Pension trust fund</b>	<b>Other post employment benefit trust fund</b>
	<b>Employee retirement</b>	<b>Retiree health benefits</b>
<b>ADDITIONS:</b>		
Investment - net	\$ 937,223	\$ 709,318
Contributions	770,725	400,000
Total additions	1,707,948	1,109,318
<b>DEDUCTIONS:</b>		
Distributions	1,759,106	-
Change in net position	(51,158)	1,109,318
<b>NET POSITION:</b>		
Beginning of year	17,982,268	11,168,846
End of year	\$ 17,931,110	\$ 12,278,164

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *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.

**B. 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 is governed by the Charter Township of Delta Board of Trustees (the “Board”), which has responsibility and control over all activities related to the Township. 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)**

**C. Basis of Presentation - Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds, while business-type activities incorporate data from the government's enterprise funds. 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.

As discussed earlier, the Township has one discretely presented component units. While the Economic Development Corporation of the Charter Township of Delta is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

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.

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the Township's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Presentation - Fund Financial Statements (Continued)**

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.

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.

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Presentation - Fund Financial Statements (Concluded)**

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

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

The governmental 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 Township considers revenues to be available if they are generally 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Measurement Focus and Basis of Accounting (Concluded)**

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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**F. Budgetary Information**

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund. The capital projects fund is appropriated on a project-length basis.

The appropriate budget is prepared by fund, function and department. The Township's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The Township does not utilize encumbrance accounting.

The budget was amended during the year with supplemental appropriations. The budget was approved prior to December 31, 2016. The Township does not consider the amendments to be significant. Violations, if any, are noted in the required supplementary information sections.



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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**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 fair value.

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost).

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 U.S. Treasury; 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.

**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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**3. Prepaid Items**

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, water and sewer lines 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.

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:

Assets	Years
Buildings	50
Building improvements	20
Land improvements/sidewalks	15 - 25
Sewer and water mains	50
Flowage rights	40
Streets and highways	15
Vehicles	5
Equipment	3 - 5

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Township has two items that qualify for reporting in this category. They are the deferred change on refunding and pension related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension related items and is expensed in the plan years in which it applies.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item that qualifies for reporting in this category. The Township reports unavailable revenues from one source: property taxes. These amounts are property taxes levied for the next fiscal year.

**6. Pension**

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**7. Other Postemployment Benefit Costs**

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**8. Net position flow assumption**

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

**9. Fund balance flow assumptions**

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

**10. Fund balance policies**

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Concluded)**

**10. Fund balance policies (Concluded)**

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The board of trustees has by resolution authorized the Township Manager and Finance Director to assign fund balance. The board of trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment

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.

**11. Comparative Data/Reclassifications**

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

**12. 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 (Continued)**

**H. Revenues and Expenditures/Expenses**

**1. Program revenues**

Amounts reported as *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) operating grants and contributions and 3) capital grants and contributions, including special assessments. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property taxes**

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 inflows of resources. Property tax receivables related to delinquent taxes are also unavailable unless collected within 60 days of year-end.

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 2016, 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.

**3. 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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**H. Revenues and Expenditures/Expenses (Concluded)**

**4. 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 position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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.

**5. Proprietary funds operating and nonoperating revenues and expenses**

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.

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of December 31, 2016, the Township had the following investments.

<u>Investment Type</u>	<u>Fair value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard &amp; Poor's Rating</u>	<u>%</u>
U.S. Treasury Notes	\$ 3,229,481	1.0770	AA+	10.1%
U.S. Agency Loans	7,599,820	2.6518	AA+	23.7%
U.S. Mortgage Backed Securities	8,379,484	2.3963	AA+	26.1%
U.S. Agencies - Corporate	554,408	3.8247	AA+	1.7%
Municipal Bonds	3,158,906	0.7843	AA-	9.8%
Certificate of Deposit	97,222	0.0412	N/A	0.3%
Commercial Paper	2,450,935	0.2187	A-1	7.6%
MI CLASS External Investment Pool	<u>6,630,580</u>	0.0027	AAA	<u>20.7%</u>
Total fair value	<u>\$ 32,100,836</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>1.5223</u>		

1 day maturity equals 0.0027, one 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 MI CLASS. MI CLASS is an external pooled investment fund of “qualified” investments for Michigan townships. MI CLASS is not regulated nor is it registered with the SEC. MI CLASS reports as of December 31, 2016, 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 2 - 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, 2016, \$11,156,003 of the Township's bank balance of \$11,625,153 was exposed to custodial credit risk because it was uninsured and uncollateralized. Certificates of deposits and money market accounts are included in the above totals. The balance of \$8,886,782 is reported as deposits on the financial statements as of December 31, 2016.

**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.

**Fair value measurement.** The Township is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

The Township reports their investments according to the following levels:

	Level 2
U.S. Treasury Notes	\$ 3,229,481
U.S. Agency Loans	7,599,820
U.S. Mortgage Backed Securities	8,379,484
U.S. Agencies - Corporate	554,408
Municipal Bonds	3,158,906
Certificate of Deposit	97,222
Commercial Paper	2,450,935
MI CLASS External Investment Pool	6,630,580
Total fair value	\$ 32,100,836

**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 2:

Deposits	\$ 8,886,782
Investments	32,100,836
	\$ 40,987,618

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

Cash:	
Township wide	\$ 11,891,469
Component unit - Economic Development Corporation	99,218
Tax collection fund (a fiduciary fund)	992,251
Investments:	
Township wide	22,596,524
Township wide - replacement account	3,814,335
Tax collection fund (a fiduciary fund)	1,593,821
	\$ 40,987,618

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

**NOTE 2 - 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, 2016:

	Other post employment benefit trust fund (Level 1)	Pension Trust Fund (Level 1)
Balanced funds	\$ 12,278,164	\$ 5,788,150
U.S. Stock funds	-	5,830,229
Stable Value funds	-	4,072,444
Bond funds	-	1,023,388
Guaranteed Lifetime Income funds	-	632,721
Specialty	-	192,303
International Stock funds	-	391,875
	\$ 12,278,164	\$ 17,931,110

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

**NOTE 3 - CAPITAL ASSETS**

The capital assets are as follows:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,063,765	\$ 600,000	\$ -	\$ 6,663,765
Capital assets, being depreciated:				
Buildings and building equipment	17,947,276	116,482	-	18,063,758
Land improvements and sidewalks	6,170,546	149,110	-	6,319,656
Vehicles	1,526,284	58,735	15,701	1,569,318
Flowage rights	8,546,530	-	-	8,546,530
Streets and highways	4,191,142	151,355	-	4,342,497
Equipment	5,962,653	181,264	246,447	5,897,470
Total capital assets, being depreciated	44,344,431	656,946	262,148	44,739,229
Less accumulated depreciation for:				
Buildings and building equipment	6,724,627	334,666	-	7,059,293
Land improvements	3,993,572	177,921	-	4,171,493
Vehicles	1,331,249	157,658	15,701	1,473,206
Flowage rights	2,654,674	213,663	-	2,868,337
Streets and highways	2,765,071	135,003	-	2,900,074
Equipment	4,236,290	340,809	137,962	4,439,137
Total accumulated depreciation	21,705,483	1,359,720	153,663	22,911,540
Total capital assets, being depreciated, net	22,638,948	(702,774)	108,485	21,827,689
Total	\$ 28,702,713	\$ (102,774)	\$ 108,485	\$ 28,491,454

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

**NOTE 3 - CAPITAL ASSETS (Concluded)**

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Primary government:				
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,567,569	\$ -	\$ -	\$ 1,567,569
Construction in process	179,805	-	179,805	-
Total capital assets, not being depreciated	<u>1,747,374</u>	<u>-</u>	<u>179,805</u>	<u>1,567,569</u>
Capital assets, being depreciated:				
Buildings and building equipment	29,202,696	21,187	-	29,223,883
Land improvements/sidewalks	59,085	-	-	59,085
Equipment	2,631,743	79,897	18,934	2,692,706
Sewer and water mains	89,169,051	3,607,054	-	92,776,105
Total capital assets, being depreciated	<u>121,062,575</u>	<u>3,708,138</u>	<u>18,934</u>	<u>124,751,779</u>
Less accumulated depreciation for:				
Buildings and building equipment	25,882,211	214,734	-	26,096,945
Land improvements/sidewalks	59,085	-	-	59,085
Equipment	2,297,712	108,989	18,934	2,387,767
Sewer and water mains	34,819,614	1,900,332	-	36,719,946
Total accumulated depreciation	<u>63,058,622</u>	<u>2,224,055</u>	<u>18,934</u>	<u>65,263,743</u>
Total capital assets, being depreciated, net	<u>58,003,953</u>	<u>1,484,083</u>	<u>-</u>	<u>59,488,036</u>
Total	<u>\$ 59,751,327</u>	<u>\$ 1,484,083</u>	<u>\$ 179,805</u>	<u>\$ 61,055,605</u>

Depreciation expense was charged to functions/programs of the primary government at December 31, 2016 as follows:

Governmental activities:	
General government	\$ 332,690
Public safety	267,115
Public works	524,040
Health and welfare	157,149
Culture and recreation	78,726
Total depreciation expense - governmental activities	<u>\$ 1,359,720</u>
Business type activities:	
Water	\$ 1,081,378
Sewer	1,142,677
Total depreciation expense - business-type activities	<u>\$ 2,224,055</u>

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

**NOTE 4 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS**

The composition of interfund balances as of December 31, 2016 is as follows:

Receivable fund	Amount	Payable fund	Amount
General fund	\$ 72,514	Water fund	\$ 19,812
		Sewer fund	52,702
			\$ 72,514

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.

	Transfer in	
Transfer out:	General fund	Nonmajor special revenue
General fund	\$ -	\$ 146,500
Major special revenue	1,183,281	-
Nonmajor capital projects fund	58,764	-
Nonmajor perpetual care fund	2,116	-
	\$ 1,244,161	\$ 146,500

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 5 - 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 5 - 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%	\$ 5,775,000
Business-type activities	2.00% - 2.31%	7,080,000
		<u>\$ 12,855,000</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>
2017	\$ 150,000	\$ 243,000	\$ 785,000	\$ 146,111
2018	180,000	221,400	830,000	128,698
2019	180,000	214,200	825,000	110,823
2020	180,000	207,000	870,000	92,486
2021	180,000	199,800	860,000	73,744
2022 - 2026	880,000	892,600	2,910,000	111,439
2027 - 2031	1,530,000	663,000	-	-
2032 - 2036	2,055,000	303,900	-	-
2037	440,000	8,800	-	-
	<u>\$ 5,775,000</u>	<u>\$ 2,953,700</u>	<u>\$ 7,080,000</u>	<u>\$ 663,301</u>

On September 7, 2016, the Township issued general obligations bonds of \$5,625,000 with an interest rate of 4.00% to advance refund a portion of the Township's 2007 bonds with interest rates of 4.00% to 4.50%. The bonds mature at various times through April 1, 2037. The general obligation bonds were issued at a premium of \$888,262 after paying issuance costs of \$93,417, the net proceeds were \$6,419,845. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the Township's government-wide financial statements.

As a result of the advance refunding, the Township reduced its total debt requirements by \$1,349,925, creating an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$1,100,068.

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

**NOTE 5 - LONG-TERM DEBT (Continued)**

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	3.00% - 3.25%	<u>\$ 1,390,000</u>

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>
2017	\$ 325,000	\$ 40,725
2018	340,000	32,475
2019	355,000	22,275
2020	<u>370,000</u>	<u>11,625</u>
	<u>\$ 1,390,000</u>	<u>\$ 107,100</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 flowage rights for the drains.

The Township issued a note payable to the City of Lansing for the purchase of the Grand Woods Park.

General assessment and note payable outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Amount</u>
Governmental activities	3.25% - 4.25%	\$ 1,598,898
Business type activities	3.25%	<u>200,094</u>
		<u>\$ 1,798,992</u>



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

**NOTE 5 - LONG-TERM DEBT (Continued)**

Other 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
2017	\$ 230,481	\$ 41,495	\$ 22,233	\$ 10,533
2018	230,481	37,516	22,233	9,337
2019	230,481	35,090	22,233	6,730
2020	230,481	29,784	22,233	7,003
2021	110,481	25,949	22,233	5,852
2022 - 2026	468,809	71,616	88,929	11,677
2027 - 2031	97,684	14,327	-	-
	\$ 1,598,898	\$ 255,777	\$ 200,094	\$ 51,132

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

**NOTE 5 - LONG-TERM DEBT (Concluded)**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 6,600,000	\$ 5,625,000	\$ (6,450,000)	\$ 5,775,000	\$ 150,000
Bond premium	-	888,262	-	888,262	-
Bond discount	(38,260)	-	38,260	-	-
Total bonds payable	6,561,740	6,513,262	(6,411,740)	6,663,262	150,000
General assessment payable	1,229,379	-	(110,481)	1,118,898	230,481
Note payable	-	600,000	(120,000)	480,000	120,000
Compensated absences	985,301	46,304	-	1,031,605	680,393
	<u>\$ 8,776,420</u>	<u>\$ 7,159,566</u>	<u>\$ (6,642,221)</u>	<u>\$ 9,293,765</u>	<u>\$ 1,180,874</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation	\$ 7,870,000	\$ -	\$ (790,000)	\$ 7,080,000	\$ 785,000
Revenue bonds	1,700,000	-	(310,000)	1,390,000	325,000
Total bonds payable	9,570,000	-	(1,100,000)	8,470,000	1,110,000
Other long-term debt	222,327	-	(22,233)	200,094	22,233
Add/(deduct):					
Bond discount	(31,217)	-	3,122	(28,095)	-
Bond premiums	22,838	-	(4,568)	18,270	-
	9,783,948	-	(1,123,679)	8,660,269	1,132,233
Compensated absences	345,769	34,815	-	380,584	238,755
	<u>\$ 10,129,717</u>	<u>\$ 34,815</u>	<u>\$ (1,123,679)</u>	<u>\$ 9,040,853</u>	<u>\$ 1,370,988</u>

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

**NOTE 6 - 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 \$8,751,983 in 2016. The base salary amounted to \$5,131,136. The Township made the required contributions of \$641,392. 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.

*Defined Benefit Plan*

Plan Description

The Township and its firefighters union elected to place the full-time firefighters into the Municipal Employees Retirement System (MERS) of Michigan. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

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

**NOTE 6 - PENSION PLANS (Continued)**

Benefits Provided

	2015 Valuation
Benefit Multiplier:	Bridged Benefit: 2.50% Multiplier (80% max) Frozen FAC; to 2.00% Multiplier (no max)
Bridged Benefit Date:	6/30/2015
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Member Contributions:	10.83%
Act 88:	No

**Employees covered by benefit terms.** At the December 31, 2015 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	6
Active employees	38
	60

**Contributions.** The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer contributions was 9.00% based on annual payroll for open divisions. At year end, the Township is current on all required pension plan payments. Amounts accrued at year end for accounting purposes was approximately \$18,700. These amounts represent current payments for December paid in January.

**Net Pension Liability.** The employer's Net Pension Liability was measured as of December 31, 2015, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

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

**NOTE 6 - PENSION PLANS (Continued)**

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

Inflation: 2.5%

Salary Increases: 3.75% in the long-term

Investment rate of return: 7.75%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

Asset class	Target allocation	Long-term expected real rate of return
Global Equity	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%

**Discount Rate.** The discount rate used to measure the total pension liability is 8.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**NOTE 6 - PENSION PLANS (Continued)**

Changes in Net Pension Liability

	Increase (decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 12/31/2014	\$ 13,716,449	\$ 9,225,578	\$ 4,490,871
Changes for the year:			
Service Cost	502,823	-	502,823
Interest on total pension liability	1,125,219	-	1,125,219
Changes in benefits	(1,854,686)	-	(1,854,686)
Difference between expected and actual experience	54,919	-	54,919
Changes of assumptions	790,245	-	790,245
Employer contributions	-	1,215,567	(1,215,567)
Employee contributions	-	416,946	(416,946)
Net investment income	-	(174,811)	174,811
Benefit payments including employee refunds	(657,682)	(657,682)	-
Administrative expense	-	(21,520)	21,520
Other charges	-	-	-
Net changes	(39,162)	778,500	(817,662)
Balances as of 12/31/2015	\$ 13,677,287	\$ 10,004,078	\$ 3,673,209

**Sensitivity of the Net Pension Liability to changes in the discount rate.** The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability at 12/31/2015	\$ -	\$ 3,673,209	\$ -
Change in Net Pension Liability (NPL)	1,771,329	-	(1,464,220)
Calculated NPL	\$ 5,444,538	\$ 3,673,209	\$ 2,208,989

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

**NOTE 6 - PENSION PLANS (Concluded)**

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

For the year ended December 31, 2016 the employer recognized pension benefit of \$1,106,717. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences in experiences	\$ 47,073	\$ -
Differences in assumptions	677,353	-
Excess (deficit) investment returns	880,354	-
Contributions subsequent to the measurement date*	254,526	-
	\$ 1,859,306	\$ -

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending 2016.

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

Year end December 31,			
2017		\$	349,173
2018			349,173
2019			349,173
2020			315,787
2021			120,737
2022			120,737

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits and deferred compensation plan described in Note 6, 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 two years. The information provided is the results of the most recent actuarial valuation with a measurement date of December 31, 2015.

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

**NOTE 7 - 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 9.23 percent of annual covered payroll. The Township contributed \$354,842 for their portion of shared costs with retiree's premiums. At December 31, 2015, the date of the latest actuarial valuation, participants in the Plan consisted of:

Retirees and beneficiaries receiving benefits	49
Active employees	<u>117</u>
Total	<u><u>166</u></u>

*Funding progress.* For the year ended December 31, 2016 the Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2015. 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 13 years. Based on that valuation, the Township contributed \$752,842 in the year ended December 31, 2016 which represents 127.8% of the annual required contribution. The value of the Plan's assets at the end of December 31, 2016 was \$11,850,007.

Annual required contribution (recommended)	\$ 588,893
Amounts contributed:	
Payments of current expenses (ARC and retiree premiums)	<u>(752,842)</u>
Decrease in net OPEB obligation	(163,949)
OPEB obligation (prepayment):	
Beginning of year	<u>(2,945,735)</u>
End of year	<u><u>\$ (3,109,684)</u></u>



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

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Concluded)**

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,		
	2014	2015	2016
Annual OPEB costs	\$ 2,799,844	\$ 769,885	\$ 752,842
Percentage contributed	455.7%	123.1%	127.8%

The funding progress of the Plan as of the most recent valuation date of December 31, 2015, is as follows:

Actuarial accrued liability (AAL)	\$ 14,300,852
Actuarial value of plan assets - 12/31/2015	10,767,514
Unfunded actuarial accrued liability (UAAL)	\$ 3,533,338
Funded ratio (actuarial value of plan assets/AAL)	75.3%
Covered payroll (active plan members)	\$ 8,019,262
UAAL as a percentage of covered payroll	44.1%

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, 2015, 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 5 percent per annum. Both rates include a 3 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, 2015 was thirteen years.

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

**NOTE 8 - 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, 2016 and 2015, there was no outstanding value of the long-term financing bonds receivable and bonds payable incurred in the aforementioned manner.

**NOTE 9 - 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 2016 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.

**NOTE 10 - 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, 2016 building department revenues were \$768,820 and expenditures were \$777,091.

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

**NOTE 11 - LIBRARY CONSTRUCTION**

In April 2007, the Township and the Library entered into a thirty-five year operating lease. Lease revenue is scheduled as follows:

Year ending December 31,		
2017	\$	393,000
2018		401,400
2019		394,200
2020		387,000
2021		379,800
2022 - 2026		1,772,600
2027 - 2031		2,193,000
2032 - 2036		2,358,900
2037		448,800
		\$ 8,728,700

**NOTE 12 - TAX ABATEMENTS**

The Township entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Tax Exemption (IFT) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on new plant and new industrial property is computed at 50% of the taxes levied. The Township can elect to freeze the taxable values for rehabilitation properties.

For the year ended December 31, 2016, the Township abated property tax revenue for general operations and emergency services totaling \$134,160 under this program. The Township can recoup the taxes abated if the terms of the contract are not met.

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

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued by the GASB in June 2015 and will be effective for the Township's 2018 year end. The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 75 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CHARTER TOWNSHIP OF DELTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2016**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget</b>
<b>REVENUES:</b>				
Taxes	\$ 7,219,300	\$ 7,219,300	\$ 7,938,290	\$ 718,990
Licenses and permits	1,840,600	1,865,600	1,403,829	(461,771)
Charges for services	2,104,202	2,104,202	2,282,184	177,982
Investment income - net	190,000	190,000	126,761	(63,239)
Rental income	56,100	56,100	89,475	33,375
Local contributions	427,525	427,525	451,155	23,630
Other	612,615	612,615	647,597	34,982
State shared revenue	2,664,127	2,664,127	2,559,159	(104,968)
State and federal grants	61,000	61,000	50,287	(10,713)
Total revenues	<u>15,175,469</u>	<u>15,200,469</u>	<u>15,548,737</u>	<u>348,268</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Legislative - trustees	83,904	83,904	82,924	980
Manager	430,734	430,734	295,501	135,233
Assessing	580,816	580,816	545,735	35,081
Clerk	569,002	569,002	568,971	31
Treasurer	267,716	267,716	229,007	38,709
Computer	231,291	231,291	225,600	5,691
Township hall and grounds	400,297	400,297	397,826	2,471
General service administration	747,750	1,347,750	1,319,349	28,401
Cemetery	221,237	221,237	200,340	20,897
Total general government	<u>3,532,747</u>	<u>4,132,747</u>	<u>3,865,253</u>	<u>267,494</u>
Public safety:				
Law enforcement - police	3,131,911	3,131,911	3,110,375	21,536
Fire	2,638,081	2,638,081	2,610,622	27,459
Emergency operations center	21,000	21,000	17,978	3,022
Protective inspection	643,282	643,282	617,470	25,812
Total public safety	<u>6,434,274</u>	<u>6,434,274</u>	<u>6,356,445</u>	<u>77,829</u>

**CHARTER TOWNSHIP OF DELTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2016**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
<b>EXPENDITURES (Concluded):</b>				
Current:				
Public works:				
Department of public works	\$ 78,012	\$ 78,012	\$ 74,052	\$ 3,960
Drains	97,181	97,181	90,870	6,311
Streets and highways	386,000	386,000	330,759	55,241
Engineering	399,764	399,764	355,293	44,471
Street lighting	600,635	600,635	584,311	16,324
Total public works	<u>1,561,592</u>	<u>1,561,592</u>	<u>1,435,285</u>	<u>126,307</u>
Health and welfare:				
Paramedics	<u>2,674,893</u>	<u>2,674,893</u>	<u>2,613,879</u>	<u>61,014</u>
Community and economic development:				
Planning	360,206	360,206	320,556	39,650
Economic development	<u>102,054</u>	<u>102,054</u>	<u>100,356</u>	<u>1,698</u>
Total community and economic development	<u>462,260</u>	<u>462,260</u>	<u>420,912</u>	<u>41,348</u>
Culture and recreation:				
Parks and recreation	<u>1,504,367</u>	<u>1,529,367</u>	<u>1,531,377</u>	<u>(2,010)</u>
Debt service				
Debt service	<u>275,729</u>	<u>275,729</u>	<u>275,729</u>	<u>-</u>
Total expenditures	<u>16,445,862</u>	<u>17,070,862</u>	<u>16,498,880</u>	<u>571,982</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Drain assessments issued by Eaton County	-	600,000	600,000	-
Transfers in	1,416,893	1,416,893	1,244,161	(172,732)
Transfers out	<u>(146,500)</u>	<u>(146,500)</u>	<u>(146,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,270,393</u>	<u>1,870,393</u>	<u>1,697,661</u>	<u>(172,732)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>747,518</u>	<u>\$ 747,518</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>14,595,745</u>	
End of year			<u>\$ 15,343,263</u>	

**CHARTER TOWNSHIP OF DELTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
PARAMEDIC SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2016**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget</b>
<b>REVENUES:</b>				
Taxes and special assessments	\$ 1,315,000	\$ 1,315,000	\$ 1,307,082	\$ (7,918)
Investment income - net	25,000	25,000	21,588	(3,412)
	<u>1,340,000</u>	<u>1,340,000</u>	<u>1,328,670</u>	<u>(11,330)</u>
<b>EXPENDITURES:</b>				
Current:				
Health and welfare	99,600	99,600	85,000	14,600
Excess of revenues over expenditures	1,240,400	1,240,400	1,243,670	3,270
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,354,893)	(1,354,893)	(1,183,281)	171,612
Net change in fund balance	<u>\$ (114,493)</u>	<u>\$ (114,493)</u>	60,389	<u>\$ 174,882</u>
<b>FUND BALANCE</b> , beginning of year			2,143,416	
<b>FUND BALANCE</b> , end of year			<u>\$ 2,203,805</u>	



**CHARTER TOWNSHIP OF DELTA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY  
AND RELATED RATIOS  
FOR THE MERS RETIREMENT PLAN  
LAST 10 FISCAL YEARS**

	2015	2014
<b>Total pension liability</b>		
Service cost	\$ 502,823	\$ 495,489
Interest	1,125,219	1,048,403
Changes of benefit terms	(1,854,686)	-
Difference between expected and actual experience	54,919	-
Changes of assumptions	790,245	-
Benefit payments including employee refunds	(657,682)	(575,223)
Other	-	-
<b>Net change in total pension liability</b>	(39,162)	968,669
<b>Total pension liability beginning</b>	13,716,449	12,747,780
<b>Total pension liability ending</b>	\$ 13,677,287	\$ 13,716,449
<b>Plan fiduciary net position</b>		
Contributions-employer	\$ 1,215,567	\$ 203,339
Contributions-employee	416,946	498,207
Net investment income	(174,811)	544,848
Benefit payments including employee refunds	(657,682)	(575,223)
Administrative expense	(21,520)	(20,098)
<b>Net change in plan fiduciary net position</b>	778,500	651,073
<b>Plan fiduciary net position beginning</b>	\$ 9,225,578	8,574,505
<b>Plan fiduciary net position ending</b>	\$ 10,004,078	\$ 9,225,578
<b>Employer net pension liability</b>	\$ 3,673,209	\$ 4,490,871
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	73.14%	67.26%
<b>Covered employee payroll</b>	\$ 2,359,565	\$ 2,325,150
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	155.67%	193.14%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

**CHARTER TOWNSHIP OF DELTA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE MERS RETIREMENT PLAN  
LAST 10 FISCAL YEARS**

	2015	2014
Actuarial Determined Contributions	\$ 215,567	\$ 203,339
Contributions in relation to the actuarially determined contribution	215,567	203,339
Contribution deficiency (excess)	\$ -	\$ -
Covered Employee Payroll	\$ 2,359,565	\$ 2,325,150
Contributions as a percentage of covered employee payroll	9%	9%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

**CHARTER TOWNSHIP OF DELTA  
NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION  
FOR THE MERS RETIREMENT PLAN**

Notes to the Schedule of Changes in Employer’s Net Pension Liability and Related Ratios

*Benefit changes* - for 2015 the plan multiplier was lowered to 2.00% with no max from 2.50% with 80% max

*Changes in assumptions* - the 2015 actuarial numbers reflect a change in assumed life expectancy for longer lifetimes, assumed rate of investment return was lowered from 8.25% to 8%, and the asset smoothing period was changed from 10 years to 5 years.

Notes to the Schedule of Employer Contributions

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	23 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary Increases	3.8%
Investment rate of return	8.0%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male RP-2014 Group Annuity Mortality Table

**CHARTER TOWNSHIP OF DELTA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE POSTRETIREMENT HEALTH CARE PLAN FUNDING PROGRESS  
YEAR ENDED DECEMBER 31, 2016**

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)
2009	\$ 4,124,502	\$ 11,436,918	\$ 7,312,416	36%	\$ 8,309,559	88%
2012	6,558,140	13,156,272	6,598,132	50%	7,074,701	93%
2015	10,767,514	14,300,852	3,533,338	75%	8,019,262	44%

Schedule of employer contributions

Year ended December	Actual valuation date	Annual required contribution	Percentage contributed
2014	December 31, 2012	\$ 614,339	455.7%
2015	December 31, 2012	625,303	123.1%
2016	December 31, 2015	588,893	127.8%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2015 the latest actuarial valuation follows:

Actuarial cost method	Individual entry age
Amortization method	Level percent, closed
Amortization period	13 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	3.0%
Valuation health care cost trend rate	5.0% per annum

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**CHARTER TOWNSHIP OF DELTA  
GENERAL FUND  
BALANCE SHEETS  
DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
<b>ASSETS:</b>		
Cash	\$ 7,469,716	\$ 7,529,947
Investments	12,034,712	10,609,592
Receivables:		
Accounts	210,151	430,914
Taxes	3,536,311	3,674,604
Interest	49,335	39,054
Due from other funds	72,514	73,944
Prepaid items	18,002	85,983
<b>TOTAL ASSETS</b>	<b>\$ 23,390,741</b>	<b>\$ 22,444,038</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 427,955	\$ 291,745
Customer deposits payable	108,523	104,199
Accrued salaries and related items	335,024	332,249
<b>TOTAL LIABILITIES</b>	<b>871,502</b>	<b>728,193</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Unavailable revenue - property taxes	7,175,976	7,120,100
<b>FUND BALANCE:</b>		
Nonspendable:		
Prepaid items	18,002	85,983
Restricted:		
Budget stabilization	450,000	450,000
Assigned:		
Compensated absences	1,031,605	985,301
Roads	1,100,000	1,000,000
Retiree health insurance	100,000	100,000
Non-motorized transportation	500,000	500,000
Economic development	500,000	500,000
Capital improvements	2,850,000	2,400,000
County drains	200,000	200,000
Unassigned	8,593,656	8,374,461
<b>TOTAL FUND BALANCE</b>	<b>15,343,263</b>	<b>14,595,745</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 23,390,741</b>	<b>\$ 22,444,038</b>

**CHARTER TOWNSHIP OF DELTA  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>REVENUES:</b>		
Taxes	\$ 7,938,290	\$ 7,624,984
Licenses and permits	1,403,829	1,577,129
Charges for services	2,282,184	2,218,575
Investment income - net	126,761	148,965
Rental income	89,475	82,937
Local contributions	451,155	378,036
Other	647,597	619,748
State shared revenue	2,559,159	2,533,410
State and federal grants	50,287	288,573
	15,548,737	15,472,357
Total revenues		
<b>EXPENDITURES:</b>		
Current:		
General government:		
Legislative - trustees	82,924	81,560
Manager	295,501	244,956
Assessing	545,735	524,518
Clerk	568,971	453,804
Treasurer	229,007	240,618
Computer	225,600	206,185
Township hall and grounds	397,826	398,847
General service administration	1,319,349	1,132,373
Cemetery	200,340	167,330
	3,865,253	3,450,191
Total general government		
Public safety:		
Law enforcement - police	3,110,375	3,125,413
Fire	2,610,622	2,980,842
Emergency operations center	17,978	20,550
Protective inspection	617,470	632,767
	6,356,445	6,759,572
Total public safety		

**CHARTER TOWNSHIP OF DELTA  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>EXPENDITURES (Concluded):</b>		
Current:		
Public works:		
Recycling	\$ 74,052	\$ 73,258
Drains	90,870	32,010
Streets and highways	330,759	383,475
Engineering	355,293	296,701
Street lighting	584,311	585,348
Total public works	1,435,285	1,370,792
Health and welfare:		
Paramedics	2,613,879	3,217,372
Community and economic development:		
Planning	320,556	311,812
Economic development	100,356	99,157
Total community and economic development	420,912	410,969
Culture and recreation:		
Parks and recreation	1,531,377	1,453,492
Debt service	275,729	178,770
Total expenditures	16,498,880	16,841,158
<b>OTHER FINANCING SOURCES (USES):</b>		
Proceeds from note payable	600,000	-
Transfers in	1,244,161	1,499,598
Transfers out	(146,500)	(146,500)
Total other financing sources	1,697,661	1,353,098
Net change in fund balance	747,518	(15,703)
<b>FUND BALANCE:</b>		
Beginning of year	14,595,745	14,611,448
End of year	\$ 15,343,263	\$ 14,595,745



**CHARTER TOWNSHIP OF DELTA  
SCHEDULE OF GENERAL ASSESSMENT PAYABLE  
DECEMBER 31, 2016**

	<u>Carrier Creek</u>	<u>Watson &amp; Watson and Branches</u>	<u>Gettysburg</u>	<u>Burrell</u>	<u>Total</u>
2017	\$ 82,248	\$ 24,571	\$ 31,278	\$ 13,879	\$ 151,976
2018	80,482	23,700	30,338	13,476	147,996
2019	80,199	22,850	29,435	13,086	145,570
2020	77,036	22,000	28,532	12,696	140,264
2021	75,297	21,162	27,657	12,314	136,430
2022	73,590	20,300	26,727	11,915	132,532
2023	71,867	19,450	25,824	11,525	128,666
2024	70,144	18,600	24,922	11,134	124,800
2025	68,416	17,751	24,036	10,748	120,951
2026	-	-	23,116	10,354	33,470
2027	-	-	22,213	9,969	32,182
2028	-	-	21,311	-	21,311
2029	-	-	20,416	-	20,416
2030	-	-	19,505	-	19,505
2031	-	-	18,606	-	18,606
	<u>679,279</u>	<u>190,384</u>	<u>373,916</u>	<u>131,096</u>	<u>1,374,675</u>
Less interest	<u>79,000</u>	<u>38,287</u>	<u>108,413</u>	<u>30,077</u>	<u>255,777</u>
	<u>\$ 600,279</u>	<u>\$ 152,097</u>	<u>\$ 265,503</u>	<u>\$ 101,019</u>	<u>\$ 1,118,898</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 3.25% to 5.25%.

**CHARTER TOWNSHIP OF DELTA  
SCHEDULE OF NOTE PAYABLE  
DECEMBER 31, 2016**

2017	\$ 120,000
2018	120,000
2019	120,000
2020	<u>120,000</u>
	<u><u>\$ 480,000</u></u>

Note: On October 18, 2016 the Township issued a note for \$600,000 to the City of Lansing for the purchase of the Grand Woods Park. The note requires five annual payments of \$120,000, with the first payment due October 18, 2016 and each subsequent until the note is paid in full.

**CHARTER TOWNSHIP OF DELTA  
PARAMEDIC FUND  
BALANCE SHEETS  
DECEMBER 31, 2016 AND 2015**

<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>		
Cash	\$ 841,818	\$ 887,791
Investments	1,356,464	1,251,053
Receivables:		
Taxes	1,322,198	1,311,381
Interest	<u>5,523</u>	<u>4,572</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,526,003</u></u>	<u><u>\$ 3,454,797</u></u>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>DEFERRED INFLOW OF RESOURCES:</b>		
Unavailable revenue - property taxes	<u>\$ 1,322,198</u>	<u>\$ 1,311,381</u>
<b>FUND BALANCE:</b>		
Assigned for subsequent years' expenditures	266,220	114,493
Restricted	<u>1,937,585</u>	<u>2,028,923</u>
<b>TOTAL FUND BALANCE</b>	<u>2,203,805</u>	<u>2,143,416</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE</b>	<u><u>\$ 3,526,003</u></u>	<u><u>\$ 3,454,797</u></u>

**CHARTER TOWNSHIP OF DELTA  
PARAMEDIC FUND  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>REVENUES:</b>		
Taxes and special assessments	\$ 1,307,082	\$ 1,249,460
Investment income - net	21,588	30,837
Total revenues	1,328,670	1,280,297
<b>EXPENDITURES:</b>		
Current:		
Health and welfare	85,000	86,075
Excess of revenues over expenditures	1,243,670	1,194,222
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers out	(1,183,281)	(1,384,428)
Net change in fund balance	60,389	(190,206)
<b>FUND BALANCE:</b>		
Beginning of year	2,143,416	2,333,622
End of year	\$ 2,203,805	\$ 2,143,416

**CHARTER TOWNSHIP OF DELTA  
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, 2016**

	<u>Capital project</u>	<u>Debt service</u>	<u>Permanent fund Cemetery perpetual care fund</u>	<u>Total nonmajor governmental funds</u>
<b>ASSETS</b>				
<b>ASSETS:</b>				
Cash	\$ 682,712	\$ 33,958	\$ 117,020	\$ 833,690
Investments	1,100,088	-	188,561	1,288,649
Interest receivable	4,479	-	768	5,247
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,787,279</u></u>	<u><u>\$ 33,958</u></u>	<u><u>\$ 306,349</u></u>	<u><u>\$ 2,127,586</u></u>
<b>FUND BALANCES</b>				
<b>FUND BALANCES:</b>				
Restricted	\$ -	\$ -	\$ 306,349	\$ 306,349
Assigned	1,787,279	33,958	-	1,821,237
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUND BALANCES</b>	<u><u>\$ 1,787,279</u></u>	<u><u>\$ 33,958</u></u>	<u><u>\$ 306,349</u></u>	<u><u>\$ 2,127,586</u></u>

**CHARTER TOWNSHIP OF DELTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	<u>Capital project</u>	<u>Debt service</u>	<u>Permanent fund Cemetery perpetual care fund</u>	<u>Total nonmajor governmental funds</u>
<b>REVENUES:</b>				
Local sources:				
Investment earnings - net	\$ 11,038	\$ 964	\$ 2,117	\$ 14,119
Rental income	-	432,550	-	432,550
Other	-	-	10,972	10,972
Total local sources	<u>11,038</u>	<u>433,514</u>	<u>13,089</u>	<u>457,641</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal repayment	-	150,000	-	150,000
Interest expense	-	283,346	-	283,346
Bond issuance cost	-	93,417	-	93,417
Total expenditures	<u>-</u>	<u>526,763</u>	<u>-</u>	<u>526,763</u>
<b>EXCESS OF REVENUES (EXPENDITURES)</b>	<u>11,038</u>	<u>(93,249)</u>	<u>13,089</u>	<u>(69,122)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	-	5,625,000	-	5,625,000
Bond premium	-	888,262	-	888,262
Payments to escrow agent	-	(6,419,845)	-	(6,419,845)
Transfers in	146,500	-	-	146,500
Transfers out	(58,764)	-	(2,116)	(60,880)
Total other financing sources (uses)	<u>87,736</u>	<u>93,417</u>	<u>(2,116)</u>	<u>179,037</u>
Net change in fund balances	98,774	168	10,973	109,915
<b>FUND BALANCES:</b>				
Beginning of year	<u>1,688,505</u>	<u>33,790</u>	<u>295,376</u>	<u>2,017,671</u>
End of year	<u>\$ 1,787,279</u>	<u>\$ 33,958</u>	<u>\$ 306,349</u>	<u>\$ 2,127,586</u>

**CHARTER TOWNSHIP OF DELTA  
CAPITAL PROJECT FUND  
BALANCE SHEETS  
DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
<b>ASSETS:</b>		
Cash	\$ 682,712	\$ 699,370
Investments	1,100,088	985,534
Interest receivable	4,479	3,601
<b>TOTAL ASSETS</b>	<b>\$ 1,787,279</b>	<b>\$ 1,688,505</b>
 <b>FUND BALANCE</b>		
<b>FUND BALANCE:</b>		
Assigned	\$ 1,787,279	\$ 1,688,505



**CHARTER TOWNSHIP OF DELTA  
CAPITAL PROJECT FUND  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>REVENUES:</b>		
Investment income - net	\$ 11,038	\$ 15,174
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	146,500	146,500
Transfers out	(58,764)	(112,400)
Total other financing sources (uses)	87,736	34,100
Net change in fund balance	98,774	49,274
<b>FUND BALANCE:</b>		
Beginning of year	1,688,505	1,639,231
End of year	\$ 1,787,279	\$ 1,688,505

**CHARTER TOWNSHIP OF DELTA  
DEBT SERVICE FUND  
BALANCE SHEETS  
DECEMBER 31, 2016 AND 2015**

	<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>			
Cash		<u>\$ 33,958</u>	<u>\$ 33,790</u>
	<b>FUND BALANCE</b>		
<b>FUND BALANCE:</b>			
Assigned		<u>\$ 33,958</u>	<u>\$ 33,790</u>

**CHARTER TOWNSHIP OF DELTA  
DEBT SERVICE FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>REVENUE:</b>		
Rental income - Delta Township District Library	\$ 432,550	\$ 387,550
Investment income - net	964	748
Total revenue	433,514	388,298
<b>EXPENDITURES:</b>		
Principal payments on debt	150,000	100,000
Interest and fiscal charges	283,346	288,300
Bond issuance cost	93,417	-
Total expenditures	526,763	388,300
<b>EXCESS OF REVENUES (EXPENDITURES)</b>	(93,249)	(2)
<b>OTHER FINANCING SOURCES (USES):</b>		
Bond proceeds	5,625,000	-
Bond premium	888,262	-
Payments to escrow agent	(6,419,845)	-
Total other financing sources (uses)	93,417	-
Net change in fund balances	168	(2)
<b>FUND BALANCE:</b>		
Beginning of year	33,790	33,792
End of year	\$ 33,958	\$ 33,790

**CHARTER TOWNSHIP OF DELTA  
2007 GENERAL OBLIGATION LIMITED TAX LIBRARY DEBT  
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS  
DECEMBER 31, 2016**

<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%	2017	<u>\$ 150,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 153,000</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. As of December 31, 2016, the payment requirements from 2018 - 2037 have been refunded with the 2016 Library Refunding Bonds.

**CHARTER TOWNSHIP OF DELTA**  
**2016 GENERAL OBLIGATION LIMITED TAX LIBRARY REFUNDING BONDS**  
**SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS**  
**DECEMBER 31, 2016**

<b>Interest rate</b>	<b>Due April 1</b>	<b>Principal</b>	<b>Interest</b>		<b>Total payment requirements</b>
			<b>April 1</b>	<b>October 1</b>	
4.000%	2017	\$ -	\$ 127,500	\$ 112,500	\$ 240,000
4.000%	2018	180,000	112,500	108,900	401,400
4.000%	2019	180,000	108,900	105,300	394,200
4.000%	2020	180,000	105,300	101,700	387,000
4.000%	2021	180,000	101,700	98,100	379,800
4.000%	2022	180,000	98,100	94,500	372,600
4.000%	2023	175,000	94,500	91,000	360,500
4.000%	2024	175,000	91,000	87,500	353,500
4.000%	2025	175,000	87,500	84,000	346,500
4.000%	2026	175,000	84,000	80,500	339,500
4.000%	2027	270,000	80,500	75,100	425,600
4.000%	2028	270,000	75,100	69,700	414,800
4.000%	2029	265,000	69,700	64,400	399,100
4.000%	2030	365,000	64,400	57,100	486,500
4.000%	2031	360,000	57,100	49,900	467,000
4.000%	2032	360,000	49,900	42,700	452,600
4.000%	2033	355,000	42,700	35,600	433,300
4.000%	2034	450,000	35,600	26,600	512,200
4.000%	2035	445,000	26,600	17,700	489,300
4.000%	2036	445,000	17,700	8,800	471,500
4.000%	2037	440,000	8,800	-	448,800
		<u>\$ 5,625,000</u>	<u>\$ 1,539,100</u>	<u>\$ 1,411,600</u>	<u>\$ 8,575,700</u>

NOTE: General obligation debt bonds dated September 7, 2016 were issued to refund the 2018-2037 portion of the 2007 Library Bonds. Original debt of \$5,625,000.

**CHARTER TOWNSHIP OF DELTA  
SEWER FUND  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 2,191,195	\$ 2,074,354
Investments	3,526,582	2,913,948
Receivables:		
Customer accounts	392,644	424,123
Interest	18,497	19,788
Special assessment - current	6,585	7,527
Special assessment - interest	957	5,857
Other	41,442	23,921
	<b>6,177,902</b>	<b>5,469,518</b>
<b>TOTAL CURRENT ASSETS</b>		
<b>NONCURRENT ASSETS:</b>		
Investments - replacement account	1,644,893	4,269,190
Deferred charges:		
Tap in charges - deferred	35,652	47,760
Special assessment - deferred	976	1,953
Prepaid other postemployment benefits - restricted	195,558	129,534
Property, plant, and equipment, net of accumulated depreciation	26,439,153	24,503,393
	<b>28,316,232</b>	<b>28,951,830</b>
<b>TOTAL NONCURRENT ASSETS</b>		
<b>TOTAL ASSETS</b>	<b>34,494,134</b>	<b>34,421,348</b>

<b>LIABILITIES AND NET POSITION</b>	<u>2016</u>	<u>2015</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 346,340	\$ 224,301
Customer deposits payable	63,090	63,090
Contract retainage payable	25,140	31,321
Current portion of long-term liabilities	22,233	22,233
Current portion of compensated absences	196,243	208,183
Due to other funds	52,702	55,038
	<u>705,748</u>	<u>604,166</u>
<b>LONG-TERM LIABILITIES</b> , net of current portion:		
Compensated absences	113,730	118,424
Other long-term debt	177,861	222,326
General obligation bonds payable	-	(22,232)
	<u>291,591</u>	<u>318,518</u>
<b>TOTAL LIABILITIES</b>	<u>997,339</u>	<u>922,684</u>
<b>NET POSITION:</b>		
Net investment in capital assets	26,239,059	24,281,066
Restricted for other postemployment benefits	195,558	129,534
Unrestricted	7,062,178	9,088,064
	<u>7,062,178</u>	<u>9,088,064</u>
<b>TOTAL NET POSITION</b>	<u>\$ 33,496,795</u>	<u>\$ 33,498,664</u>

**CHARTER TOWNSHIP OF DELTA  
SEWER FUND  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 3,972,757	\$ 3,961,884
Capital charges	295,343	149,668
Forfeited discounts	44,800	51,719
Other	36,143	59,308
Total operating revenues	4,349,043	4,222,579
<b>OPERATING EXPENSES:</b>		
Costs of sales and services	3,477,843	3,496,078
Depreciation	1,142,677	1,077,948
Total operating expenses	4,620,520	4,574,026
Operating loss	(271,477)	(351,447)
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Contributions - infrastructure	227,897	284,735
Main charges	-	12,825
Investment income - net	53,383	85,660
Interest and fiscal charges	(11,672)	(12,974)
Total non-operating revenues - net	269,608	370,246
Net income (loss)	(1,869)	18,799
<b>NET POSITION:</b>		
Beginning of year	33,498,664	33,479,865
End of year	\$ 33,496,795	\$ 33,498,664



**CHARTER TOWNSHIP OF DELTA  
SEWER FUND  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>INCREASE (DECREASE) IN CASH:</b>		
Cash flows from operating activities:		
Operating loss	\$ (271,477)	\$ (351,447)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,142,677	1,077,948
Gain on disposal of fixed assets	(2,597)	(1,658)
Receivables	31,479	(13,093)
Prepaid expenditures	(66,024)	(45,757)
Due to/from other funds - net	(2,336)	13,999
Accounts payable	122,039	112,502
Customer deposits payable	-	(5,302)
Contract retainage payable	(6,181)	31,321
Accrued compensated absences	(16,634)	41,967
Total adjustments	1,202,423	1,211,927
Net cash provided by operating activities	930,946	860,480
Cash flows from non-capital financing activities:		
Contributions	227,897	284,735
Main and tap in charges	12,108	33,966
Net cash provided by non-capital financing activities	240,005	318,701
Cash flows for capital and related financing activities:		
Principal repayments on debt	(22,233)	(22,232)
Net interest paid on bonds	(11,672)	(12,974)
Payments for capital acquisitions	(3,078,437)	(947,237)
Proceeds from special assessments	(15,602)	30,543
Interest received from special assessments	3,810	7,045
Proceeds from the sale of fixed assets	2,597	1,658
Net cash used by capital and related financing activities	(3,121,537)	(943,197)
Cash flows from investing activities:		
Interest received from investments	55,764	83,534
Proceeds (purchases) of investments	2,011,663	(188,674)
Net cash provided (used) by investing activities	2,067,427	(105,140)
<b>NET INCREASE (DECREASE) IN CASH</b>	116,841	130,844
<b>CASH:</b>		
Beginning of year	2,074,354	1,943,510
End of year	\$ 2,191,195	\$ 2,074,354

**CHARTER TOWNSHIP OF DELTA  
SEWER FUND  
SCHEDULES OF COSTS OF SALES AND SERVICES  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Salaries and wages	\$ 1,393,153	\$ 1,424,780
Payroll taxes	105,313	102,553
Employee fringe benefits	526,986	522,006
Pension expense	164,327	151,910
Office supplies	6,991	5,164
Chemicals	242,438	219,847
Supplies	34,870	39,355
Maintenance of plant	23,190	25,018
Maintenance of equipment	126,517	149,833
Accounting and auditing	159,074	166,726
Administrative fees	100,000	100,000
Contracted services	41,622	43,279
Engineering	6,247	6,897
Collection fees	626	565
Telephone	20,622	19,218
Transportation	23,529	31,611
Insurance	101,399	96,785
Utilities	383,311	386,591
Miscellaneous	17,628	3,940
	<u>\$ 3,477,843</u>	<u>\$ 3,496,078</u>

**CHARTER TOWNSHIP OF DELTA  
SEWER FUND  
SCHEDULE OF GENERAL ASSESSMENT PAYABLE  
DECEMBER 31, 2016**

<b>Year</b>	<b>Carrier Creek</b>
2017	\$ 32,766
2018	31,570
2019	28,963
2020	29,236
2021	28,085
2022	26,902
2023	25,734
2024	24,567
2025	23,403
	251,226
Less interest	51,132
	\$ 200,094

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 3.25%.

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2016 AND 2015**

<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 555,050	\$ 437,121
Investments	4,390,117	3,651,619
Receivables:		
Customer accounts	381,007	414,758
Interest	17,875	13,344
Special assessment - current	27,954	32,771
Special assessment - interest	4,551	8,457
Other	35,341	32,238
Prepaid expenditures	2,341	-
Current portion of long-term receivable	<u>42,430</u>	<u>41,194</u>
<b>TOTAL CURRENT ASSETS</b>	<u>5,456,666</u>	<u>4,631,502</u>
<b>NONCURRENT ASSETS:</b>		
Investments - replacement account	2,169,442	2,154,199
Deferred charges:		
Water tap charges - deferred	21,977	30,595
Special assessments - deferred	26,222	61,267
Long-term receivable	135,090	177,520
Prepaid other postemployment benefits - restricted	54,256	40,800
Property, plant and equipment, less accumulated depreciation	<u>34,616,452</u>	<u>35,247,934</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>37,023,439</u>	<u>37,712,315</u>
<b>TOTAL ASSETS</b>	<u>42,480,105</u>	<u>42,343,817</u>

<b>LIABILITIES AND NET POSITION</b>	<u>2016</u>	<u>2015</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 210,854	\$ 187,286
Customer deposits payable	11,050	9,970
Accrued interest	37,381	41,532
Unearned revenue	40,573	32,296
Current portion of long-term liabilities	1,110,000	1,100,000
Current portion of compensated absences	42,512	31,995
Due to other funds	19,812	18,906
	<u>1,472,182</u>	<u>1,421,985</u>
<b>TOTAL CURRENT LIABILITIES</b>		
<b>LONG-TERM LIABILITIES, net of current portion:</b>		
Compensated absences	28,099	23,561
Bonds payable	7,360,000	8,470,000
Unamortized bond premiums (discount) - net	(9,825)	(8,379)
	<u>7,378,274</u>	<u>8,485,182</u>
<b>TOTAL LONG-TERM LIABILITIES</b>		
	<u>8,850,456</u>	<u>9,907,167</u>
<b>TOTAL LIABILITIES</b>		
<b>NET POSITION:</b>		
Net investment in capital assets	26,156,277	25,686,313
Restricted for other postemployment benefits	54,256	40,800
Unrestricted	7,419,116	6,709,537
	<u>33,629,649</u>	<u>32,436,650</u>
<b>TOTAL NET POSITION</b>	<u>\$ 33,629,649</u>	<u>\$ 32,436,650</u>

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 5,632,241	\$ 5,232,262
Capital charges	77,060	69,545
Hydrant rental	142,380	140,280
Forfeited discounts	66,104	64,458
Other service charges	120,815	109,734
Other	14,725	18,733
Total operating revenues	6,053,325	5,635,012
<b>OPERATING EXPENSES:</b>		
Costs of sales and services	4,027,368	3,923,588
Depreciation	1,081,378	1,065,262
Total operating expenses	5,108,746	4,988,850
Operating income	944,579	646,162
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Contributions - infrastructure	402,439	802,795
Main charges	304	147,781
Investment income - net	53,167	90,544
Interest and fiscal charges	(208,936)	(289,063)
Bond issuance costs	-	(61,483)
Amortization of bond discount	(3,122)	(3,122)
Amortization of bond premium	4,568	4,568
Total non-operating revenues (expenses) - net	248,420	692,020
Net income	1,192,999	1,338,182
<b>NET POSITION:</b>		
Beginning of year	32,436,650	31,098,468
End of year	\$ 33,629,649	\$ 32,436,650

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>INCREASE (DECREASE) IN CASH:</b>		
Cash flows from operating activities:		
Operating income	\$ 944,579	\$ 646,162
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	1,081,378	1,065,262
Gain on disposal of fixed assets	-	(3,578)
Receivables	71,842	19,701
Prepaid expenditures	(15,797)	(9,428)
Due to/from other funds - net	906	3,883
Accounts payable	23,568	(203,665)
Accrued compensated absences	15,055	(5,573)
Customer deposits	1,080	2,340
Contract retainage payable	-	(97,000)
Unearned revenue	8,277	(14,179)
Total adjustments	1,186,309	757,763
Net cash provided by operating activities	2,130,888	1,403,925
Cash flows from non-capital financing activities:		
Contributions	402,439	802,795
Main and tap in charges	8,922	161,395
Net cash provided by non-capital financing activities	411,361	964,190
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	4,570,000	4,570,000
Principal repayments on debt	(5,670,000)	(5,370,000)
Net interest paid on bonds	(213,087)	(306,603)
Payments for bond issuance costs	-	(61,483)
Payments for capital acquisitions	(449,896)	(982,369)
Proceeds from special assessments	39,862	46,869
Interest received from special assessments	7,879	11,997
Proceeds from sale of fixed assets	-	3,578
Net cash used by capital and related financing activities	(1,715,242)	(2,088,011)
Cash flows from investing activities:		
Interest received from investments	44,663	82,091
Purchase of investments	(753,741)	(213,782)
Net cash used by investing activities	(709,078)	(131,691)
<b>NET INCREASE (DECREASE) IN CASH</b>	117,929	148,413
<b>CASH:</b>		
Beginning of year	437,121	288,708
End of year	\$ 555,050	\$ 437,121

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
SCHEDULES OF COSTS OF SALES AND SERVICES  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Salaries and wages	\$ 553,864	\$ 514,845
Payroll taxes	39,743	38,801
Employee fringe benefits	165,377	159,793
Pension expense	59,446	58,632
Office supplies	5,817	2,471
Supplies	108,792	103,475
Water purchases	2,500,004	2,354,892
Maintenance of plant	90,283	178,967
Maintenance of equipment	26,893	20,849
Transportation	23,080	22,049
Administrative	100,000	100,000
Accounting and auditing	159,074	166,726
Contracted services	29,849	28,183
Engineering	6,927	11,731
Telephone	14,120	14,265
Insurance	34,794	33,210
Utilities	89,978	90,903
Printing	-	140
Miscellaneous	19,327	23,656
	<u>\$ 4,027,368</u>	<u>\$ 3,923,588</u>



**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS  
DECEMBER 31, 2016**

Michigan Municipal Bond Authority  
Water Supply System Revenue Bonds - 2012A

Interest rate	Due November 1	Principal	Interest		Total payment requirements
			May 1	November 1	
3.00%	2017	\$ 150,000	\$ 8,175	\$ 8,175	\$ 166,350
3.00%	2018	145,000	6,675	6,675	158,350
3.00%	2019	140,000	4,500	4,500	149,000
3.00%	2020	160,000	2,400	2,400	164,800
		<u>\$ 595,000</u>	<u>\$ 21,750</u>	<u>\$ 21,750</u>	<u>\$ 638,500</u>

NOTE: The above bonds dated August 8, 2012 were issued for the purpose of refunding the 2000A Water Supply System Revenue Bonds which provided for the acquisition and construction of improvements and extensions to the Township's water supply system under the provisions of Public Act 94. The amount of the original bond issue was \$1,130,000.

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS  
DECEMBER 31, 2016**

Michigan Municipal Bond Authority  
Water Supply System Revenue Bonds - 2012B

Interest rate	Due November 1	Principal	Interest		Total payment requirements
			May 1	November 1	
3.00%	2017	\$ 175,000	\$ 12,187	\$ 12,188	\$ 199,375
3.00%	2018	195,000	9,562	9,563	214,125
3.00%	2019	215,000	6,637	6,638	228,275
3.25%	2020	210,000	3,412	3,413	216,825
		<u>\$ 795,000</u>	<u>\$ 31,798</u>	<u>\$ 31,802</u>	<u>\$ 858,600</u>

NOTE: The above bonds dated August 8, 2012 were issued for the purpose of refunding the 2000B Water Supply System Revenue Bonds which provided for the acquisition and construction of improvements and extensions to the Township's water supply system under the provisions of Public Act 94. The amount of the original bond issue was \$1,390,000.

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND  
AND INTEREST PAYMENT REQUIREMENTS  
DECEMBER 31, 2016**

Charter Township of Delta Bonds  
General Obligation Limited Tax Bonds

Year	Interest rate	Principal due May 1	Interest April 1	Interest October 1	Total	Total principal and interest requirements
2017	2.000 %	\$ 400,000	\$ 29,000	\$ 25,000	\$ 54,000	\$ 454,000
2018	2.000 %	400,000	25,000	21,000	46,000	446,000
2019	2.000 %	400,000	21,000	17,000	38,000	438,000
2020	2.000 %	400,000	17,000	13,000	30,000	430,000
2021	2.000 %	400,000	13,000	9,000	22,000	422,000
2022	2.000 %	450,000	9,000	4,500	13,500	463,500
2023	2.000 %	450,000	4,500	-	4,500	454,500
		<u>\$ 2,900,000</u>	<u>\$ 118,500</u>	<u>\$ 89,500</u>	<u>\$ 208,000</u>	<u>\$ 3,108,000</u>

NOTE: The general obligation limited tax bonds were issued by Charter Township of Delta on July 10, 2013 for the purpose of replacing water mains throughout the Township. Original amount was \$4,000,000.

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND  
AND INTEREST PAYMENT REQUIREMENTS  
DECEMBER 31, 2016**

Charter Township of Delta Bonds  
General Obligation Limited Tax Refunding Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2017	2.310 %	\$ 385,000	\$ 48,279	\$ 43,832	\$ 92,111	\$ 477,111
2018	2.310 %	430,000	43,832	38,866	82,698	512,698
2019	2.310 %	425,000	38,866	33,957	72,823	497,823
2020	2.310 %	470,000	33,957	28,529	62,486	532,486
2021	2.310 %	460,000	28,529	23,215	51,744	511,744
2022	2.310 %	505,000	23,215	17,383	40,598	545,598
2023	2.310 %	495,000	17,383	11,665	29,048	524,048
2024	2.310 %	485,000	11,665	6,064	17,729	502,729
2025	2.310 %	525,000	6,064	-	6,064	531,064
		<u>\$ 4,180,000</u>	<u>\$ 251,790</u>	<u>\$ 203,511</u>	<u>\$ 455,301</u>	<u>\$ 4,635,301</u>

NOTE: The general obligation limited tax refunding bonds were issued by Charter Township of Delta on July 30, 2015 for the purpose of refunding the 2006 general obligation limited tax bonds which paid for the cost of acquiring and constructing, various capital improvements to the Township's water supply system. Original amount was \$4,570,000.

**CHARTER TOWNSHIP OF DELTA  
FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2016  
(with comparative totals for December 31, 2015)**

	<u>Pension trust fund</u>	<u>Other post employment benefit trust fund</u>	<u>Agency fund</u>	<u>Totals</u>	
<b>ASSETS</b>	<u>Employee retirement</u>	<u>Retiree health benefits</u>	<u>Tax collection fund</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>					
Cash	\$ -	\$ -	\$ 992,251	\$ 992,251	\$ 1,933,957
Investments	17,931,110	12,278,164	1,593,821	31,803,095	31,875,423
Taxes receivable - delinquent	-	-	432,892	432,892	373,338
Interest receivable	-	-	6,489	6,489	9,955
<b>TOTAL ASSETS</b>	<u>\$ 17,931,110</u>	<u>\$ 12,278,164</u>	<u>\$ 3,025,453</u>	<u>\$ 33,234,727</u>	<u>\$ 34,192,673</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Undistributed tax collections:					
Current	\$ -	\$ -	\$ 2,589,561	\$ 2,589,561	\$ 4,668,182
Delinquent and other	-	-	435,892	435,892	373,377
<b>TOTAL LIABILITIES</b>	-	-	3,025,453	3,025,453	5,041,559
<b>FUND BALANCES:</b>					
Restricted for pension and other post employment benefits	17,931,110	12,278,164	-	30,209,274	29,151,114
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 17,931,110</u>	<u>\$ 12,278,164</u>	<u>\$ 3,025,453</u>	<u>\$ 33,234,727</u>	<u>\$ 34,192,673</u>

**CHARTER TOWNSHIP OF DELTA  
AGENCY FUND  
TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED DECEMBER 31, 2016**

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
<b>ASSETS</b>				
Cash	\$ 1,933,957	\$ -	\$ 941,706	\$ 992,251
Investments	2,724,309	80,816,811	81,947,299	1,593,821
Taxes receivable delinquent	373,338	156,350	96,796	432,892
Interest receivable	9,955	-	3,466	6,489
<b>TOTAL ASSETS</b>	<b>\$ 5,041,559</b>	<b>\$ 80,973,161</b>	<b>\$ 82,989,267</b>	<b>\$ 3,025,453</b>
<b>LIABILITIES</b>				
Undistributed tax collections:				
Current	\$ 4,668,182	\$ 80,805,315	\$ 82,883,936	\$ 2,589,561
Delinquent and other	373,377	167,846	105,331	435,892
<b>TOTAL LIABILITIES</b>	<b>\$ 5,041,559</b>	<b>\$ 80,973,161</b>	<b>\$ 82,989,267</b>	<b>\$ 3,025,453</b>