

**CHARTER TOWNSHIP OF DELTA**

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

**YEAR ENDED DECEMBER 31, 2013**

## CONTENTS

	<u>Page</u>
<b>Independent auditor's report</b> .....	6 - 8
<b>Management's discussion and analysis</b> .....	9 - 21
<b>Basic financial statements</b> .....	22
Government-wide financial statements	
Statement of net position.....	23 - 24
Statement of activities .....	25
Fund financial statements	
Balance sheet - governmental funds .....	26 - 27
Statement of revenues, expenditures and changes in fund balances - governmental funds.....	28
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities.....	29
Proprietary funds	
Statement of net position.....	30 - 31
Statement of revenues, expenses and changes in net position.....	32
Statement of cash flows .....	33 - 34
Fiduciary funds	
Statement of net position.....	35
Statement of changes in net position.....	36
Notes to financial statements.....	37 - 68

## CONTENTS

	<u>Page</u>
<b>Required supplementary information</b> .....	69
Budgetary comparison schedule - general fund .....	70 - 71
Budgetary comparison schedule - paramedic special revenue fund .....	72
Schedule of pension plan funding progress for the Union Firefighters Retirement Plan.....	73
Schedule of postemployment health care plan funding progress .....	74
 <b>Additional supplementary information</b> .....	 75
General fund	
Balance sheets .....	76
Statements of revenues, expenditures and changes in fund balance .....	77 - 78
Schedule of general assessment payable .....	79
Paramedic fund	
Balance sheets .....	80
Statements of revenues, expenditures and changes in fund balance .....	81
Nonmajor governmental funds .....	82
Combining balance sheet .....	83
Combining statement of revenues, expenditures, and changes in fund balances .....	84

## CONTENTS

	<u>Page</u>
Capital project fund	
Balance sheets .....	85
Statements of revenues, expenditures and changes in fund balances .....	86
Debt service fund	
Balance sheets .....	87
Statements of revenues, expenditures and changes in fund balance .....	88
Schedule of bond and interest payment requirements .....	89
Sewer fund	
Statements of net position .....	90 - 91
Statements of revenues, expenses and changes in net position.....	92
Statements of cash flows.....	93
Schedules of costs of sales and services .....	94
Schedule of general assessment payable.....	95

## CONTENTS

	<b><u>Page</u></b>
Water fund	
Statements of net position.....	96 - 97
Statements of revenues, expenses and changes in net position.....	98
Statements of cash flows.....	99
Schedules of costs of sales and services .....	100
Schedule of bond and interest payment requirements .....	101 - 104
Fiduciary funds	
Combining balance sheet .....	105
Agency fund	
Statements of changes in assets and liabilities.....	106

## **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, 2013, 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 of 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, 2013, 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 management's discussion and analysis and budgetary comparison 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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Maney Costeiran PC*

April 8, 2014



## 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, 2013.

### FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$105.6 million dollars (net position). Of this amount, \$32.8 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 \$91 thousand dollars.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$20.1 million, an increase of \$814 thousand in comparison with the prior year. The increase can be attributed an increase in ambulance billings, an increase in building permit activity, and tight budgetary control. Approximately \$8.2 million is available for spending.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8.2 million, or 55 percent of total general fund expenditures.
- The Township's total outstanding debt decreased \$1.1 million.

### 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, liabilities, and deferred inflows of resources with the difference between the three 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 23 through 25 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 26 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 30 through 34 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 35 and 36 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 37 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 74 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 76 through 106 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 exceeded liabilities and deferred inflows of resources by \$105.6 million at the close of the most recent fiscal year.

Charter Township of Delta's Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 29,342,994	\$ 28,171,291	\$ 17,863,042	\$ 19,283,955	\$ 47,206,036	\$ 47,455,246
Capital assets	30,056,162	30,368,020	58,909,827	59,075,022	88,965,989	89,443,042
Total assets	<u>59,399,156</u>	<u>58,539,311</u>	<u>76,772,869</u>	<u>78,358,977</u>	<u>136,172,025</u>	<u>136,898,288</u>
Long-term liabilities outstanding	9,164,796	9,304,099	11,921,600	12,714,527	21,086,396	22,018,626
Other liabilities	864,755	694,571	715,078	785,748	1,579,833	1,480,319
Total liabilities	<u>10,029,551</u>	<u>9,998,670</u>	<u>12,636,678</u>	<u>13,500,275</u>	<u>22,666,229</u>	<u>23,498,945</u>
Deferred inflows of resources	7,920,281	7,905,255	-	-	7,920,281	7,905,255
Net position:						
Net investment in capital assets	21,847,667	21,910,655	47,353,522	46,593,109	69,201,189	68,503,764
Restricted	3,548,868	3,524,842	60,504	1,960	3,609,372	3,526,802
Unrestricted	16,052,789	15,199,889	16,722,165	18,263,633	32,774,954	33,463,522
Total net position	<u>\$ 41,449,324</u>	<u>\$ 40,635,386</u>	<u>\$ 64,136,191</u>	<u>\$ 64,858,702</u>	<u>\$ 105,585,515</u>	<u>\$ 105,494,088</u>

By far the largest portion of the Township's net position (65 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 (3 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$32.8 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.

The government's net position increased by \$91 thousand during the current fiscal year. Majority of the increase can be attributed to the increase in activity for the governmental activities funds.

**Governmental activities.** Governmental activities increased the Township's net position by \$813,938 while the business-type activities net position decreased by \$722,511. Key elements of this decrease are as follows:

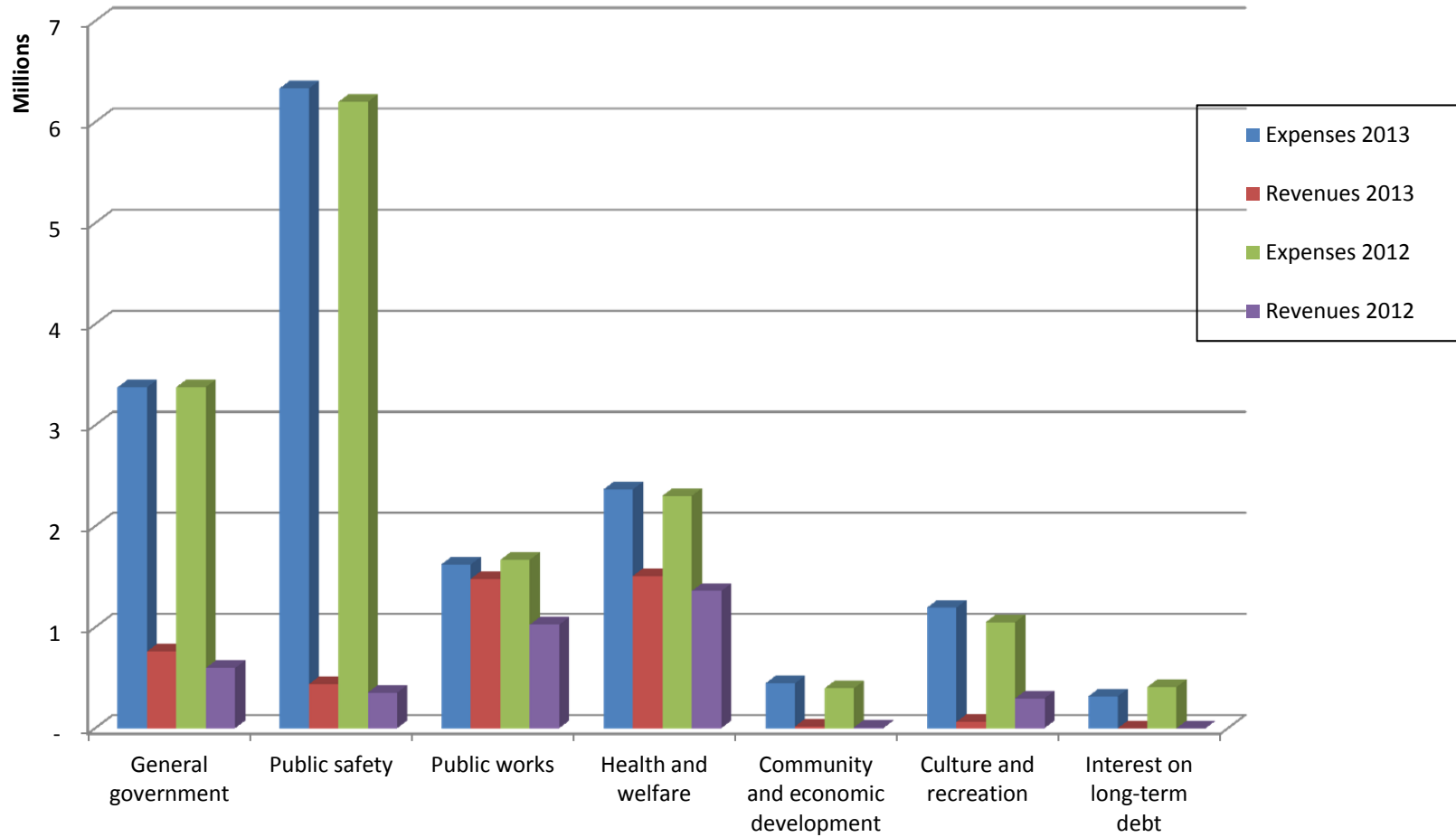
Charter Township of Delta's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 4,349,495	\$ 3,633,046	\$ 9,414,042	\$ 9,306,422	\$ 13,763,537	\$ 12,939,468
Operating grants and contributions	161,258	313,761	-	-	161,258	313,761
Capital grants and contributions	-	-	147,040	45,965	147,040	45,965
General revenues:						
Property taxes	7,492,029	7,552,467	-	-	7,492,029	7,552,467
Paramedic levy	1,226,226	1,264,624	-	-	1,226,226	1,264,624
State sources	2,411,596	2,347,192	-	-	2,411,596	2,347,192
Franchise fee-cable	514,794	500,899	-	-	514,794	500,899
Investment earnings	(134,557)	269,456	(28,710)	245,274	(163,267)	514,730
Other	437,143	263,794	-	-	437,143	263,794
Total revenue	<u>16,457,984</u>	<u>16,145,239</u>	<u>9,532,372</u>	<u>9,597,661</u>	<u>25,990,356</u>	<u>25,742,900</u>
Expenses:						
General government	3,372,736	3,376,499	-	-	3,372,736	3,376,499
Public safety	6,331,905	6,199,026	-	-	6,331,905	6,199,026
Public works	1,621,801	1,666,467	-	-	1,621,801	1,666,467
Health and welfare	2,363,613	2,300,264	-	-	2,363,613	2,300,264
Community and economic development	443,907	393,926	-	-	443,907	393,926
Culture and recreation	1,194,345	1,050,485	-	-	1,194,345	1,050,485
Interest on long-term debt	315,739	406,835	-	-	315,739	406,835
Water	-	-	4,923,250	5,261,980	4,923,250	5,261,980
Sewer	-	-	5,331,633	5,394,120	5,331,633	5,394,120
Total expenses	<u>15,644,046</u>	<u>15,393,502</u>	<u>10,254,883</u>	<u>10,656,100</u>	<u>25,898,929</u>	<u>26,049,602</u>
Increase (decrease) in net position	813,938	751,737	(722,511)	(1,058,439)	91,427	(306,702)
Net position, beginning of year (as restated)	<u>40,635,386</u>	<u>39,883,649</u>	<u>64,858,702</u>	<u>66,959,034</u>	<u>105,494,088</u>	<u>106,842,683</u>
Net position, end of year	<u>\$ 41,449,324</u>	<u>\$ 40,635,386</u>	<u>\$ 64,136,191</u>	<u>\$ 65,900,595</u>	<u>\$ 105,585,515</u>	<u>\$ 106,535,981</u>

# Charter Township of Delta

## Expenses and Program Revenues - Governmental Activities

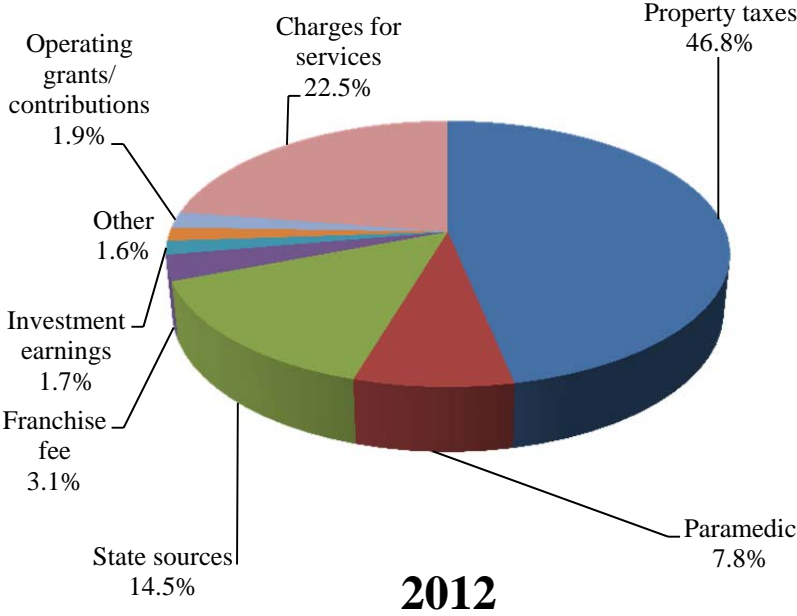
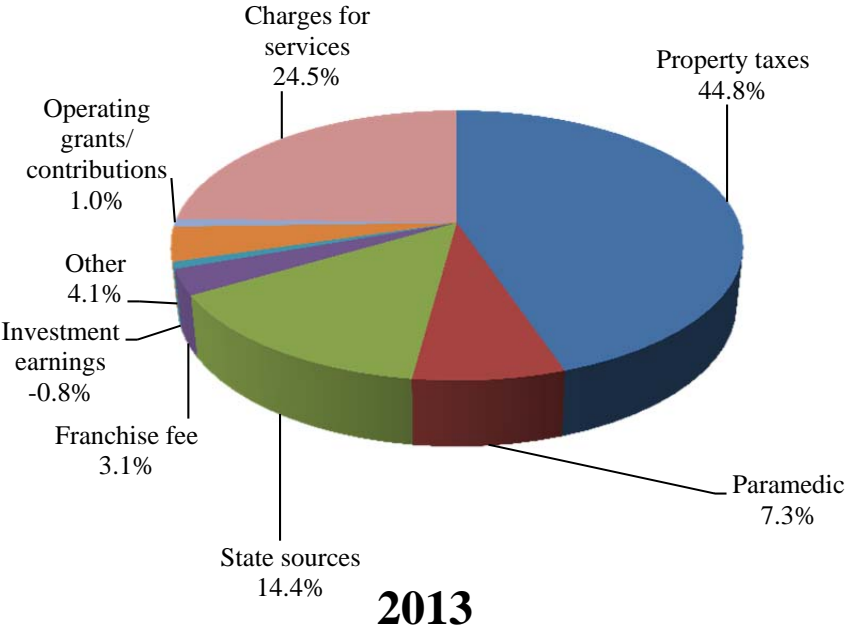
### December 31,



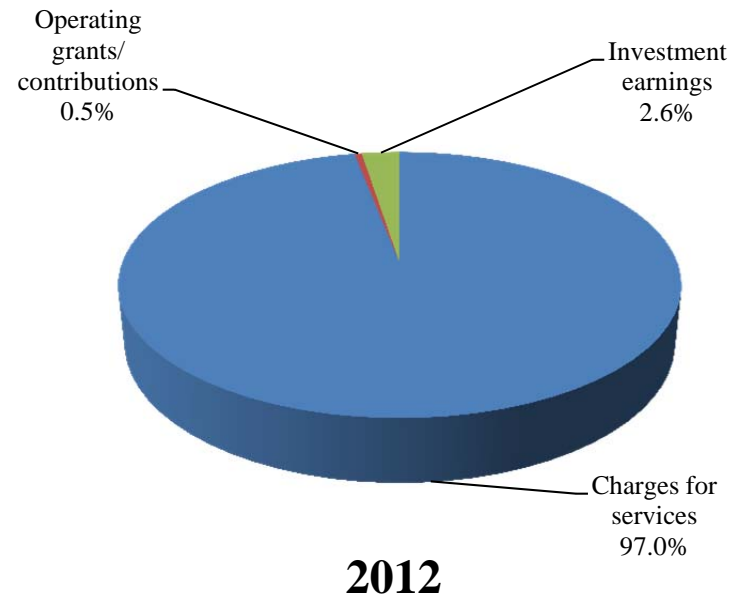
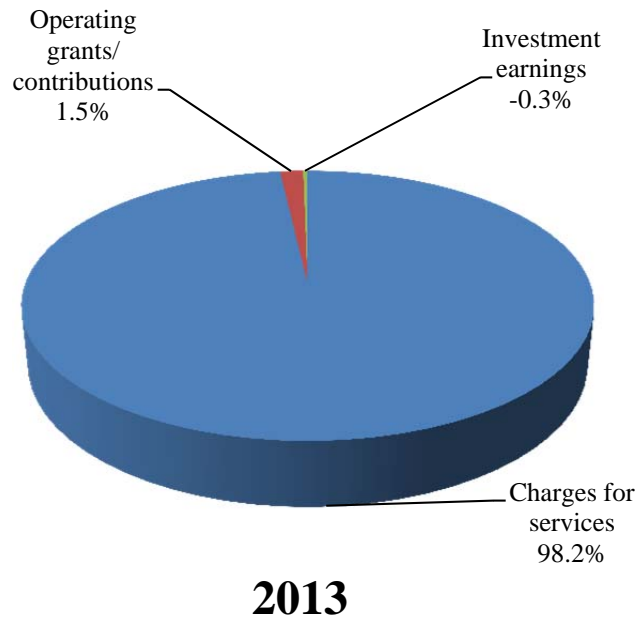
# Charter Township of Delta

## Revenues by Source - Governmental Activities

### December 31,

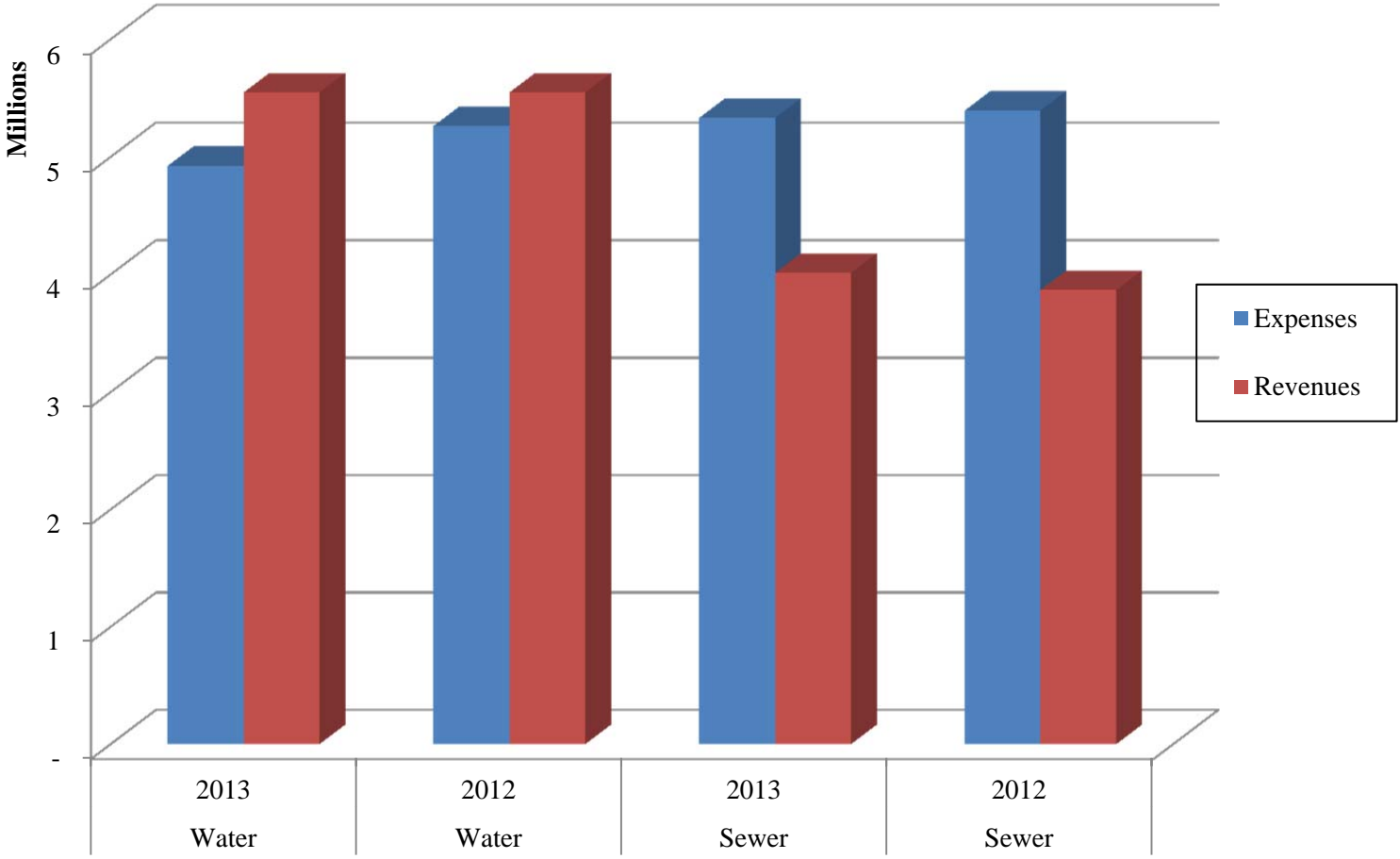


# Charter Township of Delta Revenues by Source - Business-type Activities December 31,





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



- Property taxes decreased by \$60,438 (0.8 percent) during the year. Most of this decrease is due to declining taxable values.
- Charges for services increased by \$716,449 (20 percent) during the year. This increase is due to an increase in ambulance billings, as well as increase in building permits.
- Investment earnings decreased by \$404,013 (150 percent) during the year. This decrease is due to the deteriorating market conditions for the investments that the Township holds.
- Overall governmental activities revenue is up \$312,745 from prior year. This increase is due to the above mentioned events.
- Expenses for governmental activities went from \$15.4 million to \$15.6 million, an increase of \$200,000. Majority of the increase is due to cost inflation.

**Business-type activities.** Business-type activities decreased the Township's net position by \$722,511. This decrease can be attributed to depreciation on capital assets.

#### 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 \$20.1 million, an increase of \$814 thousand in comparison with the prior year. Approximately 41 percent of this total amount (\$8.2 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable (\$59,960), restricted (\$2,901,987), or assigned (\$8,868,672).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8.2 million, while total fund balance reached \$15.6 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 55 percent of total general fund expenditures, while total fund balance represents 103 percent of that same amount.

The fund balance of the Township's general fund increased by \$813 thousand during the current fiscal year. The key factor in this increase is as follows:

- An increase in shared services with Looking Glass Regional Fire Authority and an unexpected increase in building permit revenue.

**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 \$16.7 million. The total decrease in net position amounted to \$722,511. 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 \$482,667, budgeted revenue increased by \$354,100, while other financial sources remained consistent with the original budget. The change in appropriations can be summarized as follows:

- \$50,500 increase in general government
- \$71,400 increase in public safety
- \$241,767 increase in public works
- \$119,000 increase in health and welfare

During the year actual revenue was higher than the amended budgetary estimates. This arises primarily from an increase in building permits. 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, 2013, amounts to \$88.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, vehicles, park facilities, sidewalks, and other infrastructure. The total decrease in the Township's investment in capital assets for the current fiscal year was 0.5 percent (a 0.2 percent decrease for governmental activities and a 0.3 percent decrease for business-type activities).

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

	Governmental activities		Business activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 5,680,810	\$ 5,680,810	\$ 1,567,569	\$ 1,567,569	\$ 7,248,379	\$ 7,248,379
Building and building equipment	11,881,024	12,209,457	3,749,721	4,839,845	15,630,745	17,049,302
Land improvements/sidewalks	2,413,877	2,456,042	-	-	2,413,877	2,456,042
Vehicles	618,463	383,198	-	-	618,463	383,198
Equipment	1,457,114	1,541,478	364,106	436,252	1,821,220	1,977,730
Flowage rights	6,319,182	6,395,095	-	-	6,319,182	6,395,095
Streets and highways	1,685,691	1,701,940	-	-	1,685,691	1,701,940
Sewer and water mains	-	-	53,228,431	52,231,356	53,228,431	52,231,356
	<u>\$ 30,056,161</u>	<u>\$ 30,368,020</u>	<u>\$ 58,909,827</u>	<u>\$ 59,075,022</u>	<u>\$ 88,965,988</u>	<u>\$ 89,443,042</u>

Additional information on the Township's capital assets can be found in Note 3 of this report.

**Long-term debt.** At the end of the current fiscal year, the Township had total long-term debt outstanding of \$21.0 million. Of this amount, \$15.9 million comprises debt backed by the full faith and credit of the government. The amount of \$2.2 million of the Township's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The remaining \$3.0 million represents compensated absences earned but not used as of year end (\$1.3 million) and other long-term items (\$1.7 million).

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

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
General obligations	\$ 6,800,000	\$ 6,900,000	\$ 9,081,973	\$ 9,718,756	\$ 15,881,973	\$ 16,618,756
Revenue bonds	-	-	2,245,000	2,475,000	2,245,000	2,475,000
Other long-term debt	1,450,341	1,601,004	266,792	348,253	1,717,133	1,949,257
Compensated absences	914,455	803,095	359,808	351,274	1,274,263	1,154,369
	<u>\$ 9,164,796</u>	<u>\$ 9,304,099</u>	<u>\$ 11,953,573</u>	<u>\$ 12,893,283</u>	<u>\$ 21,118,369</u>	<u>\$ 22,197,382</u>

The Township's total debt decreased by \$1.1 million (5 percent) during the current fiscal year. The key factor in this decrease was making the routine payments on debt.

The Township was given an "AAA" rating from Standard & Poor's and Fitch for the general obligation debt due to the bonds being insured.

Additional information on the Township's long-term debt can be found in Note 5 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 2014 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, 2013**

	<u>Primary government</u>			<u>Component unit</u>
	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>	<u>Economic Development Corporation</u>
<b>ASSETS:</b>				
Cash	\$ 10,596,155	\$ 3,222,186	\$ 13,818,341	\$ 114,964
Investments	13,207,736	6,643,339	19,851,075	-
Investments - replacement account	-	6,256,536	6,256,536	-
Receivables:				
Accounts	208,182	886,666	1,094,848	-
Taxes	4,561,323	-	4,561,323	-
Interest	57,272	38,604	95,876	-
Other	-	64,373	64,373	-
Internal balances	55,376	(55,376)	-	-
Inventory	-	-	-	-
Prepaid items	59,960	-	59,960	-
Prepaid other postemployment benefits - restricted	555,144	60,504	615,648	-
Special assessments:				
Due within one year - interest	-	13,161	13,161	-
Due within one year	-	62,450	62,450	-
Due in more than one year	-	170,684	170,684	-
Note receivable:				
Due within one year	-	38,829	38,829	-
Due in more than one year	-	258,708	258,708	-
Deferred charges:				
Tap in charges - deferred	-	164,918	164,918	-
Unamortized bond discount	41,846	37,460	79,306	-
Capital assets not being depreciated:				
Land	5,680,810	1,567,569	7,248,379	-
Other capital assets, net of accumulated depreciation	24,375,352	57,342,258	81,717,610	-
<b>TOTAL ASSETS</b>	<u>59,399,156</u>	<u>76,772,869</u>	<u>136,172,025</u>	<u>114,964</u>

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	\$ 307,949	\$ 410,623	\$ 718,572	\$ -
Customer deposits payable	139,134	76,382	215,516	-
Contract retainage payable	-	91,620	91,620	-
Accrued salaries and related items	270,351	-	270,351	-
Accrued interest	147,321	64,071	211,392	-
Unearned revenue	-	40,409	40,409	-
Unamortized bond premium	-	31,973	31,973	-
Noncurrent liabilities:				
Due within one year	813,491	1,169,516	1,983,007	-
Due in more than one year	8,351,305	10,752,084	19,103,389	-
<b>TOTAL LIABILITIES</b>	<b>10,029,551</b>	<b>12,636,678</b>	<b>22,666,229</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	7,920,281	-	7,920,281	-
<b>NET POSITION:</b>				
Net investment in capital assets	21,847,667	47,353,522	69,201,189	-
Restricted for perpetual care	270,468	-	270,468	-
Restricted for paramedic services	2,273,256	-	2,273,256	-
Restricted for budget stabilization	450,000	-	450,000	-
Restricted for other postemployment benefits	555,144	60,504	615,648	-
Unrestricted	16,052,789	16,722,165	32,774,954	114,964
<b>TOTAL NET POSITION</b>	<b>\$ 41,449,324</b>	<b>\$ 64,136,191</b>	<b>\$ 105,585,515</b>	<b>\$ 114,964</b>

See notes to financial statements.



**CHARTER TOWNSHIP OF DELTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2013**

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	\$ 3,372,736	\$ 611,196	\$ 146,561	\$ -	\$ (2,614,979)	\$ -	\$ (2,614,979)	\$ -
Public safety	6,331,905	420,582	14,697	-	(5,896,626)	-	(5,896,626)	-
Public works	1,621,801	1,479,169	-	-	(142,632)	-	(142,632)	-
Health and welfare	2,363,613	1,507,039	-	-	(856,574)	-	(856,574)	-
Community and economic development	443,907	16,870	-	-	(427,037)	-	(427,037)	-
Culture and recreation	1,194,345	314,639	-	-	(879,706)	-	(879,706)	-
Interest on long-term debt	315,739	-	-	-	(315,739)	-	(315,739)	-
Total governmental activities	<u>15,644,046</u>	<u>4,349,495</u>	<u>161,258</u>	<u>-</u>	<u>(11,133,293)</u>	<u>-</u>	<u>(11,133,293)</u>	<u>-</u>
Business-type activities:								
Water	4,923,250	5,428,946	-	118,510	-	624,206	624,206	-
Sewer	5,331,633	3,985,096	-	28,530	-	(1,318,007)	(1,318,007)	-
Total business activities	<u>10,254,883</u>	<u>9,414,042</u>	<u>-</u>	<u>147,040</u>	<u>-</u>	<u>(693,801)</u>	<u>(693,801)</u>	<u>-</u>
Total primary government	<u>\$ 25,898,929</u>	<u>\$ 13,763,537</u>	<u>\$ 161,258</u>	<u>\$ 147,040</u>	<u>-</u>	<u>-</u>	<u>(11,827,094)</u>	<u>-</u>
<b>Component unit:</b>								
Economic Development Corporation	\$ 1,490	\$ -	\$ -	\$ -	-	-	-	(1,490)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					7,492,029	-	7,492,029	-
Paramedic levy					1,226,226	-	1,226,226	-
State sources					2,411,596	-	2,411,596	-
Franchise fee-cable					514,794	-	514,794	-
Investment earnings					(134,557)	(28,710)	(163,267)	(594)
Other					437,143	-	437,143	-
Total general revenues					<u>11,947,231</u>	<u>(28,710)</u>	<u>11,918,521</u>	<u>(594)</u>
Change in net position					813,938	(722,511)	91,427	(2,084)
Net position, beginning of year					40,635,386	64,858,702	105,494,088	117,048
Net position, end of year					<u>\$ 41,449,324</u>	<u>\$ 64,136,191</u>	<u>\$ 105,585,515</u>	<u>\$ 114,964</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	<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	\$ 8,580,204	\$ 1,007,687	\$ 1,008,264	\$ 10,596,155
Investments	10,728,168	1,260,139	1,219,429	13,207,736
Receivables:				
Accounts	208,182	-	-	208,182
Taxes	3,327,014	1,234,309	-	4,561,323
Interest	46,587	5,430	5,255	57,272
Due from other funds	55,376	-	-	55,376
Prepaid items	59,960	-	-	59,960
<b>TOTAL ASSETS</b>	<u>\$ 23,005,491</u>	<u>\$ 3,507,565</u>	<u>\$ 2,232,948</u>	<u>\$ 28,746,004</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 307,949	\$ -	\$ -	\$ 307,949
Customer deposits payable	139,134	-	-	139,134
Accrued salaries and related items	270,351	-	-	270,351
<b>TOTAL LIABILITIES</b>	<u>717,434</u>	<u>-</u>	<u>-</u>	<u>717,434</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	6,721,884	1,234,309	-	7,956,193
<b>FUND BALANCES:</b>				
Nonspendable:				
Prepaid items	59,960	-	-	59,960
Restricted:				
Budget stabilization	450,000	-	-	450,000
Perpetual care fund	-	-	270,468	270,468
Paramedic fund	-	2,181,519	-	2,181,519
Assigned:				
Debt service	-	-	33,131	33,131
Capital projects	-	-	1,929,349	1,929,349
Compensated absences	914,455	-	-	914,455
Roads	1,000,000	-	-	1,000,000

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	\$ 2,100,000	\$ -	\$ -	\$ 2,100,000
Non-motorized transportation	500,000	-	-	500,000
Economic development	500,000	-	-	500,000
Capital improvements	1,600,000	-	-	1,600,000
County drains	200,000	-	-	200,000
Subsequent years' expenditures	-	91,737	-	91,737
Unassigned	8,241,758	-	-	8,241,758
<b>TOTAL FUND BALANCES</b>	<u>15,566,173</u>	<u>2,273,256</u>	<u>2,232,948</u>	<u>20,072,377</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 23,005,491</u>	<u>\$ 3,507,565</u>	<u>\$ 2,232,948</u>	<u>\$ 28,746,004</u>
<b>Total governmental fund balances</b>				\$ 20,072,377
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:				
Cost of the capital assets			\$ 49,486,934	
Less accumulated depreciation			<u>19,430,772</u>	
				30,056,162
Other postemployment benefits pre-payments which exceed the annual required contribution are recorded as prepaid				555,144
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				35,912
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				(6,800,000)
Other long-term debt				(1,450,341)
Bond discount, net of amortization of \$11,954				41,846
Compensated absences				(914,455)
Accrued interest				<u>(147,321)</u>
<b>Net position of governmental activities</b>				<u>\$ 41,449,324</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, 2013**

	<b>General</b>	<b>Paramedic fund (a special</b>	<b>Total nonmajor funds</b>	<b>Total governmental funds</b>
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ 7,486,855	\$ -	\$ -	\$ 7,486,855
Paramedic levy	-	1,226,226	-	1,226,226
Licenses and permits	1,556,665	-	-	1,556,665
Charges for services	2,178,877	-	-	2,178,877
Investment earnings	(107,648)	(14,658)	(12,251)	(134,557)
Rental income	68,409	-	395,550	463,959
Local contributions	419,976	-	-	419,976
Other	532,054	-	9,292	541,346
Total local sources	12,135,188	1,211,568	392,591	13,739,347
State shared revenue	2,411,596	-	-	2,411,596
State and Federal grants	161,258	-	-	161,258
Total revenues	14,708,042	1,211,568	392,591	16,312,201
<b>EXPENDITURES:</b>				
Current:				
General government	3,014,393	-	-	3,014,393
Public safety	5,946,812	-	-	5,946,812
Public works	1,705,648	-	-	1,705,648
Health and welfare	2,608,333	155,160	-	2,763,493
Community and economic development	384,360	-	-	384,360
Culture and recreation	1,249,204	-	-	1,249,204
Debt service:				
Principal repayment	138,621	-	100,000	238,621
Interest expense	28,279	-	295,876	324,155
Total expenditures	15,075,650	155,160	395,876	15,626,686
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(367,608)	1,056,408	(3,285)	685,515
<b>OTHER FINANCING SOURCES (USES):</b>				
Drain usage rights - Eaton County	128,567	-	-	128,567
Transfers in	1,199,107	-	147,000	1,346,107
Transfers out	(147,000)	(1,199,107)	-	(1,346,107)
Total other financing sources (uses)	1,180,674	(1,199,107)	147,000	128,567
Net change in fund balances	813,066	(142,699)	143,715	814,082
<b>FUND BALANCES:</b>				
Beginning of year	14,753,107	2,415,955	2,089,233	19,258,295
End of year	<u>\$ 15,566,173</u>	<u>\$ 2,273,256</u>	<u>\$ 2,232,948</u>	<u>\$ 20,072,377</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2013**

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

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 814,082</b>
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	(1,448,552)
Capital outlay	1,153,542
Realized loss on disposal of fixed assets	(16,849)
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)	
	158,821
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	157,530
Accrued interest payable end of the year	(147,321)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	
Repayment of principal on long-term debt	379,231
Amortization of bond discounts	(1,793)
Drain assessments from Eaton County (long-term debt recorded as an other financing source at the fund level)	
	(128,567)
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	(30,738)
Accrued revenue end of the year - primarily delinquent personal property taxes	35,912
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	803,095
Accrued compensated absences end of the year	(914,455)
<b>Change in net position of governmental activities</b>	<b>\$ 813,938</b>

**CHARTER TOWNSHIP OF DELTA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2013**

ASSETS	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
<b>CURRENT ASSETS:</b>			
Cash	\$ 2,042,874	\$ 1,179,312	\$ 3,222,186
Investments	2,544,671	4,098,668	6,643,339
Receivables:			
Accounts	438,723	447,943	886,666
Interest	20,942	17,662	38,604
Special assessment - current	15,978	46,472	62,450
Special assessment - interest	8,331	4,830	13,161
Other	41,709	22,664	64,373
Current portion of long-term receivable	-	38,829	38,829
<b>TOTAL CURRENT ASSETS</b>	<u>5,113,228</u>	<u>5,856,380</u>	<u>10,969,608</u>
<b>NONCURRENT ASSETS:</b>			
Investments - replacement account	4,158,294	2,098,242	6,256,536
Deferred charges:			
Tap in charges - deferred	103,099	61,819	164,918
Unamortized bond discounts	-	37,460	37,460
Special assessment - deferred	4,616	166,068	170,684
Long-term receivable	-	258,708	258,708
Prepaid other postemployment benefits - restricted	45,916	14,588	60,504
Property, plant and equipment, net of accumulated depreciation	25,238,003	33,671,824	58,909,827
<b>TOTAL NONCURRENT ASSETS</b>	<u>29,549,928</u>	<u>36,308,709</u>	<u>65,858,637</u>
<b>TOTAL ASSETS</b>	<u>34,663,156</u>	<u>42,165,089</u>	<u>76,828,245</u>

<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	\$ 177,406	\$ 233,217	\$ 410,623
Customer deposits payable	68,392	7,990	76,382
Contract retainage payable	-	91,620	91,620
Accrued interest	-	64,071	64,071
Unearned revenue	-	40,409	40,409
Current portion of long-term liabilities	22,233	925,000	947,233
Current portion of compensated absences	186,151	36,132	222,283
Due to other funds	40,623	14,753	55,376
<b>TOTAL CURRENT LIABILITIES</b>	<b>494,805</b>	<b>1,413,192</b>	<b>1,907,997</b>
<b>LONG-TERM LIABILITIES, net of current portion:</b>			
Compensated absences	111,112	26,413	137,525
Other long-term debt	244,559	-	244,559
Unamortized bond premiums	-	31,973	31,973
Revenue bonds payable	-	1,970,000	1,970,000
General obligation tax bonds	-	8,400,000	8,400,000
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>355,671</b>	<b>10,428,386</b>	<b>10,784,057</b>
<b>TOTAL LIABILITIES</b>	<b>850,476</b>	<b>11,841,578</b>	<b>12,692,054</b>
<b>NET POSITION:</b>			
Net investment in capital assets	24,971,211	22,382,311	47,353,522
Restricted for other postemployment benefits	45,916	14,588	60,504
Unrestricted	8,795,553	7,926,612	16,722,165
<b>TOTAL NET POSITION</b>	<b>\$ 33,812,680</b>	<b>\$ 30,323,511</b>	<b>\$ 64,136,191</b>

**CHARTER TOWNSHIP OF DELTA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 3,749,295	\$ 4,945,651	\$ 8,694,946
Capital charges	105,967	137,775	243,742
Hydrant rental	-	137,970	137,970
Forfeited discounts	44,806	58,171	102,977
Other services charges	-	94,930	94,930
Other	45,954	17,896	63,850
	<u>3,946,022</u>	<u>5,392,393</u>	<u>9,338,415</u>
<b>OPERATING EXPENSES:</b>			
Costs of sales and services	3,478,805	3,636,831	7,115,636
Depreciation	1,913,209	960,612	2,873,821
	<u>5,392,014</u>	<u>4,597,443</u>	<u>9,989,457</u>
Total operating revenues	<u>3,946,022</u>	<u>5,392,393</u>	<u>9,338,415</u>
Total operating expenses	<u>5,392,014</u>	<u>4,597,443</u>	<u>9,989,457</u>
Operating income (loss)	<u>(1,445,992)</u>	<u>794,950</u>	<u>(651,042)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Contributions - infrastructure	28,530	118,510	147,040
Main charges	39,074	36,553	75,627
Investment income - net	(29,572)	862	(28,710)
Interest and fiscal charges	(17,376)	(364,916)	(382,292)
Bond issuance costs	-	(50,200)	(50,200)
Amortization of bond discount	-	(22,636)	(22,636)
Amortization of bond premium	77,757	111,945	189,702
	<u>98,413</u>	<u>(169,882)</u>	<u>(71,469)</u>
Total non-operating revenues (expenses) - net	<u>98,413</u>	<u>(169,882)</u>	<u>(71,469)</u>
Change in net position	(1,347,579)	625,068	(722,511)
<b>NET POSITION, beginning of year</b>	<u>35,160,259</u>	<u>29,698,443</u>	<u>64,858,702</u>
<b>NET POSITION, end of year</b>	<u>\$ 33,812,680</u>	<u>\$ 30,323,511</u>	<u>\$ 64,136,191</u>

See notes to financial statements.



**CHARTER TOWNSHIP OF DELTA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2013**

	<b>Business-type activities-Enterprise funds</b>		
	<b>Sewer fund</b>	<b>Water fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 3,712,708	\$ 4,904,366	\$ 8,617,074
Capital charges	105,967	137,775	243,742
Hydrant rental	-	137,970	137,970
Forfeited discounts	44,806	58,171	102,977
Other services charges	-	94,930	94,930
Other	45,954	17,896	63,850
Payment to suppliers	(1,370,632)	(2,836,201)	(4,206,833)
Payment to employees	(2,154,662)	(716,281)	(2,870,943)
Payment for interfund services	3,687	3,852	7,539
Net cash provided in operating activities	<u>387,828</u>	<u>1,802,478</u>	<u>2,190,306</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Contributions	28,530	118,510	147,040
Main and tap in charges	61,005	53,021	114,026
Net cash provided by noncapital financing activities	<u>89,535</u>	<u>171,531</u>	<u>261,066</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Interest received from special assessments	12,993	15,012	28,005
Proceeds from special assessments	(258)	(77,124)	(77,382)
Proceeds from sale of fixed assets	6,290	-	6,290
Proceeds from issuance of debt	-	4,000,000	4,000,000
Principal repayments on debt	(1,077,342)	(3,681,200)	(4,758,542)
Interest paid on bonds and land contract	(26,033)	(374,306)	(400,339)
Payments for bond issuance costs	-	(50,200)	(50,200)
Payments for capital acquisitions	(315,925)	(2,392,701)	(2,708,626)
Net cash used by capital and related financing activities	<u>(1,400,275)</u>	<u>(2,560,519)</u>	<u>(3,960,794)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received from investments	(36,423)	(9,878)	(46,301)
Purchase of investments	609,396	(760,783)	(151,387)
Net cash provided (used) by investing activities	<u>572,973</u>	<u>(770,661)</u>	<u>(197,688)</u>
<b>NET DECREASE IN CASH</b>	<u>(349,939)</u>	<u>(1,357,171)</u>	<u>(1,707,110)</u>
<b>CASH:</b>			
Beginning of year	2,392,813	2,536,483	4,929,296
End of year	<u>\$ 2,042,874</u>	<u>\$ 1,179,312</u>	<u>\$ 3,222,186</u>

**CHARTER TOWNSHIP OF DELTA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2013**

	<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)	\$ (1,445,992)	\$ 794,950	\$ (651,042)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,913,209	960,612	2,873,821
Gain on the sale of fixed assets	(6,290)	-	(6,290)
(Increase) decrease in assets:			
Receivables	(36,587)	(41,285)	(77,872)
Prepaid expenditures	(44,986)	(13,558)	(58,544)
Due to/from other funds - net	3,687	3,852	7,539
Increase (decrease) in liabilities:			
Accounts payable	(2,219)	(10,323)	(12,542)
Accrued compensated absences	7,006	1,528	8,534
Customer deposits	-	270	270
Contract retainage payable	-	91,620	91,620
Unearned revenue	-	14,812	14,812
Net cash provided by operating activities	<u>\$ 387,828</u>	<u>\$ 1,802,478</u>	<u>\$ 2,190,306</u>

**CHARTER TOWNSHIP OF DELTA  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

	<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	\$ -	\$ -	\$ 1,903,424
Investments	18,972,554	8,175,267	2,380,283
Taxes receivable - delinquent	-	-	484,544
Interest receivable	-	-	10,258
	<b>18,972,554</b>	<b>8,175,267</b>	<b>4,778,509</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES:</b>			
Undistributed tax collections:			
Current	-	-	4,293,685
Delinquent and other	-	-	484,824
	<b>-</b>	<b>-</b>	<b>4,778,509</b>
<b>NET POSITION:</b>			
Restricted for pension and other post employment benefits	<b>\$ 18,972,554</b>	<b>\$ 8,175,267</b>	<b>\$ -</b>

**CHARTER TOWNSHIP OF DELTA  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 2,564,719	\$ 744,726
Contributions	1,151,607	525,135
Total additions	3,716,326	1,269,861
<b>DEDUCTIONS:</b>		
Distributions	2,497,101	-
Change in net position	1,219,225	1,269,861
<b>NET POSITION:</b>		
Beginning of year	17,753,329	6,905,406
End of year	\$ 18,972,554	\$ 8,175,267

**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. Other funds do not have appropriated budgets.

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 function 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, 2013. 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.

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.

**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.

**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)**

**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 no items that qualify for reporting in this category.

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 unavailable and recognized as an inflow of resources in the period that the amounts become available.

**6. Pension and Other Postemployment Benefit Costs**

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

**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)**

**7. 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.

**8. 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.

**9. 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)**

**9. 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.

**10. Comparative Data/Reclassifications**

Comparative total data for the prior year have been presented only for certain individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, 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.

**11. 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 2013, 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, 2013, 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	\$ 733,909	2.6685	AA+	3.1%
U.S. Agency Loans	19,131,721	4.6881	AA+	80.8%
U.S. Agencies - Corporate	522,476	5.8625	AA+	2.2%
Municipal bonds	3,235,461	4.5864	AA-	13.7%
MI CLASS External Investment Pool	<u>68,443</u>	0.0027	AA+	<u>0.3%</u>
Total fair value	<u>\$ 23,692,010</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>4.6240</u>		

1 day maturity equals 0.0027, on year equals 1.00

The Township voluntarily invests excess funds in pooled short term investment funds which included money market funds. One of the pooled investment funds utilized by the Township is 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, 2013, 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, 2013, \$20,910,272 of the Township's bank balance of \$21,638,222 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 \$20,632,613 is reported as deposits on the financial statements as of December 31, 2013.

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

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

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

The above amounts as previously reported in Note 2:

Deposits	\$ 20,632,613
Investments	23,692,010
	\$ 44,324,623

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

<b>Cash:</b>	
Township wide	\$ 13,818,341
Component unit - Economic Development Corporation	114,964
Tax collection fund (a fiduciary fund)	1,903,424
<b>Investments:</b>	
Township wide	19,851,075
Township wide - replacement account	6,256,536
Tax collection fund (a fiduciary fund)	2,380,283
	\$ 44,324,623

**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, 2013:

	Other post employment benefit trust fund	Pension Trust Fund
	<u>                    </u>	<u>                    </u>
Balanced funds	\$ 8,175,267	\$ 5,415,524
U.S. Stock funds	-	5,969,551
Stable Value funds	-	5,812,899
Bond funds	-	778,974
Guaranteed Lifetime Income funds	-	300,072
Specialty	-	140,320
International Stock funds	-	555,214
	<u><u>\$ 8,175,267</u></u>	<u><u>\$ 18,972,554</u></u>

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

**NOTE 3 - CAPITAL ASSETS**

The capital assets are as follows:

	Balance December 31, 2012	Additions	Deletions	Balance December 31, 2013
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,680,810	\$ -	\$ -	\$ 5,680,810
Capital assets, being depreciated:				
Buildings and building equipment	18,028,667	-	-	18,028,667
Land improvements and sidewalks	5,754,115	183,617	-	5,937,732
Vehicles	1,232,049	371,407	14,880	1,588,576
Flowage rights	8,408,780	137,750	-	8,546,530
Streets and highways	3,820,226	214,549	-	4,034,775
Equipment	5,785,714	246,219	362,089	5,669,844
Total capital assets, being depreciated	43,029,551	1,153,542	376,969	43,806,124
Less accumulated depreciation for:				
Buildings and building equipment	5,819,210	328,433	-	6,147,643
Land improvements	3,298,073	225,782	-	3,523,855
Vehicles	848,851	136,142	14,880	970,113
Flowage rights	2,013,685	213,663	-	2,227,348
Streets and highways	2,118,286	230,798	-	2,349,084
Equipment	4,244,236	313,734	345,240	4,212,730
Total accumulated depreciation	18,342,341	1,448,552	360,120	19,430,773
Total capital assets, being depreciated, net	24,687,210	(295,010)	16,849	24,375,351
Total	\$ 30,368,020	\$ (295,010)	\$ 16,849	\$ 30,056,161

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

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

	Balance December 31, 2012	Additions	Deletions	Balance December 31, 2013
Primary government:				
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,567,569	\$ -	\$ -	\$ 1,567,569
Capital assets, being depreciated:				
Buildings and building equipment	29,202,696	-	-	29,202,696
Land improvements/sidewalks	59,085	-	-	59,085
Equipment	2,546,193	26,549	40,740	2,532,002
Sewer and water mains	81,768,929	2,682,077	-	84,451,006
Total capital assets, being depreciated	113,576,903	2,708,626	40,740	116,244,789
Less accumulated depreciation for:				
Buildings and building equipment	24,362,851	1,090,124	-	25,452,975
Land improvements/sidewalks	59,085	-	-	59,085
Equipment	2,109,941	98,695	40,740	2,167,896
Sewer and water mains	29,537,573	1,685,002	-	31,222,575
Total accumulated depreciation	56,069,450	2,873,821	40,740	58,902,531
Total capital assets, being depreciated, net	57,507,453	(165,195)	-	57,342,258
Total	\$ 59,075,022	\$ (165,195)	\$ -	\$ 58,909,827

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

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

Depreciation expense was charged to functions/programs of the primary government at December 31, 2013 as follows:

Governmental activities:			
General government	\$	533,825	
Public safety		419,179	
Public works		444,462	
Culture and recreation		51,086	
Total depreciation expense - governmental activities	\$	<u>1,448,552</u>	
Business type activities:			
Water	\$	960,612	
Sewer		1,913,209	
Total depreciation expense - business-type activities	\$	<u>2,873,821</u>	

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

The composition of interfund balances as of December 31, 2013 is as follows:

Receivable fund	Amount	Payable fund	Amount
General fund	<u>\$ 55,376</u>	Water fund	\$ 14,753
		Sewer fund	<u>40,623</u>
			<u>\$ 55,376</u>

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

**NOTE 4 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS (Concluded)**

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

Interfund transfers:

	Transfer in	
Transfer out:	General fund	Nonmajor special revenue
General fund	\$ -	\$ 147,000
Major special revenue	1,199,107	-
	\$ 1,199,107	\$ 147,000

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% - 4.50%	\$ 6,800,000
Business-type activities	2.00% - 4.10%	9,050,000
		<u>\$ 15,850,000</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>
2014	\$ 100,000	\$ 291,549	\$ 650,000	\$ 268,925
2015	100,000	287,550	650,000	250,675
2016	150,000	282,550	750,000	230,988
2017	150,000	276,550	750,000	209,863
2018	200,000	269,550	800,000	187,700
2019 - 2023	1,000,000	1,225,850	4,400,000	508,955
2024 - 2028	1,200,000	1,007,425	1,050,000	44,075
2029 - 2033	1,900,000	669,250	-	-
2034 - 2037	2,000,000	180,000	-	-
	<u>\$ 6,800,000</u>	<u>\$ 4,490,274</u>	<u>\$ 9,050,000</u>	<u>\$ 1,701,181</u>

**Revenue Bonds**

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

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Water system improvement Water fund	3.00% - 3.25%	<u>\$ 2,245,000</u>



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

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

Revenue bond debt service requirements to maturity are as follows:

<u>Year ending December 31</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 275,000	\$ 66,375
2015	270,000	58,125
2016	310,000	50,025
2017	325,000	40,725
2018	340,000	32,475
2019	355,000	22,275
2020	370,000	11,625
	<u>\$ 2,245,000</u>	<u>\$ 281,625</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. General assessment outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Amount</u>
Governmental activities	4.90% - 5.05%	\$ 1,450,341
Business type activities	5.25%	266,792
		<u>\$ 1,717,133</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	<u>Governmental activities general assessment</u>		<u>Business type activities general assessment</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 110,481	\$ 73,932	\$ 22,233	\$ 14,006
2015	110,481	68,289	22,233	12,839
2016	110,481	62,657	22,233	11,672
2017	110,481	57,143	22,233	10,533
2018	110,481	51,354	22,233	9,337
2019 - 2023	552,408	167,876	111,163	27,757
2024 - 2028	292,428	44,072	44,464	3,507
2029 - 2031	53,100	5,424	-	-
	<u>\$ 1,450,341</u>	<u>\$ 530,747</u>	<u>\$ 266,792</u>	<u>\$ 89,651</u>

**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, 2013, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 6,900,000	\$ -	\$ 100,000	\$ 6,800,000	\$ 100,000
General assessment payable	1,601,004	128,567	279,230	1,450,341	110,481
Compensated absences	803,095	111,360	-	914,455	603,010
	<u>\$ 9,304,099</u>	<u>\$ 239,927</u>	<u>\$ 379,230</u>	<u>\$ 9,164,796</u>	<u>\$ 813,491</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation	\$ 9,540,000	\$ 4,000,000	\$ 4,490,000	\$ 9,050,000	\$ 650,000
Revenue bonds	2,475,000	-	230,000	2,245,000	275,000
Other long-term debt	348,253	-	81,461	266,792	22,233
Add:					
Bond premiums	178,756	-	146,783	31,973	-
	<u>12,542,009</u>	<u>4,000,000</u>	<u>4,948,244</u>	<u>11,593,765</u>	<u>947,233</u>
Compensated absences	<u>351,274</u>	<u>8,534</u>	<u>-</u>	<u>359,808</u>	<u>222,283</u>
	<u>\$ 12,893,283</u>	<u>\$ 4,008,534</u>	<u>\$ 4,948,244</u>	<u>\$ 11,953,573</u>	<u>\$ 1,169,516</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 \$8,419,075 in 2013. The base salary amounted to \$4,423,952. The Township made the required contributions of \$552,994. No significant employee contributions were made. Plan provisions and contribution requirements are established and may be amended by the Township.

*Deferred Compensation Plan*

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

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

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

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

*Defined Benefit Plan*

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

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

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

The Township's pension cost for fiscal years ending December 31, 2013 and 2012 was \$194,460 and \$186,823, respectively. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method.

The significant actuarial assumptions to be used to compute the actuarial accrued liabilities are as follows: (1) the entry age normal actuarial cost method of valuation was used in determining age and service benefit liabilities and normal cost; (2) an 8% rate of return on investment of present and future assets was used based on estimated long-term yield considering (a) the nature and mix of current and expected investments; and (b) the basis used to value those assets; (3) projected salary increases are based on annual pay increases of 4.5% (1% for calendar years 2013 and 2014, 2% for 2015, and 3% for 2016) plus a percentage based on an age-related scale to reflect merit, longevity and promotional pay increases. Benefits will not increase after retirement except that some participants will receive cost of living allowances. The actuarial value of the Plan's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 10 year period. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 28 years. The remaining amortization period will be reduced by one year in each of the next six years reaching 20 years on 2018.

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

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

c. Trend Information

Year ending December 31,	Annual pension cost	Percentage of annual pension cost contributed	Net pension obligation
2011	\$ 174,501	100%	\$ -
2012	186,823	100%	-
2013	194,460	100%	-

d. Plan Membership

As of December 31 the Plan membership consisted of:

	2013	2012
Active employees	34	34
Inactive vested members	3	3
Retirees and beneficiaries currently receiving benefits	13	13
	<u>50</u>	<u>50</u>

e. Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the Plan was 69% funded. The actuarial accrued liability for benefits was \$12.4 million, and the actuarial value of assets was \$8.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.9 million. The covered payroll (annual payroll of active employees covered by the Plan) was \$2.1 million, and the ratio of the UAAL to the covered payroll was 184%.

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

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits and deferred compensation plan described in Note 8, the Township also sponsors a retiree health care plan (the "Plan"). The Plan provides other post employment benefits (OPEB) for all of its full time employees through a single-employer defined benefit plan. Based on the plan, the Township is required to have an actuarial calculation every three years. The information provided is the results of the most recent actuarial valuation with a measurement date of December 31, 2012.

**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 8.57 percent of annual covered payroll. The Township contributed \$302,928 for their portion of shared costs with retiree's premiums. At December 31, 2012, the date of the latest actuarial valuation, participants in the Plan consisted of:

Retirees and beneficiaries receiving benefits	35
Active employees	<u>119</u>
Total	<u><u>154</u></u>

*Funding progress.* For the year ended December 31, 2013 the Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2012. 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 24 years. Based on that valuation, the Township contributed \$823,903 in the year ended December 31, 2013 which represents 135.8% of the annual required contribution. The value of the Plan's assets at the end of December 31, 2013 was \$8,175,267.

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

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

Annual required contribution (recommended)	\$ 606,532
Amounts contributed:	
Payments of current expenses (ARC and retiree premiums)	<u>(823,903)</u>
Decrease in net OPEB obligation	(217,371)
OPEB obligation (prepayment):	
Beginning of year	<u>(398,277)</u>
End of year	<u><u>\$ (615,648)</u></u>

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,		
	2011	2012	2013
Annual OPEB costs	\$ 849,182	\$ 840,016	\$ 823,903
Percentage contributed:			
Charter Township of Delta	104.8%	99.0%	135.8%



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

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

The funding progress of the Plan as of the most recent valuation date of December 31, 2012, is as follows:

Actuarial accrued liability (AAL)	\$ 13,156,272
Actuarial value of plan assets - 12/31/2012	<u>6,558,140</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 6,598,132</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>49.8%</u>
Covered payroll (active plan members)	<u>\$ 7,074,701</u>
UAAL as a percentage of covered payroll	<u>93.3%</u>

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

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

In the December 31, 2012, 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 8 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after ten years. Both rates include a 3.0 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, 2012 was twenty four 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, 2013 and 2012, 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 2013 or any of the prior three years.

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

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

**NOTE 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, 2013 building department revenues were \$945,229 and expenditures were \$702,848. As of December 31, 2013, the Township had not incurred all the expenditures relating to the building department revenues.

**NOTE 11 - LIBRARY CONSTRUCTION**

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

Year ending December 31,		
2014	\$	391,550
2015		387,550
2016		432,550
2017		426,550
2018		469,550
2019 - 2023		2,225,850
2024 - 2028		2,207,425
2029 - 2033		2,569,250
2034 - 2037		2,180,000
		\$ 11,290,275

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

**NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued by the GASB in June 2012 and will be effective for the Township's 2015 fiscal year. The Statement requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension 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 68 requires the Township to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CHARTER TOWNSHIP OF DELTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2013**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget</b>
<b>REVENUES:</b>				
Taxes	\$ 7,381,555	\$ 7,491,555	\$ 7,486,855	\$ (4,700)
Licenses and permits	883,750	1,008,850	1,556,665	547,815
Charges for services	1,955,403	1,955,403	2,178,877	223,474
Investment income - net	165,000	165,000	(107,648)	(272,648)
Rental income	51,140	51,140	68,409	17,269
Local contributions	379,200	379,200	419,976	40,776
Other	478,940	478,940	532,054	53,114
State shared revenue	2,386,377	2,386,377	2,411,596	25,219
State and federal grants	28,000	147,000	161,258	14,258
Total revenues	<u>13,709,365</u>	<u>14,063,465</u>	<u>14,708,042</u>	<u>644,577</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Legislative - trustees	81,464	86,964	82,389	4,575
Manager	438,539	438,539	430,175	8,364
Assessing	497,780	497,780	450,944	46,836
Clerk	429,018	429,018	388,022	40,996
Treasurer	228,878	228,878	223,148	5,730
Computer	216,296	216,296	209,336	6,960
Township hall and grounds	385,883	385,883	381,058	4,825
General service administration	642,400	687,400	675,220	12,180
Cemetery	191,163	191,163	174,101	17,062
Total general government	<u>3,111,421</u>	<u>3,161,921</u>	<u>3,014,393</u>	<u>147,528</u>
Public safety:				
Law enforcement - police	3,007,900	3,007,900	2,990,427	17,473
Fire	2,245,410	2,316,810	2,307,766	9,044
Emergency operations center	14,100	14,100	11,103	2,997
Protective inspection	672,776	672,776	637,516	35,260
Total public safety	<u>5,940,186</u>	<u>6,011,586</u>	<u>5,946,812</u>	<u>64,774</u>

**CHARTER TOWNSHIP OF DELTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2013**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget</b>
<b>EXPENDITURES (Concluded):</b>				
Current:				
Public works:				
Department of public works	\$ 67,135	\$ 67,135	\$ 60,769	\$ 6,366
Drains	57,650	186,217	169,448	16,769
Streets and highways	473,100	586,300	660,974	(74,674)
Engineering	361,531	361,531	301,855	59,676
Street lighting	480,440	480,440	512,602	(32,162)
Total public works	1,439,856	1,681,623	1,705,648	(24,025)
Health and welfare:				
Paramedics	2,489,450	2,608,450	2,608,333	117
Community and economic development:				
Planning	300,442	300,442	295,803	4,639
Economic development	89,954	89,954	88,557	1,397
Total community and economic development	390,396	390,396	384,360	6,036
Culture and recreation:				
Parks and recreation	1,253,892	1,253,892	1,249,204	4,688
Debt service				
	166,900	166,900	166,900	-
Total expenditures	14,792,101	15,274,768	15,075,650	199,118
<b>OTHER FINANCING SOURCES (USES):</b>				
Drain assessments issued by Eaton County	-	128,567	128,567	-
Transfers in	1,300,550	1,300,550	1,199,107	(101,443)
Transfers out	(147,000)	(147,000)	(147,000)	-
Total other financing sources (uses)	1,153,550	1,282,117	1,180,674	(101,443)
Net change in fund balances	\$ 70,814	\$ 70,814	813,066	\$ 742,252
<b>FUND BALANCE:</b>				
Beginning of year			14,753,107	
End of year			\$ 15,566,173	

**CHARTER TOWNSHIP OF DELTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
PARAMEDIC SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2013**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
<b>REVENUES:</b>				
Taxes and special assessments	\$ 1,238,741	\$ 1,238,741	\$ 1,226,226	\$ (12,515)
Investment income - net	32,000	32,000	(14,658)	(46,658)
Total revenues	<u>1,270,741</u>	<u>1,270,741</u>	<u>1,211,568</u>	<u>(59,173)</u>
<b>EXPENDITURES:</b>				
Current:				
Health and welfare	154,800	154,800	155,160	(360)
Excess of revenues over expenditures	1,115,941	1,115,941	1,056,408	(59,533)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,299,450)	(1,299,450)	(1,199,107)	100,343
Net change in fund balance	<u>\$ (183,509)</u>	<u>\$ (183,509)</u>	(142,699)	<u>\$ 40,810</u>
<b>FUND BALANCE, beginning of year</b>			<u>2,415,955</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 2,273,256</u>	



**CHARTER TOWNSHIP OF DELTA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION PLAN FUNDING PROGRESS  
FOR THE UNION FIREFIGHTERS RETIREMENT PLAN  
YEAR ENDED DECEMBER 31, 2013**

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

Actuarial valuation date	(1) Actuarial value of assets	(2) Actuarial accrued liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded ratio (1) / (2)	(5) Annual covered payroll	(6) UAAL as a % of payroll [(2) - (1)] / (5)
2010	\$ 7,762,220	\$ 11,065,793	\$ 3,303,573	70%	\$ 1,761,465	188%
2011	8,079,235	11,974,698	3,895,463	67%	1,883,523	207%
2012	8,504,681	12,378,871	3,874,190	69%	2,102,374	184%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2012, the latest actuarial valuation follows:

- A. The Actuarial Accrued Liability was determined as part of an actuarial valuation at December 31, 2012, the most recently filed actuarial valuation report.
- B. The report was based upon the Plan's actuarial assumptions described in Note 6. The asset valuation method assumes the funds earn the expected rate of return (8%), and includes an adjustment to reflect market value. For the December 31, 2012 valuation, the actuarial asset value was 114.35% of market value (\$7,437,003).
- C. The amortization method used is level percent of payroll ranging from 20-60 years. The payroll is assumed to increase 4.5% (1% for calendar years 2013 and 2014, 2% for 2015, and 3% for 2016) a year for the purpose of determining the level percent contribution.

**CHARTER TOWNSHIP OF DELTA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE POSTRETIREMENT HEALTH CARE PLAN FUNDING PROGRESS  
YEAR ENDED DECEMBER 31, 2013**

The historical information required to be disclosed is as follows:

Actuarial valuation date	(1) Actuarial value of assets	(2) Actuarial accrued liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded ratio (1) / (2)	(5) Annual covered payroll	(6) UAAL as a % of payroll [(2) - (1)] / (5)
2006	\$ 2,096,771	\$ 9,351,483	\$ 7,254,712	22%	\$ 7,849,803	92%
2009	4,124,502	11,436,918	7,312,416	36%	8,309,559	88%
2012	6,558,140	13,156,272	6,598,132	50%	7,074,701	93%

Schedule of employer contributions

Year ended December	Actual valuation date	Annual required contribution	Percentage contributed
2011	December 31, 2009	\$ 769,574	110.3%
2012	December 31, 2009	804,208	104.5%
2013	December 31, 2012	606,532	135.8%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2012 the latest actuarial valuation follows:

Actuarial cost method	Individual entry age
Amortization method	Level percent open
Amortization period (perpetual)	24 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	8.0% in 2012, grading to 5.0% in 2020

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**CHARTER TOWNSHIP OF DELTA  
GENERAL FUND  
BALANCE SHEETS  
DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>ASSETS</b>		
<b>ASSETS:</b>		
Cash	\$ 8,580,204	\$ 7,832,215
Investments	10,728,168	10,289,295
Receivables:		
Accounts	208,182	203,447
Taxes	3,327,014	3,427,425
Interest	46,587	49,672
Due from other funds	55,376	47,837
Inventory	-	90,000
Prepaid items	59,960	48,482
	<b>\$ 23,005,491</b>	<b>\$ 21,988,373</b>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 307,949	\$ 244,167
Customer deposits payable	139,134	61,511
Accrued salaries and related items	270,351	231,363
	<b>717,434</b>	<b>537,041</b>
<b>TOTAL LIABILITIES</b>		
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Unavailable revenue - property taxes	6,721,884	6,698,225
	<b>6,721,884</b>	<b>6,698,225</b>
<b>FUND BALANCE:</b>		
Nonspendable:		
Inventory	-	90,000
Prepaid items	59,960	48,482
Restricted:		
Budget stabilization	450,000	450,000
Assigned:		
Compensated absences	914,455	803,095
Roads	1,000,000	700,000
Retiree health insurance	2,100,000	2,000,000
Non-motorized transportation	500,000	500,000
Economic development	500,000	500,000
Capital improvements	1,600,000	1,300,000
County drains	200,000	200,000
Unassigned	8,241,758	8,161,530
	<b>15,566,173</b>	<b>14,753,107</b>
<b>TOTAL FUND BALANCE</b>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 23,005,491</b>	<b>\$ 21,988,373</b>

**CHARTER TOWNSHIP OF DELTA  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>REVENUES:</b>		
Taxes	\$ 7,486,855	\$ 7,554,385
Licenses and permits	1,556,665	1,081,530
Charges for services	2,178,877	1,977,671
Investment income - net	(107,648)	209,169
Rental income	68,409	65,368
Local contributions	419,976	318,332
Other	532,054	542,351
State shared revenue	2,411,596	2,347,192
State and federal grants	161,258	313,761
	14,708,042	14,409,759
Total revenues		
<b>EXPENDITURES:</b>		
Current:		
General government:		
Legislative - trustees	82,389	77,939
Manager	430,175	415,878
Assessing	450,944	417,135
Clerk	388,022	605,696
Treasurer	223,148	213,707
Computer	209,336	225,690
Township hall and grounds	381,058	348,972
General service administration	675,220	676,098
Cemetery	174,101	223,667
	3,014,393	3,204,782
Total general government		
Public safety:		
Law enforcement - police	2,990,427	3,038,181
Fire	2,307,766	2,457,100
Emergency operations center	11,103	10,034
Protective inspection	637,516	662,542
	5,946,812	6,167,857
Total public safety		

**CHARTER TOWNSHIP OF DELTA  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>EXPENDITURES (Concluded):</b>		
Current:		
Public works:		
Recycling	\$ 60,769	\$ 60,645
Drains	169,448	14,981
Streets and highways	660,974	585,538
Engineering	301,855	298,300
Street lighting	512,602	475,639
Total public works	1,705,648	1,435,103
Health and welfare:		
Paramedics	2,608,333	2,273,072
Community and economic development:		
Planning	295,803	292,928
Economic development	88,557	86,162
Total community and economic development	384,360	379,090
Culture and recreation:		
Parks and recreation	1,249,204	1,109,658
Debt service	166,900	518,437
Total expenditures	15,075,650	15,087,999
<b>OTHER FINANCING SOURCES (USES):</b>		
Drain assessments issued by Eaton County	128,567	-
Transfers in	1,199,107	1,005,515
Transfers out	(147,000)	(45,980)
Total other financing sources	1,180,674	959,535
Net change in fund balance	813,066	281,295
<b>FUND BALANCE:</b>		
Beginning of year	14,753,107	14,471,812
End of year	\$ 15,566,173	\$ 14,753,107

**CHARTER TOWNSHIP OF DELTA  
SCHEDULE OF GENERAL ASSESSMENT PAYABLE  
DECEMBER 31, 2013**

	<u>Carrier Creek</u>	<u>Watson &amp; Watson and Branches</u>	<u>Gettysburg</u>	<u>Burrell</u>	<u>Total</u>
2014	\$ 108,718	\$ 27,101	\$ 33,949	\$ 14,647	\$ 184,415
2015	105,216	26,251	33,046	14,257	178,770
2016	101,715	25,400	32,143	13,880	173,138
2017	98,299	24,571	31,278	13,477	167,625
2018	94,711	23,700	30,338	13,086	161,835
2019	86,890	22,850	29,435	12,696	151,871
2020	87,708	22,000	28,532	12,314	150,554
2021	84,254	21,162	27,657	11,915	144,988
2022	80,705	20,300	26,727	11,525	139,257
2023	77,203	19,450	25,824	11,135	133,612
2024	73,702	18,600	24,922	10,749	127,973
2025	70,207	17,751	24,036	10,354	122,348
2026	-	-	23,116	9,964	33,080
2027	-	-	22,213	9,574	31,787
2028	-	-	21,311	-	21,311
2029	-	-	20,416	-	20,416
2030	-	-	19,505	-	19,505
2031	-	-	18,603	-	18,603
	<u>1,069,328</u>	<u>269,136</u>	<u>473,051</u>	<u>169,573</u>	<u>1,981,088</u>
Less interest	<u>268,951</u>	<u>66,339</u>	<u>154,451</u>	<u>41,006</u>	<u>530,747</u>
	<u><u>\$ 800,377</u></u>	<u><u>\$ 202,797</u></u>	<u><u>\$ 318,600</u></u>	<u><u>\$ 128,567</u></u>	<u><u>\$ 1,450,341</u></u>

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

**CHARTER TOWNSHIP OF DELTA  
PARAMEDIC FUND  
BALANCE SHEETS  
DECEMBER 31, 2013 AND 2012**

<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
<b>ASSETS:</b>		
Cash	\$ 1,007,687	\$ 1,041,259
Investments	1,260,139	1,368,146
Receivables:		
Taxes	1,234,309	1,237,768
Interest	<u>5,430</u>	<u>6,550</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,507,565</u></u>	<u><u>\$ 3,653,723</u></u>
 <b>DEFERRED INFLOW OF RESOURCES AND FUND BALANCE</b>		
<b>DEFERRED INFLOW OF RESOURCES:</b>		
Unavailable revenue - property taxes	<u>\$ 1,234,309</u>	<u>\$ 1,237,768</u>
 <b>FUND BALANCE:</b>		
Assigned for subsequent years' expenditures	91,737	183,509
Restricted	<u>2,181,519</u>	<u>2,232,446</u>
<b>TOTAL FUND BALANCE</b>	<u><u>2,273,256</u></u>	<u><u>2,415,955</u></u>
<b>TOTAL DEFERRED INFLOW OF RESOURCES AND FUND BALANCE</b>	<u><u>\$ 3,507,565</u></u>	<u><u>\$ 3,653,723</u></u>



**CHARTER TOWNSHIP OF DELTA  
PARAMEDIC FUND  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>REVENUES:</b>		
Taxes and special assessments	\$ 1,226,226	\$ 1,264,624
Investment income - net	<u>(14,658)</u>	<u>37,649</u>
Total revenues	1,211,568	1,302,273
<b>EXPENDITURES:</b>		
Current:		
Health and welfare	<u>155,160</u>	<u>132,700</u>
Excess of revenues over expenditures	1,056,408	1,169,573
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers out	<u>(1,199,107)</u>	<u>(1,002,628)</u>
Net change in fund balance	(142,699)	166,945
<b>FUND BALANCE:</b>		
Beginning of year	<u>2,415,955</u>	<u>2,249,010</u>
End of year	<u><u>\$ 2,273,256</u></u>	<u><u>\$ 2,415,955</u></u>

## **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, 2013**

	<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	\$ 855,240	\$ 33,131	\$ 119,893	\$ 1,008,264
Investments	1,069,500	-	149,929	1,219,429
Interest receivable	4,609	-	646	5,255
	<u>\$ 1,929,349</u>	<u>\$ 33,131</u>	<u>\$ 270,468</u>	<u>\$ 2,232,948</u>
<b>FUND BALANCES</b>				
<b>FUND BALANCES:</b>				
Restricted	\$ -	\$ -	\$ 270,468	\$ 270,468
Assigned	1,929,349	33,131	-	1,962,480
	<u>\$ 1,929,349</u>	<u>\$ 33,131</u>	<u>\$ 270,468</u>	<u>\$ 2,232,948</u>

**CHARTER TOWNSHIP OF DELTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2013**

	<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	\$ (9,931)	\$ (932)	\$ (1,388)	\$ (12,251)
Rental income	-	395,550	-	395,550
Other	-	-	9,292	9,292
Total local sources	<u>(9,931)</u>	<u>394,618</u>	<u>7,904</u>	<u>392,591</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal repayment	-	100,000	-	100,000
Interest expense	-	295,876	-	295,876
Total expenditures	<u>-</u>	<u>395,876</u>	<u>-</u>	<u>395,876</u>
<b>EXCESS OF REVENUES (EXPENDITURES)</b>	(9,931)	(1,258)	7,904	(3,285)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>147,000</u>	<u>-</u>	<u>-</u>	<u>147,000</u>
Net change in fund balances	137,069	(1,258)	7,904	143,715
<b>FUND BALANCES:</b>				
Beginning of year	<u>1,792,280</u>	<u>34,389</u>	<u>262,564</u>	<u>2,089,233</u>
End of year	<u>\$ 1,929,349</u>	<u>\$ 33,131</u>	<u>\$ 270,468</u>	<u>\$ 2,232,948</u>

**CHARTER TOWNSHIP OF DELTA  
CAPITAL PROJECT FUND  
BALANCE SHEETS  
DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>ASSETS</b>		
<b>ASSETS:</b>		
Cash	\$ 855,240	\$ 772,459
Investments	1,069,500	1,014,962
Interest receivable	4,609	4,859
<b>TOTAL ASSETS</b>	<b>\$ 1,929,349</b>	<b>\$ 1,792,280</b>
<b>FUND BALANCES</b>		
<b>FUND BALANCES:</b>		
Assigned	\$ 1,929,349	\$ 1,792,280

**CHARTER TOWNSHIP OF DELTA  
CAPITAL PROJECT FUND  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>REVENUES:</b>		
Investment income - net	\$ (9,931)	\$ 19,683
 <b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	147,000	45,980
Net change in fund balances	137,069	65,663
 <b>FUND BALANCE:</b>		
Beginning of year	1,792,280	1,726,617
End of year	\$ 1,929,349	\$ 1,792,280

**CHARTER TOWNSHIP OF DELTA  
DEBT SERVICE FUND  
BALANCE SHEETS  
DECEMBER 31, 2013 AND 2012**

	<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
<b>ASSETS:</b>			
Cash		<u>\$ 33,131</u>	<u>\$ 34,389</u>
	<b>FUND BALANCE</b>		
<b>FUND BALANCE:</b>			
Assigned		<u>\$ 33,131</u>	<u>\$ 34,389</u>

**CHARTER TOWNSHIP OF DELTA  
DEBT SERVICE FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>REVENUE:</b>		
Rental income - Delta Township District Library	\$ 395,550	\$ 399,550
Investment income - net	(932)	67
Total revenue	394,618	399,617
<b>EXPENDITURES:</b>		
Principal payments on debt	100,000	100,000
Interest and fiscal charges	295,876	299,875
Total expenditures	395,876	399,875
Net change in fund balance	(1,258)	(258)
<b>FUND BALANCE:</b>		
Beginning of year	34,389	34,647
End of year	\$ 33,131	\$ 34,389



**CHARTER TOWNSHIP OF DELTA  
2007 GENERAL OBLIGATION LIMITED TAX LIBRARY DEBT  
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS  
DECEMBER 31, 2013**

<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%	2014	\$ 100,000	\$ 146,775	\$ 144,775	\$ 391,550
4.000%	2015	100,000	144,775	142,775	387,550
4.000%	2016	150,000	142,775	139,775	432,550
4.000%	2017	150,000	139,775	136,775	426,550
4.000%	2018	200,000	136,775	132,775	469,550
4.000%	2019	200,000	132,775	128,775	461,550
4.100%	2020	200,000	128,775	124,675	453,450
4.125%	2021	200,000	124,675	120,550	445,225
4.125%	2022	200,000	120,550	116,425	436,975
4.200%	2023	200,000	116,425	112,225	428,650
4.250%	2024	200,000	112,225	107,975	420,200
4.250%	2025	200,000	107,975	103,725	411,700
4.250%	2026	200,000	103,725	99,475	403,200
4.250%	2027	300,000	99,475	93,100	492,575
4.300%	2028	300,000	93,100	86,650	479,750
4.300%	2029	300,000	86,650	80,200	466,850
4.300%	2030	400,000	80,200	71,600	551,800
4.300%	2031	400,000	71,600	63,000	534,600
4.500%	2032	400,000	63,000	54,000	517,000
4.500%	2033	400,000	54,000	45,000	499,000
4.500%	2034	500,000	45,000	33,750	578,750
4.500%	2035	500,000	33,750	22,500	556,250
4.500%	2036	500,000	22,500	11,250	533,750
4.500%	2037	500,000	11,250	-	511,250
		<u>\$ 6,800,000</u>	<u>\$ 2,318,525</u>	<u>\$ 2,171,750</u>	<u>\$ 11,290,275</u>

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

**CHARTER TOWNSHIP OF DELTA  
SEWER FUND  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 2,042,874	\$ 2,392,813
Investments	2,544,671	3,179,382
Receivables:		
Customer accounts	438,723	402,136
Interest	20,942	26,384
Special assessment - current	15,978	18,734
Special assessment - interest	8,331	9,031
Other	41,709	36,143
<b>TOTAL CURRENT ASSETS</b>	<b>5,113,228</b>	<b>6,064,623</b>
<b>NONCURRENT ASSETS:</b>		
Investments - replacement account	4,158,294	4,132,979
Deferred charges:		
Tap in charges - deferred	103,099	125,030
Special assessment - deferred	4,616	7,168
Prepaid other postemployment benefits - restricted	45,916	930
Property, plant, and equipment, net of accumulated depreciation	25,238,003	26,835,287
<b>TOTAL NONCURRENT ASSETS</b>	<b>29,549,928</b>	<b>31,101,394</b>
<b>TOTAL ASSETS</b>	<b>34,663,156</b>	<b>37,166,017</b>

	<u>2013</u>	<u>2012</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 177,406	\$ 179,625
Customer deposits payable	68,392	68,392
Accrued interest	-	8,657
Current portion of long-term liabilities	22,233	252,195
Current portion of compensated absences	186,151	182,854
Due to other funds	40,623	36,936
	<u>494,805</u>	<u>728,659</u>
<b>LONG-TERM LIABILITIES, net of current portion:</b>		
Compensated absences	111,112	107,403
Other long-term debt	244,559	348,253
Unamortized bond premiums	-	34,838
General obligation bonds payable	-	786,605
	<u>355,671</u>	<u>1,277,099</u>
	<u>850,476</u>	<u>2,005,758</u>
<b>NET POSITION:</b>		
Net investment in capital assets	24,971,211	25,413,396
Restricted for other postemployment benefits	45,916	930
Unrestricted	8,795,553	9,745,933
	<u>\$ 33,812,680</u>	<u>\$ 35,160,259</u>

**CHARTER TOWNSHIP OF DELTA  
SEWER FUND  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 3,749,295	\$ 3,667,315
Capital charges	105,967	114,015
Forfeited discounts	44,806	46,545
Other	45,954	21,439
Total operating revenues	3,946,022	3,849,314
<b>OPERATING EXPENSES:</b>		
Costs of sales and services	3,478,805	3,442,053
Depreciation	1,913,209	1,894,084
Total operating expenses	5,392,014	5,336,137
Operating loss	(1,445,992)	(1,486,823)
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Contributions - infrastructure	28,530	-
Main charges	39,074	18,766
Investment income - net	(29,572)	124,152
Interest and fiscal charges	(17,376)	(66,693)
Amortization of bond premium	77,757	8,710
Total non-operating revenues - net	98,413	84,935
Net loss	(1,347,579)	(1,401,888)
<b>NET POSITION:</b>		
Beginning of year	35,160,259	36,562,147
End of year	\$ 33,812,680	\$ 35,160,259

**CHARTER TOWNSHIP OF DELTA  
SEWER FUND  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>INCREASE (DECREASE) IN CASH:</b>		
Cash flows from operating activities:		
Operating loss	\$ (1,445,992)	\$ (1,486,823)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,913,209	1,894,084
Gain on disposal of fixed assets	(6,290)	(5,270)
Receivables	(36,587)	14,362
Prepaid expenditures	(44,986)	-
Due to/from other funds - net	3,687	20,190
Accounts payable	(2,219)	(4,630)
Accrued compensated absences	7,006	(16,607)
Total adjustments	1,833,820	1,902,129
Net cash provided by operating activities	387,828	415,306
Cash flows from non-capital financing activities:		
Contributions	28,530	-
Main and tap in charges	61,005	39,953
Net cash provided by non-capital financing activities	89,535	39,953
Cash flows for capital and related financing activities:		
Principal repayments on debt	(1,077,342)	(252,195)
Net interest paid on bonds	(26,033)	(68,148)
Payments for capital acquisitions	(315,925)	(611,194)
Proceeds from special assessments	(258)	20,639
Interest received from special assessments	12,993	13,788
Proceeds from the sale of fixed assets	6,290	5,270
Net cash used by capital and related financing activities	(1,400,275)	(891,840)
Cash flows from investing activities:		
Interest received from investments	(36,423)	106,303
Proceeds (purchases) of investments	609,396	(61,770)
Net cash provided by investing activities	572,973	44,533
<b>NET DECREASE IN CASH</b>	(349,939)	(392,048)
<b>CASH:</b>		
Beginning of year	2,392,813	2,784,861
End of year	\$ 2,042,874	\$ 2,392,813

**CHARTER TOWNSHIP OF DELTA  
SEWER FUND  
SCHEDULES OF COSTS OF SALES AND SERVICES  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Salaries and wages	\$ 1,378,586	\$ 1,387,256
Payroll taxes	102,654	104,367
Employee fringe benefits	484,032	476,817
Pension expense	151,410	154,304
Office supplies	4,689	5,134
Chemicals	226,269	219,684
Supplies	31,973	30,782
Maintenance of plant	50,085	44,910
Maintenance of equipment	176,168	183,808
Accounting and auditing	152,364	141,396
Administrative fees	100,000	100,000
Contracted services	44,129	64,230
Engineering	7,969	2,120
Collection fees	631	627
Telephone	20,390	20,801
Transportation	30,724	36,046
Insurance	95,800	90,925
Utilities	403,571	365,877
Miscellaneous	17,361	12,969
	<u>\$ 3,478,805</u>	<u>\$ 3,442,053</u>

**CHARTER TOWNSHIP OF DELTA  
SEWER FUND  
SCHEDULE OF GENERAL ASSESSMENT PAYABLE  
DECEMBER 31, 2013**

<u>Year</u>	<u>Carrier Creek</u>
2014	\$ 36,239
2015	35,072
2016	33,905
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	<u>23,404</u>
	356,443
Less interest	<u>89,651</u>
	<u><u>\$ 266,792</u></u>

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

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2013 AND 2012**

<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,179,312	\$ 2,536,483
Investments	4,098,668	3,327,056
Receivables:		
Customer accounts	447,943	354,791
Interest	17,662	21,674
Special assessment - current	46,472	35,715
Special assessment - interest	4,830	5,090
Other	22,664	36,833
Current portion of long-term receivable	<u>38,829</u>	<u>37,698</u>
<b>TOTAL CURRENT ASSETS</b>	<u>5,856,380</u>	<u>6,355,340</u>
<b>NONCURRENT ASSETS:</b>		
Investments - replacement account	2,098,242	2,109,071
Deferred charges:		
Water tap charges - deferred	61,819	78,287
Unamortized bond discounts	37,460	60,096
Special assessments - deferred	166,068	99,701
Long-term receivable	258,708	297,537
Prepaid other postemployment benefits - restricted	14,588	1,030
Property, plant and equipment, less accumulated depreciation	<u>33,671,824</u>	<u>32,239,735</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>36,308,709</u>	<u>34,885,457</u>
<b>TOTAL ASSETS</b>	<u>42,165,089</u>	<u>41,240,797</u>



<b>LIABILITIES AND NET POSITION</b>	<u>2013</u>	<u>2012</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 233,217	\$ 243,540
Customer deposits payable	7,990	7,720
Contract retainage payable	91,620	-
Accrued interest	64,071	73,461
Unearned revenue	40,409	25,597
Current portion of long-term liabilities	925,000	1,246,325
Current portion of compensated absences	36,132	35,976
Due to other funds	14,753	10,901
	<u>1,413,192</u>	<u>1,643,520</u>
<b>TOTAL CURRENT LIABILITIES</b>		
<b>LONG-TERM LIABILITIES, net of current portion:</b>		
Compensated absences	26,413	25,041
Unamortized bond premiums	31,973	143,918
Revenue bonds payable	1,970,000	2,450,000
General obligation bonds payable	8,400,000	7,279,875
	<u>10,428,386</u>	<u>9,898,834</u>
<b>TOTAL LONG-TERM LIABILITIES</b>		
<b>TOTAL LIABILITIES</b>		
	<u>11,841,578</u>	<u>11,542,354</u>
<b>NET POSITION:</b>		
Net investment in capital assets	22,382,311	21,179,713
Restricted for other postemployment benefits	14,588	1,030
Unrestricted	7,926,612	8,517,700
	<u>7,926,612</u>	<u>8,517,700</u>
<b>TOTAL NET POSITION</b>		
	<u>\$ 30,323,511</u>	<u>\$ 29,698,443</u>

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 4,945,651	\$ 5,059,869
Capital charges	137,775	42,585
Hydrant rental	137,970	137,830
Forfeited discounts	58,171	59,582
Other service charges	94,930	65,533
Other	17,896	20,191
Total operating revenues	5,392,393	5,385,590
<b>OPERATING EXPENSES:</b>		
Costs of sales and services	3,636,831	3,775,642
Depreciation	960,612	931,392
Total operating expenses	4,597,443	4,707,034
Operating income	794,950	678,556
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Contributions - infrastructure	118,510	45,965
Main charges	36,553	52,752
Investment income - net	862	121,122
Interest and fiscal charges	(364,916)	(515,149)
Bond issuance costs	(50,200)	(57,015)
Amortization of bond discount	(22,636)	(9,626)
Amortization of bond premium	111,945	26,844
Total non-operating revenues (expenses) - net	(169,882)	(335,107)
Net income	625,068	343,449
<b>NET POSITION:</b>		
Beginning of year	29,698,443	29,354,994
End of year	\$ 30,323,511	\$ 29,698,443

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>INCREASE (DECREASE) IN CASH:</b>		
Cash flows from operating activities:		
Operating income	\$ 794,950	\$ 678,556
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	960,612	931,392
Gain on disposal of fixed assets	-	(2,975)
Receivables	(41,285)	75,508
Prepaid expenditures	(13,558)	-
Due to/from other funds - net	3,852	6,362
Accounts payable	(10,323)	51,282
Accrued compensated absences	1,528	6,322
Customer deposits	270	3,240
Contract retainage payable	91,620	-
Unearned revenue	14,812	11,961
Total adjustments	1,007,528	1,083,092
Net cash provided by operating activities	1,802,478	1,761,648
Cash flows from non-capital financing activities:		
Contributions	118,510	45,965
Main and tap in charges	53,021	60,051
Net cash provided by non-capital financing activities	171,531	106,016
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	4,000,000	2,520,000
Bond premium	-	36,540
Principal repayments on debt	(3,681,200)	(3,639,600)
Net interest paid on bonds	(374,306)	(534,375)
Payments for bond issuance costs	(50,200)	(57,015)
Payments for capital acquisitions	(2,392,701)	(371,551)
Proceeds from special assessments	(77,124)	41,274
Interest received from special assessments	15,012	18,334
Proceeds from sale of fixed assets	-	2,975
Net cash used by capital and related financing activities	(2,560,519)	(1,983,418)
Cash flows from investing activities:		
Interest received from investments	(9,878)	100,562
Purchase of investments	(760,783)	(231,010)
Net cash used by investing activities	(770,661)	(130,448)
<b>NET DECREASE IN CASH</b>	(1,357,171)	(246,202)
<b>CASH:</b>		
Beginning of year	2,536,483	2,782,685
End of year	\$ 1,179,312	\$ 2,536,483

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
SCHEDULES OF COSTS OF SALES AND SERVICES  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Salaries and wages	\$ 470,083	\$ 466,841
Payroll taxes	34,269	33,686
Employee fringe benefits	153,668	155,835
Pension expense	46,231	50,239
Office supplies	7,750	5,015
Supplies	77,236	88,944
Water purchases	2,215,259	2,388,014
Maintenance of plant	94,550	97,450
Maintenance of equipment	49,271	33,157
Transportation	31,280	25,008
Administrative	100,000	100,000
Accounting and auditing	152,364	141,396
Contracted services	36,552	38,834
Engineering	20,857	11,919
Telephone	14,251	14,866
Insurance	32,900	31,200
Utilities	80,161	73,257
Printing	104	90
Miscellaneous	20,045	19,891
	<u>\$ 3,636,831</u>	<u>\$ 3,775,642</u>

**CHARTER TOWNSHIP OF DELTA  
WATER FUND  
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS  
DECEMBER 31, 2013**

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%	2014	\$ 135,000	\$ 14,175	\$ 14,175	\$ 163,350
3.00%	2015	135,000	12,150	12,150	159,300
3.00%	2016	130,000	10,125	10,125	150,250
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>\$ 995,000</u>	<u>\$ 58,200</u>	<u>\$ 58,200</u>	<u>\$ 1,111,400</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, 2013**

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%	2014	\$ 140,000	\$ 19,012	\$ 19,013	\$ 178,025
3.00%	2015	135,000	16,912	16,913	168,825
3.00%	2016	180,000	14,887	14,888	209,775
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>\$ 1,250,000</u>	<u>\$ 82,609</u>	<u>\$ 82,616</u>	<u>\$ 1,415,225</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, 2013**

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
2014	2.000 %	\$ 350,000	\$ 40,000	\$ 36,500	\$ 76,500	\$ 426,500
2015	2.000 %	350,000	36,500	33,000	69,500	419,500
2016	2.000 %	400,000	33,000	29,000	62,000	462,000
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>\$ 4,000,000</u>	<u>\$ 228,000</u>	<u>\$ 188,000</u>	<u>\$ 416,000</u>	<u>\$ 4,416,000</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, 2013**

Charter Township of Delta Bonds  
General Obligation Limited Tax Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2014	3.750 %	\$ 300,000	\$ 99,025	\$ 93,400	\$ 192,425	\$ 492,425
2015	3.750 %	300,000	93,400	87,775	181,175	481,175
2016	3.750 %	350,000	87,775	81,213	168,988	518,988
2017	3.750 %	350,000	81,213	74,650	155,863	505,863
2018	3.750 %	400,000	74,650	67,050	141,700	541,700
2019	3.800 %	400,000	67,050	59,300	126,350	526,350
2020	3.875 %	450,000	59,300	50,525	109,825	559,825
2021	3.900 %	450,000	50,525	41,525	92,050	542,050
2022	4.000 %	500,000	41,525	31,525	73,050	573,050
2023	4.000 %	500,000	31,525	21,525	53,050	553,050
2024	4.000 %	500,000	21,525	11,275	32,800	532,800
2025	4.100 %	550,000	11,275	-	11,275	561,275
		<u>\$ 5,050,000</u>	<u>\$ 718,788</u>	<u>\$ 619,763</u>	<u>\$ 1,338,551</u>	<u>\$ 6,388,551</u>

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



**CHARTER TOWNSHIP OF DELTA  
FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2013  
(with comparative totals for December 31, 2012)**

	<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>2013</u>	<u>2012</u>
<b>ASSETS:</b>					
Cash	\$ -	\$ -	\$ 1,903,424	\$ 1,903,424	\$ 1,597,986
Investments	18,972,554	8,175,267	2,380,283	29,528,104	26,758,386
Taxes receivable - delinquent	-	-	484,544	484,544	421,696
Interest receivable	-	-	10,258	10,258	10,052
<b>TOTAL ASSETS</b>	<u>\$ 18,972,554</u>	<u>\$ 8,175,267</u>	<u>\$ 4,778,509</u>	<u>\$ 31,926,330</u>	<u>\$ 28,788,120</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Undistributed tax collections:					
Current	\$ -	\$ -	\$ 4,293,685	\$ 4,293,685	\$ 3,707,689
Delinquent and other	-	-	484,824	484,824	421,696
<b>TOTAL LIABILITIES</b>	-	-	4,778,509	4,778,509	4,129,385
<b>FUND BALANCES:</b>					
Restricted for pension and other post employment benefits	18,972,554	8,175,267	-	27,147,821	24,658,735
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 18,972,554</u>	<u>\$ 8,175,267</u>	<u>\$ 4,778,509</u>	<u>\$ 31,926,330</u>	<u>\$ 28,788,120</u>

**CHARTER TOWNSHIP OF DELTA  
AGENCY FUND  
TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED DECEMBER 31, 2013**

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
<b>ASSETS</b>				
Cash	\$ 1,597,986	\$ 305,438	\$ -	\$ 1,903,424
Investments	2,099,651	69,749,418	69,468,786	2,380,283
Taxes receivable delinquent	421,696	168,156	105,308	484,544
Interest receivable	10,052	206	-	10,258
<b>TOTAL ASSETS</b>	<b>\$ 4,129,385</b>	<b>\$ 70,223,218</b>	<b>\$ 69,574,094</b>	<b>\$ 4,778,509</b>
<b>LIABILITIES</b>				
Undistributed tax collections:				
Current	\$ 3,707,689	\$ 70,032,044	\$ 69,446,048	\$ 4,293,685
Delinquent and other	421,696	191,174	128,046	484,824
<b>TOTAL LIABILITIES</b>	<b>\$ 4,129,385</b>	<b>\$ 70,223,218</b>	<b>\$ 69,574,094</b>	<b>\$ 4,778,509</b>