

CHARTER TOWNSHIP OF DELTA

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

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Delta, State of Michigan as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Charter Township of Delta, as of December 31, 2015, 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.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 12 to the financial statements, Charter Township of Delta implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information - Additional Supplementary Information

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

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

Maney Costeiran PC

April 5, 2016

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, 2015.

For the year ended December 31, 2015, Charter Township of Delta implemented Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These changes are significant at the government-wide level.

These new financial reporting standards require participants in a multi-employer agent plan to:

- Record the net pension liability on the statement of net position.
- Record the pension expense as defined by GASB on the statement of activities.
- Report additional note disclosures and required supplemental information.
- These changes will not result in any changes at the fund level.

FINANCIAL HIGHLIGHTS

Governmental-wide activity:

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$104.1 million dollars (net position). Of this amount, \$27.5 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 \$1.8 million dollars.

Fund level activity:

- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$18.8 million, a decrease of \$145,962 in comparison with the prior year. The decrease can be attributed to prefunding the pension plan.
- The Township's total outstanding debt decreased \$960 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

The government-wide financial statements can be found on pages 22 through 24 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 25 through 28 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 29 through 33 of this report.

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

The basic fiduciary fund financial statements can be found on pages 34 and 35 of this report.

Notes to the financial statements. The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36 through 68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Township's progress in funding its obligation to provide retirement benefits to its employees and the general and paramedic special revenue fund budgets. Required supplementary information can be found on page 70 through 75 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 77 through 107 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$104.1 million at the close of the most recent fiscal year.

Charter Township of Delta's Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 30,691,907	\$ 30,333,638	\$ 16,939,894	\$ 16,348,116	\$ 47,631,801	\$ 46,681,754
Capital assets	28,702,713	29,229,286	59,751,327	59,964,931	88,454,040	89,194,217
Total assets	59,394,620	59,562,924	76,691,221	76,313,047	136,085,841	135,875,971
Deferred outflows of resources	1,349,421	-	-	-	1,349,421	-
Long-term liabilities outstanding	8,776,420	8,946,148	10,166,111	10,953,396	18,942,531	19,899,544
Net pension liability	4,490,871	-	-	-	4,490,871	-
Other liabilities	862,237	781,937	589,796	781,318	1,452,033	1,563,255
Total liabilities	14,129,528	9,728,085	10,755,907	11,734,714	24,885,435	21,462,799
Deferred inflows of resources	8,404,323	8,063,101	-	-	8,404,323	8,063,101
Net position:						
Net investment in capital assets	20,911,594	21,229,479	49,967,379	49,357,304	70,878,973	70,586,783
Restricted	5,549,700	5,537,407	170,334	115,149	5,720,034	5,652,556
Unrestricted	11,748,896	15,004,852	15,797,601	15,105,880	27,546,497	30,110,732
Total net position	\$ 38,210,190	\$ 41,771,738	\$ 65,935,314	\$ 64,578,333	\$ 104,145,504	\$ 106,350,071

The 2014 numbers have not been restated for the adoption of GASB 68 and 71.

By far the largest portion of the Township's net position (68 percent) reflects its net investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (5 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$27.5 million) may be used to meet the government's ongoing obligations to citizens and creditors.

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

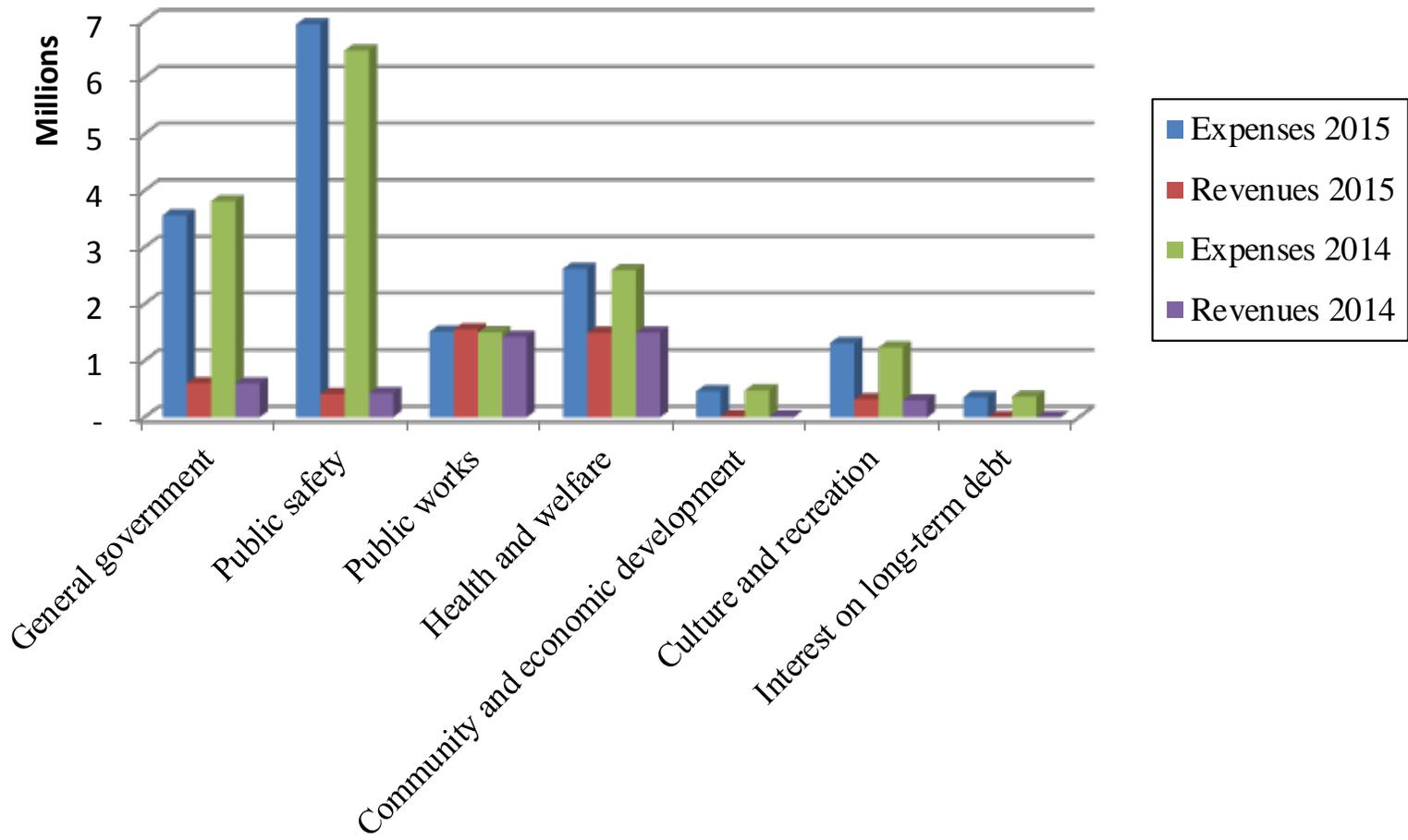
Governmental activities. Governmental activities increased the Township’s net position by \$409,081 and the business-type activities net position increased by \$1,356,981. Key elements of this increase are as follows:

Charter Township of Delta’s Changes in Net Position

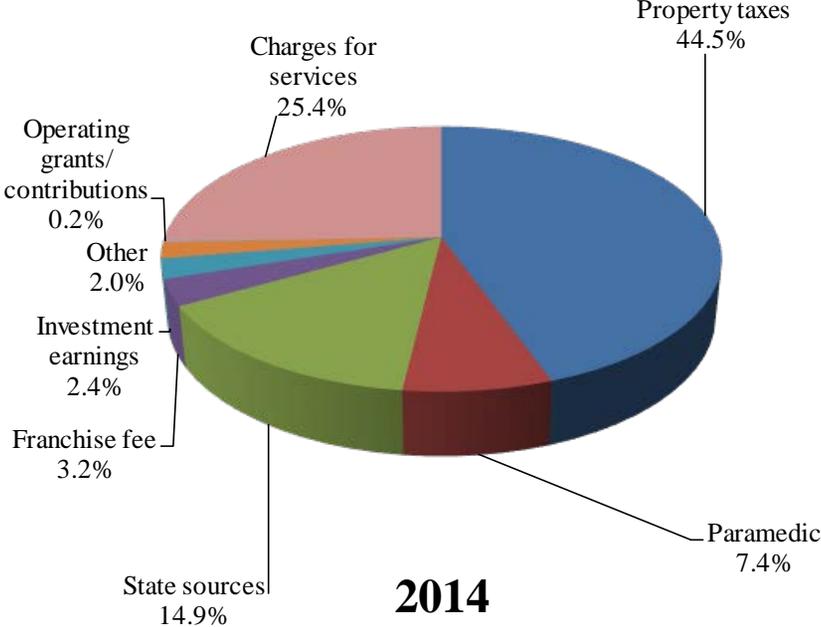
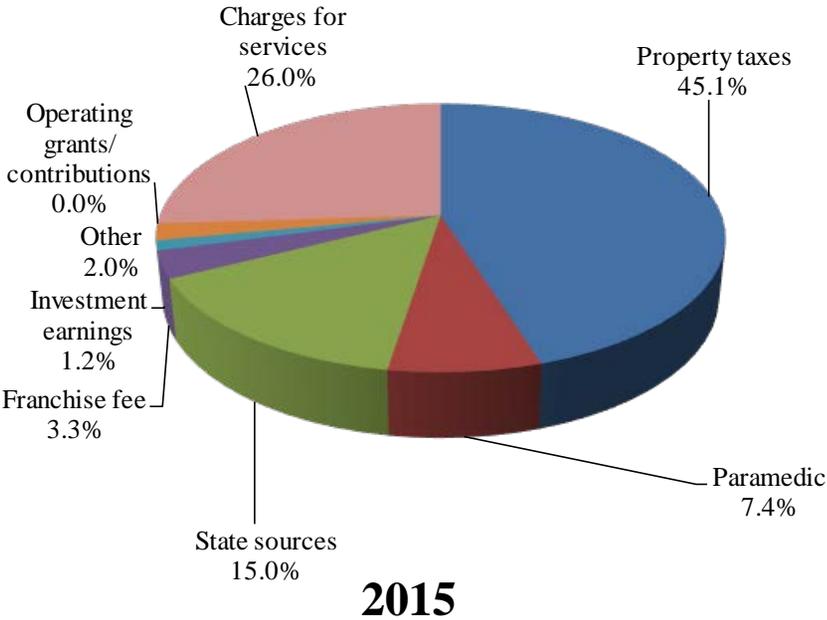
	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 4,382,276	\$ 4,239,953	\$ 10,018,197	\$ 9,536,841	\$ 14,400,473	\$ 13,776,794
Operating grants and contributions	-	92,819	-	-	-	92,819
Capital grants and contributions	288,573	-	1,087,530	205,900	1,376,103	205,900
General revenues:						
Property taxes	7,611,664	7,436,854	-	-	7,611,664	7,436,854
Paramedic levy	1,249,460	1,228,009	-	-	1,249,460	1,228,009
State sources	2,533,410	2,488,471	-	-	2,533,410	2,488,471
Franchise fee-cable	553,237	533,924	-	-	553,237	533,924
Investment earnings	198,494	405,214	176,204	318,938	374,698	724,152
Other	339,137	338,828	-	-	339,137	338,828
Total revenue	<u>17,156,251</u>	<u>16,764,072</u>	<u>11,281,931</u>	<u>10,061,679</u>	<u>28,438,182</u>	<u>26,825,751</u>
Expenses:						
General government	3,562,966	3,812,186	-	-	3,562,966	3,812,186
Public safety	6,935,691	6,472,510	-	-	6,935,691	6,472,510
Public works	1,510,596	1,496,157	-	-	1,510,596	1,496,157
Health and welfare	2,620,775	2,593,012	-	-	2,620,775	2,593,012
Community and economic development	459,821	473,986	-	-	459,821	473,986
Culture and recreation	1,305,571	1,232,426	-	-	1,305,571	1,232,426
Interest on long-term debt	351,750	361,381	-	-	351,750	361,381
Water	-	-	5,337,950	5,004,687	5,337,950	5,004,687
Sewer	-	-	4,587,000	4,614,850	4,587,000	4,614,850
Total expenses	<u>16,747,170</u>	<u>16,441,658</u>	<u>9,924,950</u>	<u>9,619,537</u>	<u>26,672,120</u>	<u>26,061,195</u>
Increase (decrease) in net position	409,081	322,414	1,356,981	442,142	1,766,062	764,556
Net position, beginning of year (as restated)	<u>37,801,109</u>	<u>41,449,324</u>	<u>64,578,333</u>	<u>64,136,191</u>	<u>102,379,442</u>	<u>105,585,515</u>
Net position, end of year	<u>\$ 38,210,190</u>	<u>\$ 41,771,738</u>	<u>\$ 65,935,314</u>	<u>\$ 64,578,333</u>	<u>\$ 104,145,504</u>	<u>\$ 106,350,071</u>

The 2014 numbers have not been restated for the adoption of GASB 68 and 71.

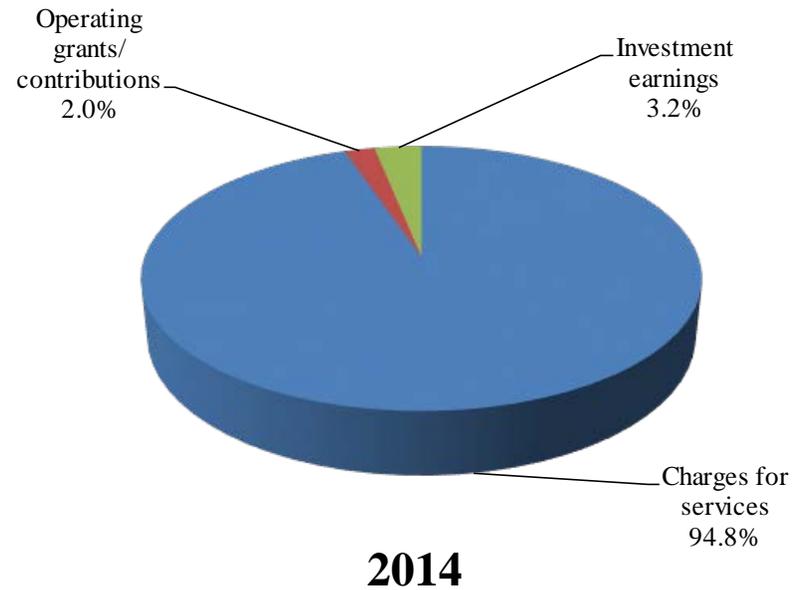
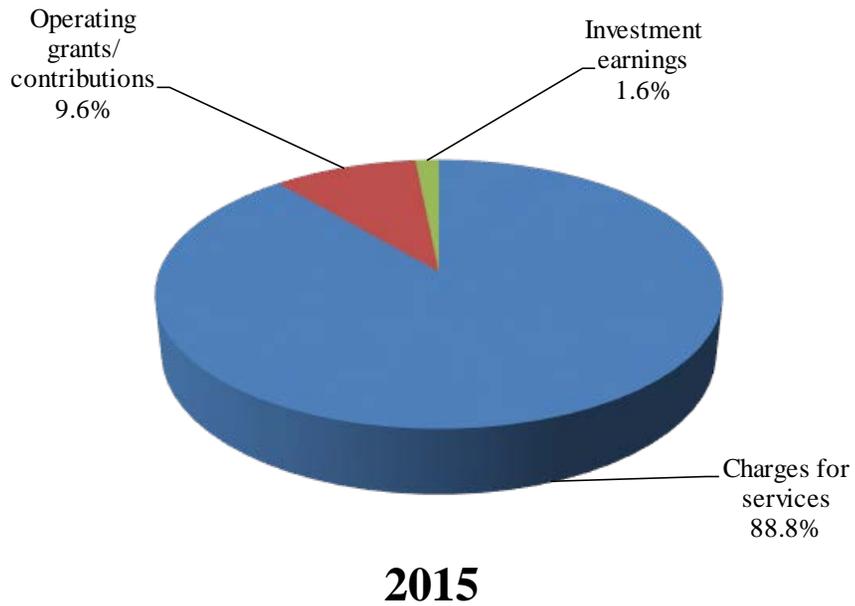
Charter Township of Delta Expenses and Program Revenues - Governmental Activities December 31,



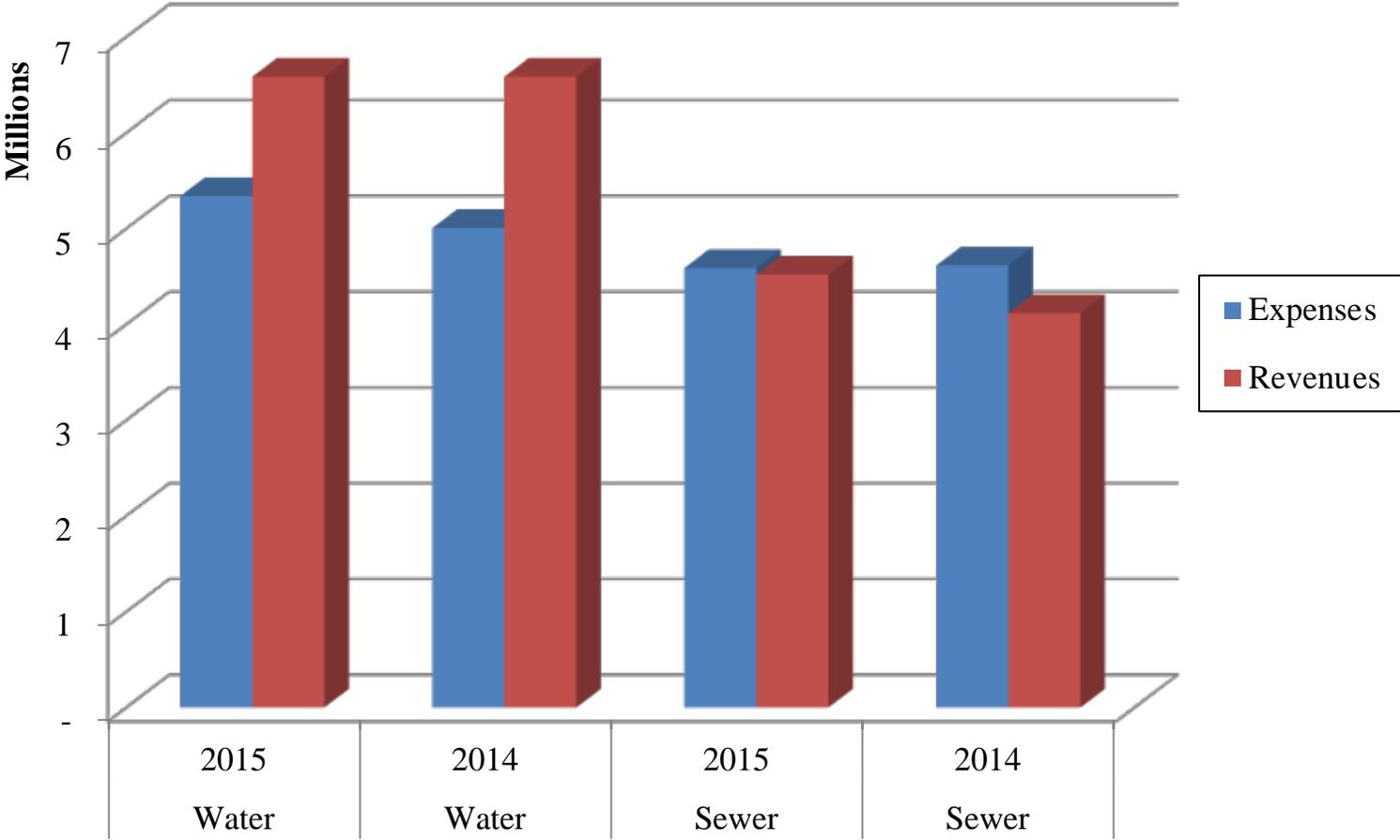
Charter Township of Delta Revenues by Source - Governmental Activities December 31,



**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,**



Changes in net position:

- Charges for services increased by \$142,323 (3 percent) during the year. This increase is due to an increase in building permits.
- Investment earnings decreased by \$206,720 (51 percent) during the year. This decrease is due to the bond market conditions during 2015.
- Overall governmental activities revenue is up \$392,179 from prior year.
- Expenses for governmental activities went from \$16.44 million to \$16.75 million, an increase of \$0.3 million.

Business-type activities. Business-type activities increased the Township's net position by \$1,356,981. This increase can be attributed to infrastructure contributions from private contractors.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balance of \$18.8 million, a decrease of \$145,962 in comparison with the prior year. Approximately 44 percent of this total amount (\$8.4 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable (\$85,983), restricted (\$2,774,299), or assigned (\$7,522,089).

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 \$8.4 million, while total fund balance was \$14.6 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 50 percent of total general fund expenditures, while total fund balance represents 87 percent of that same amount.

The fund balance of the Township's general fund decreased by \$15 thousand during the current fiscal year.

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

Unrestricted net positions for the water and sewer funds at the end of the year amounted to \$15.8 million. The total increase in net position amounted to \$1,356,981. Other factors concerning the finances of this fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

The final amended budget increased appropriations by \$1,477,200, budgeted revenue increased by \$477,200, while other financial sources remained consistent with the original budget. The change in appropriations can be summarized as follows:

- \$500,000 each to MERS for the Ambulance and Fire Department retirement expense.
- \$380,000 for the purchase, through a state grant, of land on Mt. Hope Highway for future park use.
- \$72,200 increase in the Clerk’s Office for reimbursable expenditures for an unbudgeted election.
- \$25,000 total for worker’s compensation expense in the Fire and Ambulance departments (\$5,000 and \$20,000 respectively).

During the year actual revenue was higher than the amended budgetary estimates. This arises primarily from an increase in building permits, charges for services and taxes. 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, 2015, amounts to \$88.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, vehicles, park facilities, sidewalks, and other infrastructure. The total decrease in the Township’s investment in capital assets for the current fiscal year was 0.7 percent (a 1.6 percent decrease for governmental activities and a 0.35 percent increase for business-type activities).

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

	Governmental activities		Business activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 6,063,765	\$ 5,680,810	\$ 1,567,569	\$ 1,567,569	\$ 7,631,334	\$ 7,248,379
Construction in process	-	-	179,805	-	179,805	-
Building and building equipment	11,222,649	11,535,451	3,320,485	3,534,995	14,543,134	15,070,446
Land improvements/sidewalks	2,176,974	2,257,721	-	-	2,176,974	2,257,721
Vehicles	373,015	472,961	-	-	373,015	472,961
Equipment	1,548,383	1,671,216	334,031	312,114	1,882,414	1,983,330
Flowage rights	5,891,856	6,105,519	-	-	5,891,856	6,105,519
Streets and highways	1,426,071	1,505,608	-	-	1,426,071	1,505,608
Sewer and water mains	-	-	54,349,437	54,550,253	54,349,437	54,550,253
	<u>\$ 28,702,713</u>	<u>\$ 29,229,286</u>	<u>\$ 59,751,327</u>	<u>\$ 59,964,931</u>	<u>\$ 88,454,040</u>	<u>\$ 89,194,217</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 \$18.9 million. Of this amount, \$14.4 million comprises debt backed by the full faith and credit of the government. The amount of \$1.7 million of the Township’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The remaining \$2.8 million represents compensated absences earned but not used as of year-end (\$1.4 million) and other long-term items (\$1.4 million).

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

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
General obligations	\$ 6,561,740	\$ 6,659,947	\$ 7,861,621	\$ 8,393,068	\$ 14,423,361	\$ 15,053,015
Revenue bonds	-	-	1,700,000	1,970,000	1,700,000	1,970,000
Other long-term debt	1,229,379	1,339,860	222,327	244,559	1,451,706	1,584,419
Compensated absences	985,301	946,341	382,163	345,769	1,367,464	1,292,110
	<u>\$ 8,776,420</u>	<u>\$ 8,946,148</u>	<u>\$ 10,166,111</u>	<u>\$ 10,953,396</u>	<u>\$ 18,942,531</u>	<u>\$ 19,899,544</u>

The Township's total debt decreased by \$960 thousand (5 percent) during the current fiscal year. This is attributable to the Township making the routine payments on debt.

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

Additional information on the Township's long-term debt can be found in 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 2016 that also promotes and funds numerous project objectives that have been set by the Township's strategic plan.

The Township, along with the firefighter's union, made changes to the MERS pension plan which will be reflected in the plan year 2015 and be reported in the Township's 2016 financial statements.

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, 2015**

	Primary government			Component unit
	Governmental activities	Business-type activities	Total	Economic Development Corporation
ASSETS:				
Cash	\$ 9,273,241	\$ 2,511,475	\$ 11,784,716	\$ 98,540
Investments	13,018,582	6,565,567	19,584,149	-
Investments - replacement account	-	6,423,389	6,423,389	-
Receivables:				
Accounts	430,914	838,881	1,269,795	-
Taxes	4,985,985	-	4,985,985	-
Interest	47,857	33,132	80,989	-
Other	-	56,159	56,159	-
Internal balances	73,944	(73,944)	-	-
Prepaid items	85,983	-	85,983	-
Prepaid other postemployment benefits - restricted	2,775,401	170,334	2,945,735	-
Special assessments:				
Due within one year - interest	-	14,314	14,314	-
Due within one year	-	40,298	40,298	-
Due in more than one year	-	63,220	63,220	-
Note receivable:				
Due within one year	-	41,194	41,194	-
Due in more than one year	-	177,520	177,520	-
Deferred charges:				
Tap in charges - deferred	-	78,355	78,355	-
Capital assets not being depreciated:				
Land and construction in process	6,063,765	1,747,374	7,811,139	-
Other capital assets, net of accumulated depreciation	22,638,948	58,003,953	80,642,901	-
TOTAL ASSETS	59,394,620	76,691,221	136,085,841	98,540
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related items	1,349,421	-	1,349,421	-

See notes to financial statements.

	Primary Government			Component Unit
	Governmental activities	Business-type activities	Total	Economic Development Corporation
LIABILITIES:				
Accounts payable	\$ 291,745	\$ 411,587	\$ 703,332	\$ -
Customer deposits payable	104,199	73,060	177,259	-
Contract retainage payable	-	31,321	31,321	-
Accrued salaries and related items	332,249	-	332,249	-
Accrued interest	134,044	41,532	175,576	-
Unearned revenue	-	32,296	32,296	-
Noncurrent liabilities:				
Due within one year	917,112	1,362,411	2,279,523	-
Due in more than one year	7,859,308	8,803,700	16,663,008	-
Net pension liability	4,490,871	-	4,490,871	-
TOTAL LIABILITIES	14,129,528	10,755,907	24,885,435	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	8,404,323	-	8,404,323	-
NET POSITION:				
Net investment in capital assets	20,911,594	49,967,379	70,878,973	-
Restricted for perpetual care	295,376	-	295,376	-
Restricted for paramedic services	2,028,923	-	2,028,923	-
Restricted for budget stabilization	450,000	-	450,000	-
Restricted for other postemployment benefits	2,775,401	170,334	2,945,735	-
Unrestricted	11,748,896	15,797,601	27,546,497	98,540
TOTAL NET POSITION	\$ 38,210,190	\$ 65,935,314	\$ 104,145,504	\$ 98,540

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

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		
Primary government:								
Governmental activities:								
General government	\$ 3,562,966	\$ 599,409	\$ -	\$ 288,573	\$ (2,674,984)	\$ -	\$ (2,674,984)	\$ -
Public safety	6,935,691	408,307	-	-	(6,527,384)	-	(6,527,384)	-
Public works	1,510,596	1,548,284	-	-	37,688	-	37,688	-
Health and welfare	2,620,775	1,490,199	-	-	(1,130,576)	-	(1,130,576)	-
Community and economic development	459,821	19,915	-	-	(439,906)	-	(439,906)	-
Culture and recreation	1,305,571	316,162	-	-	(989,409)	-	(989,409)	-
Interest on long-term debt	351,750	-	-	-	(351,750)	-	(351,750)	-
Total governmental activities	16,747,170	4,382,276	-	288,573	(12,076,321)	-	(12,076,321)	-
Business-type activities:								
Water	5,337,950	5,782,793	-	802,795	-	1,247,638	1,247,638	-
Sewer	4,587,000	4,235,404	-	284,735	-	(66,861)	(66,861)	-
Total business activities	9,924,950	10,018,197	-	1,087,530	-	1,180,777	1,180,777	-
Total primary government	\$ 26,672,120	\$ 14,400,473	\$ -	\$ 1,376,103	-	-	(10,895,544)	-
Component unit:								
Economic Development Corporation	\$ 9,394	\$ -	\$ -	\$ -	-	-	-	(9,394)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					7,611,664	-	7,611,664	-
Paramedic levy					1,249,460	-	1,249,460	-
State sources					2,533,410	-	2,533,410	-
Franchise fee - cable					553,237	-	553,237	-
Investment earnings					198,494	176,204	374,698	1,018
Other					339,137	-	339,137	-
Total general revenues					12,485,402	176,204	12,661,606	1,018
Change in net position					409,081	1,356,981	1,766,062	(8,376)
Net position, beginning of year (as restated)					37,801,109	64,578,333	102,379,442	106,916
Net position, end of year					\$ 38,210,190	\$ 65,935,314	\$ 104,145,504	\$ 98,540

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>General</u>	<u>Paramedic fund (a special revenue fund)</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
ASSETS				
ASSETS:				
Cash	\$ 7,529,947	\$ 887,791	\$ 855,503	\$ 9,273,241
Investments	10,609,592	1,251,053	1,157,937	13,018,582
Receivables:				
Accounts	430,914	-	-	430,914
Taxes	3,674,604	1,311,381	-	4,985,985
Interest	39,054	4,572	4,231	47,857
Due from other funds	73,944	-	-	73,944
Prepaid items	85,983	-	-	85,983
TOTAL ASSETS	<u>\$ 22,444,038</u>	<u>\$ 3,454,797</u>	<u>\$ 2,017,671</u>	<u>\$ 27,916,506</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 291,745	\$ -	\$ -	\$ 291,745
Customer deposits payable	104,199	-	-	104,199
Accrued salaries and related items	332,249	-	-	332,249
TOTAL LIABILITIES	<u>728,193</u>	<u>-</u>	<u>-</u>	<u>728,193</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	7,120,100	1,311,381	-	8,431,481
FUND BALANCES:				
Nonspendable:				
Prepaid items	85,983	-	-	85,983
Restricted:				
Budget stabilization	450,000	-	-	450,000
Perpetual care fund	-	-	295,376	295,376
Paramedic fund	-	2,028,923	-	2,028,923
Assigned:				
Debt service	-	-	33,790	33,790
Capital projects	-	-	1,688,505	1,688,505
Compensated absences	985,301	-	-	985,301
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>
FUND BALANCES (Concluded):				
Assigned (Concluded):				
Retiree health insurance	\$ 100,000	\$ -	\$ -	\$ 100,000
Non-motorized transportation	500,000	-	-	500,000
Economic development	500,000	-	-	500,000
Capital improvements	2,400,000	-	-	2,400,000
County drains	200,000	-	-	200,000
Subsequent years' expenditures	-	114,493	-	114,493
Unassigned	8,374,461	-	-	8,374,461
TOTAL FUND BALANCES	<u>14,595,745</u>	<u>2,143,416</u>	<u>2,017,671</u>	<u>18,756,832</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 22,444,038</u>	<u>\$ 3,454,797</u>	<u>\$ 2,017,671</u>	<u>\$ 27,916,506</u>
Total governmental fund balances				\$ 18,756,832
Amounts reported for governmental activities in the statement of net position are different because:				
Deferred outflows of resources - related to pensions				1,349,421
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:				
Cost of the capital assets			\$ 50,408,196	
Less accumulated depreciation			<u>21,705,483</u>	
				28,702,713
Other postemployment benefits pre-payments which exceed the annual required contribution are recorded as prepaid				2,775,401
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				27,158
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				(6,561,740)
Other long-term debt				(1,229,379)
Compensated absences				(985,301)
Accrued interest				(134,044)
Net pension liability				<u>(4,490,871)</u>
Net position of governmental activities				<u>\$ 38,210,190</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, 2015

	<u>General</u>	<u>Paramedic fund (a special revenue fund)</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
REVENUES:				
Local sources:				
Property taxes	\$ 7,624,984	\$ -	\$ -	\$ 7,624,984
Paramedic levy	-	1,249,460	-	1,249,460
Licenses and permits	1,577,129	-	-	1,577,129
Charges for services	2,218,575	-	-	2,218,575
Investment earnings	148,965	30,837	18,692	198,494
Rental income	82,937	-	387,550	470,487
Local contributions	378,036	-	-	378,036
Other	619,748	-	10,675	630,423
Total local sources	12,650,374	1,280,297	416,917	14,347,588
State shared revenue	2,533,410	-	-	2,533,410
State and federal grants	288,573	-	-	288,573
Total revenues	15,472,357	1,280,297	416,917	17,169,571
EXPENDITURES:				
Current:				
General government	3,450,191	-	-	3,450,191
Public safety	6,759,572	-	-	6,759,572
Public works	1,370,792	-	-	1,370,792
Health and welfare	3,217,372	86,075	-	3,303,447
Community and economic development	410,969	-	-	410,969
Culture and recreation	1,453,492	-	-	1,453,492
Debt service:				
Principal repayment	110,481	-	100,000	210,481
Interest expense	68,289	-	288,300	356,589
Total expenditures	16,841,158	86,075	388,300	17,315,533
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,368,801)	1,194,222	28,617	(145,962)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,499,598	-	146,500	1,646,098
Transfers out	(146,500)	(1,384,428)	(115,170)	(1,646,098)
Total other financing sources (uses)	1,353,098	(1,384,428)	31,330	-
Net change in fund balances	(15,703)	(190,206)	59,947	(145,962)
FUND BALANCES:				
Beginning of year	14,611,448	2,333,622	1,957,724	18,902,794
End of year	\$ 14,595,745	\$ 2,143,416	\$ 2,017,671	\$ 18,756,832

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, 2015**

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

Net change in fund balances - total governmental funds	\$ (145,962)
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	(1,593,212)
Capital outlay	1,089,512
Realized loss on disposal of fixed assets	(22,873)
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)	
	89,397
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	140,676
Accrued interest payable end of the year	(134,044)
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	210,481
Amortization of bond discounts	(1,793)
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	(40,478)
Accrued revenue end of the year - primarily delinquent personal property taxes	27,158
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	946,341
Accrued compensated absences end of the year	(985,301)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Pension related items	829,179
Change in net position of governmental activities	\$ 409,081

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 DECEMBER 31, 2015**

ASSETS	Business-type activities-Enterprise funds		
	Sewer fund	Water fund	Total
CURRENT ASSETS:			
Cash	\$ 2,074,354	\$ 437,121	\$ 2,511,475
Investments	2,913,948	3,651,619	6,565,567
Receivables:			
Accounts	424,123	414,758	838,881
Interest	19,788	13,344	33,132
Special assessment - current	7,527	32,771	40,298
Special assessment - interest	5,857	8,457	14,314
Other	23,921	32,238	56,159
Current portion of long-term receivable	-	41,194	41,194
TOTAL CURRENT ASSETS	5,469,518	4,631,502	10,101,020
NONCURRENT ASSETS:			
Investments - replacement account	4,269,190	2,154,199	6,423,389
Deferred charges:			
Tap in charges - deferred	47,760	30,595	78,355
Special assessment - deferred	1,953	61,267	63,220
Long-term receivable	-	177,520	177,520
Prepaid other postemployment benefits - restricted	129,534	40,800	170,334
Property, plant and equipment, net of accumulated depreciation	24,503,393	35,247,934	59,751,327
TOTAL NONCURRENT ASSETS	28,951,830	37,712,315	66,664,145
TOTAL ASSETS	34,421,348	42,343,817	76,765,165

LIABILITIES AND NET POSITION	Business-type activities-Enterprise funds		
	Sewer fund	Water fund	Total
CURRENT LIABILITIES:			
Accounts payable	\$ 224,301	\$ 187,286	\$ 411,587
Customer deposits payable	63,090	9,970	73,060
Contract retainage payable	31,321	-	31,321
Accrued interest	-	41,532	41,532
Unearned revenue	-	32,296	32,296
Current portion of long-term liabilities	22,233	1,100,000	1,122,233
Current portion of compensated absences	208,183	31,995	240,178
Due to other funds	55,038	18,906	73,944
TOTAL CURRENT LIABILITIES	604,166	1,421,985	2,026,151
LONG-TERM LIABILITIES, net of current portion:			
Compensated absences	118,424	23,561	141,985
Bonds payable	-	8,470,000	8,470,000
Other long-term debt	200,094	-	200,094
Unamortized bond premiums (discount) - net	-	(8,379)	(8,379)
TOTAL LONG-TERM LIABILITIES	318,518	8,485,182	8,803,700
TOTAL LIABILITIES	922,684	9,907,167	10,829,851
NET POSITION:			
Net investment in capital assets	24,281,066	25,686,313	49,967,379
Restricted for other postemployment benefits	129,534	40,800	170,334
Unrestricted	9,088,064	6,709,537	15,797,601
TOTAL NET POSITION	\$ 33,498,664	\$ 32,436,650	\$ 65,935,314

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2015**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 3,961,884	\$ 5,232,262	\$ 9,194,146
Capital charges	149,668	69,545	219,213
Hydrant rental	-	140,280	140,280
Forfeited discounts	51,719	64,458	116,177
Other services charges	-	109,734	109,734
Other	59,308	18,733	78,041
	<u>4,222,579</u>	<u>5,635,012</u>	<u>9,857,591</u>
OPERATING EXPENSES:			
Costs of sales and services	3,496,078	3,923,588	7,419,666
Depreciation	1,077,948	1,065,262	2,143,210
	<u>4,574,026</u>	<u>4,988,850</u>	<u>9,562,876</u>
Total operating revenues			
Total operating expenses			
Operating income (loss)	<u>(351,447)</u>	<u>646,162</u>	<u>294,715</u>
NON-OPERATING REVENUES (EXPENSES):			
Contributions - infrastructure	284,735	802,795	1,087,530
Main charges	12,825	147,781	160,606
Investment income - net	85,660	90,544	176,204
Interest and fiscal charges	(12,974)	(289,063)	(302,037)
Bond issuance costs	-	(61,483)	(61,483)
Amortization of bond discount	-	(3,122)	(3,122)
Amortization of bond premium	-	4,568	4,568
	<u>370,246</u>	<u>692,020</u>	<u>1,062,266</u>
Total non-operating revenues (expenses) - net			
Change in net position	18,799	1,338,182	1,356,981
NET POSITION, beginning of year	<u>33,479,865</u>	<u>31,098,468</u>	<u>64,578,333</u>
NET POSITION, end of year	<u>\$ 33,498,664</u>	<u>\$ 32,436,650</u>	<u>\$ 65,935,314</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 3,943,489	\$ 5,251,963	\$ 9,195,452
Capital charges	149,668	69,545	219,213
Hydrant rental	-	140,280	140,280
Forfeited discounts	51,719	64,458	116,177
Other services charges	-	109,734	109,734
Other	59,308	18,733	78,041
Payment to suppliers	(1,152,664)	(3,467,599)	(4,620,263)
Payment to employees	(2,205,039)	(787,072)	(2,992,111)
Payment for interfund services	13,999	3,883	17,882
Net cash provided in operating activities	<u>860,480</u>	<u>1,403,925</u>	<u>2,264,405</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Contributions	284,735	802,795	1,087,530
Main and tap in charges	33,966	161,395	195,361
Net cash provided by noncapital financing activities	<u>318,701</u>	<u>964,190</u>	<u>1,282,891</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest received from special assessments	7,045	11,997	19,042
Proceeds from special assessments	30,543	46,869	77,412
Proceeds from sale of fixed assets	1,658	3,578	5,236
Proceeds from issuance of debt	-	4,570,000	4,570,000
Principal repayments on debt	(22,232)	(5,370,000)	(5,392,232)
Interest paid on bonds and land contract	(12,974)	(306,603)	(319,577)
Payments for bond issuance costs	-	(61,483)	(61,483)
Payments for capital acquisitions	(947,237)	(982,369)	(1,929,606)
Net cash used by capital and related financing activities	<u>(943,197)</u>	<u>(2,088,011)</u>	<u>(3,031,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	83,534	82,091	165,625
Purchase of investments	(188,674)	(213,782)	(402,456)
Net cash provided (used) by investing activities	<u>(105,140)</u>	<u>(131,691)</u>	<u>(236,831)</u>
NET INCREASE IN CASH	<u>130,844</u>	<u>148,413</u>	<u>279,257</u>
CASH:			
Beginning of year	<u>1,943,510</u>	<u>288,708</u>	<u>2,232,218</u>
End of year	<u>\$ 2,074,354</u>	<u>\$ 437,121</u>	<u>\$ 2,511,475</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2015**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSE) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (351,447)	\$ 646,162	\$ 294,715
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,077,948	1,065,262	2,143,210
Gain on the sale of fixed assets	(1,658)	(3,578)	(5,236)
(Increase) decrease in assets:			
Receivables	(13,093)	19,701	6,608
Prepaid expenditures	(45,757)	(9,428)	(55,185)
Due to/from other funds - net	13,999	3,883	17,882
Increase (decrease) in liabilities:			
Accounts payable	112,502	(203,665)	(91,163)
Accrued compensated absences	41,967	(5,573)	36,394
Customer deposits	(5,302)	2,340	(2,962)
Contract retainage payable	31,321	(97,000)	(65,679)
Unearned revenue	-	(14,179)	(14,179)
Net cash provided by operating activities	<u>\$ 860,480</u>	<u>\$ 1,403,925</u>	<u>\$ 2,264,405</u>

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Pension trust fund	Other post employment benefit trust fund	Agency fund
	Employee retirement	Retiree health benefits	Tax collection fund
ASSETS			
ASSETS:			
Cash	\$ -	\$ -	\$ 1,933,957
Investments	17,982,268	11,168,846	2,724,309
Taxes receivable - delinquent	-	-	373,338
Interest receivable	-	-	9,955
	17,982,268	11,168,846	5,041,559
TOTAL ASSETS			
LIABILITIES:			
Undistributed tax collections:			
Current	-	-	4,668,182
Delinquent and other	-	-	373,377
	-	-	5,041,559
TOTAL LIABILITIES			
NET POSITION:			
Restricted for pension and other post employment benefits	\$ 17,982,268	\$ 11,168,846	\$ -

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2015**

	Pension trust fund	Other post employment benefit trust fund
	Employee retirement	Retiree health benefits
ADDITIONS:		
Investment - net	\$ (225,868)	\$ (193,718)
Contributions	703,906	452,050
Total additions	478,038	258,332
DEDUCTIONS:		
Distributions	1,438,240	-
Change in net position	(960,202)	258,332
NET POSITION:		
Beginning of year	18,942,470	10,910,514
End of year	<u>\$ 17,982,268</u>	<u>\$ 11,168,846</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

The Charter Township of Delta (Township) is incorporated under the provisions of Act 359, P.A. 1947 as amended (Charter Township Act) and is located in mid-Michigan. The Township is governed by the Charter Township of Delta Board of Trustees (the “Board”), which has responsibility and control over all activities related to the Township. The Township provides the following services as authorized by its charter; public safety (police and fire), public improvements (streets, sewers, water system, lighting), planning and zoning, recreation and general administrative services.

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

Discretely Presented Component Units

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

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

D. Basis of Presentation - Fund Financial Statements

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following nonmajor fund types:

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Concluded)

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

F. Budgetary Information

1. Budgetary basis of accounting

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

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

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

The budget was amended during the year with supplemental appropriations. The budget was approved prior to December 31, 2015. The Township does not consider the amendments to be significant. Violations, if any, are noted in the required supplementary information sections.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash and Investments

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

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Township intends to hold the investment until maturity.

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

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

2. Receivables and Payables

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Prepaid Items

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

4. Capital Assets

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Township only has one item that qualifies for reporting in this category. It is the pension related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension related items and is expensed in the plan year in which it applies.

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

6. Pension

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

7. Other Postemployment Benefit Costs

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Net position flow assumption

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

9. Fund balance flow assumptions

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

10. Fund balance policies

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Fund balance policies (Concluded)

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

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

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

11. Comparative Data/Reclassifications

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

12. Use of Estimates

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Revenues and Expenditures/Expenses

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

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

The Township is permitted by state statute to levy taxes up to \$5.00 per \$1,000 of taxable valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. In addition, the residents of the Township have approved an additional \$1.00 per \$1,000 specifically for the operation of the paramedic operations. In 2015, 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, 2015, the Township had the following investments.

<u>Investment Type</u>	<u>Fair value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard & Poor's Rating</u>	<u>%</u>
U.S. Treasury Notes	\$ 5,934,188	1.4728	AA+	21.7%
U.S. Agency Loans	13,484,147	2.6126	AA+	49.2%
U.S. Agencies - Corporate	686,469	3.9887	AA+	2.5%
Municipal bonds	3,335,625	2.4370	AA-	12.2%
Commercial Paper	528,700	0.0565	A-1	1.9%
MI CLASS External Investment Pool	<u>3,435,515</u>	0.0027	AA+	<u>12.5%</u>
Total fair value	<u>\$ 27,404,644</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>1.9966</u>		

1 day maturity equals 0.0027, one year equals 1.00

The Township voluntarily invests excess funds in pooled short term investment funds which included money market funds. One of the pooled investment funds utilized by the Township is MI CLASS. MI CLASS is an external pooled investment fund of “qualified” investments for Michigan townships. MI CLASS is not regulated nor is it registered with the SEC. MI CLASS reports as of December 31, 2015, 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, 2015, \$14,023,907 of the Township's bank balance of \$14,746,807 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 \$15,144,416 is reported as deposits on the financial statements as of December 31, 2015.

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	\$ 15,144,416
Investments	27,404,644
	\$ 42,549,060

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

Cash:	
Township wide	\$ 11,784,716
Component unit - Economic Development Corporation	98,540
Tax collection fund (a fiduciary fund)	1,933,957
Investments:	
Township wide	19,584,149
Township wide - replacement account	6,423,389
Tax collection fund (a fiduciary fund)	2,724,309
	\$ 42,549,060

**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, 2015:

	Other post employment benefit trust fund	Pension Trust Fund
Balanced funds	\$ 11,168,846	\$ 5,135,932
U.S. Stock funds	-	6,068,223
Stable Value funds	-	4,823,408
Bond funds	-	756,240
Guaranteed Lifetime Income funds	-	562,684
Specialty	-	202,076
International Stock funds	-	433,705
	\$ 11,168,846	\$ 17,982,268

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

NOTE 3 - CAPITAL ASSETS

The capital assets are as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,680,810	\$ 382,955	\$ -	\$ 6,063,765
Capital assets, being depreciated:				
Buildings and building equipment	17,929,363	17,913	-	17,947,276
Land improvements and sidewalks	6,012,526	158,020	-	6,170,546
Vehicles	1,611,207	209,913	116,856	1,704,264
Flowage rights	8,546,530	-	-	8,546,530
Streets and highways	4,078,306	112,836	-	4,191,142
Equipment	5,693,110	207,875	116,312	5,784,673
Total capital assets, being depreciated	43,871,042	706,557	233,168	44,344,431
Less accumulated depreciation for:				
Buildings and building equipment	6,393,912	330,715	-	6,724,627
Land improvements	3,754,805	238,767	-	3,993,572
Vehicles	1,138,246	309,859	116,856	1,331,249
Flowage rights	2,441,011	213,663	-	2,654,674
Streets and highways	2,572,698	192,373	-	2,765,071
Equipment	4,021,894	307,835	93,439	4,236,290
Total accumulated depreciation	20,322,566	1,593,212	210,295	21,705,483
Total capital assets, being depreciated, net	23,548,476	(886,655)	22,873	22,638,948
Total	\$ 29,229,286	\$ (503,700)	\$ 22,873	\$ 28,702,713

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

NOTE 3 - CAPITAL ASSETS (Concluded)

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Primary government:				
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,567,569	\$ -	\$ -	\$ 1,567,569
Construction in process	-	179,805	-	179,805
Total capital assets, not being depreciated	<u>1,567,569</u>	<u>179,805</u>	<u>-</u>	<u>1,747,374</u>
Capital assets, being depreciated:				
Buildings and building equipment	29,202,696	-	-	29,202,696
Land improvements/sidewalks	59,085	-	-	59,085
Equipment	2,562,773	122,300	53,330	2,631,743
Sewer and water mains	87,541,550	1,627,501	-	89,169,051
Total capital assets, being depreciated	<u>119,366,104</u>	<u>1,749,801</u>	<u>53,330</u>	<u>121,062,575</u>
Less accumulated depreciation for:				
Buildings and building equipment	25,667,701	214,510	-	25,882,211
Land improvements/sidewalks	59,085	-	-	59,085
Equipment	2,250,659	100,383	53,330	2,297,712
Sewer and water mains	32,991,297	1,828,317	-	34,819,614
Total accumulated depreciation	<u>60,968,742</u>	<u>2,143,210</u>	<u>53,330</u>	<u>63,058,622</u>
Total capital assets, being depreciated, net	<u>58,397,362</u>	<u>(393,409)</u>	<u>-</u>	<u>58,003,953</u>
Total	<u>\$ 59,964,931</u>	<u>\$ (213,604)</u>	<u>\$ -</u>	<u>\$ 59,751,327</u>

Depreciation expense was charged to functions/programs of the primary government at December 31, 2015 as follows:

Governmental activities:	
General government	\$ 611,255
Public safety	527,010
Public works	406,036
Culture and recreation	48,911
Total depreciation expense - governmental activities	<u>\$ 1,593,212</u>
Business type activities:	
Water	\$ 1,065,262
Sewer	1,077,948
Total depreciation expense - business-type activities	<u>\$ 2,143,210</u>

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

NOTE 4 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances as of December 31, 2015 is as follows:

<u>Receivable fund</u>	<u>Amount</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	<u>\$ 73,944</u>	Water fund	\$ 18,906
		Sewer fund	<u>55,038</u>
			<u>\$ 73,944</u>

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:

	<u>Transfer in</u>	
	<u>General fund</u>	<u>Nonmajor special revenue</u>
Transfer out:		
General fund	\$ -	\$ 146,500
Major special revenue	1,384,428	-
Nonmajor capital projects fund	112,400	-
Nonmajor perpetual care fund	<u>2,770</u>	-
	<u>\$ 1,499,598</u>	<u>\$ 146,500</u>

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%	\$ 6,561,740
Business-type activities	2.00% - 2.31%	7,870,000
		<u>\$ 14,431,740</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>
2016	\$ 150,000	\$ 282,550	\$ 790,000	\$ 163,063
2017	150,000	276,550	785,000	146,111
2018	200,000	269,550	830,000	128,698
2019	200,000	261,550	825,000	110,823
2020	200,000	253,450	870,000	92,485
2021 - 2025	1,000,000	1,142,750	3,770,000	185,184
2026 - 2030	1,500,000	894,175	-	-
2031 - 2035	2,200,000	485,600	-	-
2036 - 2037	1,000,000	45,000	-	-
	<u>\$ 6,600,000</u>	<u>\$ 3,911,175</u>	<u>\$ 7,870,000</u>	<u>\$ 826,364</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>\$ 1,700,000</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>
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>\$ 1,700,000</u>	<u>\$ 157,125</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	4.25% - 5.25%	\$ 1,229,379
Business type activities	5.25%	<u>222,327</u>
		<u>\$ 1,451,706</u>

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

NOTE 5 - LONG-TERM DEBT (Continued)

Other Long-Term Debt (Continued)

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

Year ending December 31	Governmental activities general assessment		Business type activities general assessment	
	Principal	Interest	Principal	Interest
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	110,481	41,390	22,233	6,730
2020	110,481	40,073	22,233	7,003
2021 - 2025	552,407	115,774	111,162	17,531
2026 - 2030	106,867	19,232	-	-
2031	17,700	903	-	-
	\$ 1,229,379	\$ 388,526	\$ 222,327	\$ 62,806

**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, 2015, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 6,700,000	\$ -	\$ (100,000)	\$ 6,600,000	\$ 150,000
Bond discount	(40,053)	-	1,793	(38,260)	-
Total bonds payable	6,659,947	-	(98,207)	6,561,740	150,000
General assessment payable	1,339,860	-	(110,481)	1,229,379	110,481
Compensated absences	946,341	38,960	-	985,301	656,631
	<u>\$ 8,946,148</u>	<u>\$ 38,960</u>	<u>\$ (208,688)</u>	<u>\$ 8,776,420</u>	<u>\$ 917,112</u>
Business-type activities:					
Bonds payable:					
General obligation	\$ 8,400,000	\$ 4,570,000	\$ (5,100,000)	\$ 7,870,000	\$ 790,000
Revenue bonds	1,970,000	-	(270,000)	1,700,000	310,000
Total bonds payable	10,370,000	4,570,000	(5,370,000)	9,570,000	1,100,000
Other long-term debt	244,559	-	(22,232)	222,327	22,233
Add/(deduct):					
Bond discount	(34,338)	-	3,121	(31,217)	-
Bond premiums	27,406	-	(4,568)	22,838	-
	10,607,627	4,570,000	(5,393,679)	9,783,948	1,122,233
Compensated absences	345,769	36,394	-	382,163	240,178
	<u>\$ 10,953,396</u>	<u>\$ 4,606,394</u>	<u>\$ (5,393,679)</u>	<u>\$ 10,166,111</u>	<u>\$ 1,362,411</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 \$8,657,514 in 2015. The base salary amounted to \$4,974,392. The Township made the required contributions of \$621,799. No significant employee contributions were made. Plan provisions and contribution requirements are established and may be amended by the Township.

Deferred Compensation Plan

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

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

Defined Benefit Plan

Plan Description

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

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

NOTE 6 - PENSION PLANS (Continued)

Benefits Provided

	2014 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Member Contributions:	24.43%
Act 88:	No

Employees covered by benefit terms. At the December 31, 2014 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	5
Active employees	38
	57

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

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

Net Pension Liability. The employer's Net Pension Liability was measured as of December 31, 2014, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

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

NOTE 6 - PENSION PLANS (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3% - 4%

Salary Increases: 4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)

Investment rate of return: 8.0%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study that was performed as of December 31, 2014.

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

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

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

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

NOTE 6 - PENSION PLANS (Continued)

Changes in Net Pension Liability

	Increase (decrease)		
	Plan		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 12/31/2013	\$ 12,747,780	\$ 8,574,505	\$ 4,173,275
Changes for the year:			
Service Cost	495,489	-	495,489
Interest on total pension liability	1,048,403	-	1,048,403
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Employer contributions	-	203,339	(203,339)
Employee contributions	-	498,207	(498,207)
Net investment income	-	544,848	(544,848)
Benefit payments including employee refunds	(575,223)	(575,223)	-
Administrative expense	-	(20,098)	20,098
Other charges	-	-	-
Net changes	968,669	651,073	317,596
Balances as of 12/31/2014	\$ 13,716,449	\$ 9,225,578	\$ 4,490,871

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.25%) or 1% higher (9.25%) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Net Pension Liability at 12/31/2014	\$ -	\$ 4,490,871	\$ -
Change in Net Pension Liability (NPL)	1,912,030	-	(1,564,709)
Calculated NPL	\$ 6,402,901	\$ 4,490,871	\$ 2,926,162

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

NOTE 6 - PENSION PLANS (Concluded)

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

For the year ended December 31, 2015 the employer recognized pension expense of \$387,391. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Excess (deficit) investment returns	\$ 133,544	\$ -
Contributions subsequent to the measurement date*	1,215,877	-
	\$ 1,349,421	\$ -

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending 2015.

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

Year end December 31,			
2016		\$	33,386
2017			33,386
2018			33,386
2019			33,386

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits and deferred compensation plan described in Note 6, the Township also sponsors a retiree health care plan (the “Plan”). The Plan provides other post employment benefits (OPEB) for all of its full time employees through a single-employer defined benefit plan. Based on the plan, the Township is required to have an actuarial calculation every 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 \$320,835 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	42
Active employees	<u>122</u>
Total	<u><u>164</u></u>

Funding progress. For the year ended December 31, 2015 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 \$769,885 in the year ended December 31, 2015 which represents 123.1% of the annual required contribution. The value of the Plan's assets at the end of December 31, 2015 was \$11,168,846.

Annual required contribution (recommended)	\$ 625,303
Amounts contributed:	
Payments of current expenses (ARC and retiree premiums)	<u>(769,885)</u>
Decrease in net OPEB obligation	(144,582)
OPEB obligation (prepayment):	
Beginning of year	<u>(2,801,153)</u>
End of year	<u><u>\$ (2,945,735)</u></u>

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

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (Concluded)

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

	Fiscal year ending December 31,		
	2013	2014	2015
Annual OPEB costs	\$ 823,903	\$ 2,799,844	\$ 769,885
Percentage contributed	135.8%	455.7%	123.1%

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	6,558,140
Unfunded actuarial accrued liability (UAAL)	\$ 6,598,132
Funded ratio (actuarial value of plan assets/AAL)	49.8%
Covered payroll (active plan members)	\$ 7,074,701
UAAL as a percentage of covered payroll	93.3%

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, 2015 and 2014, 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 2015 or any of the prior three years.

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

NOTE 10 - BUILDING DEPARTMENT

The Township records the results of building department operations in the general fund. In accordance with Michigan Public Act 245 of 1999, the Township is required to maintain an accounting system that separately accumulates revenues and expenditures related to the building department function. For the year ended December 31, 2015 building department revenues were \$956,315 and expenditures were \$780,012. As of December 31, 2015, the Township had not incurred all the expenditures relating to the building department revenues.

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

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,		
2016	\$	432,550
2017		426,550
2018		469,550
2019		461,550
2020		453,450
2021 - 2025		2,142,750
2026 - 2030		2,394,175
2031 - 2035		2,685,600
2036 - 2037		1,045,000
		\$ 10,511,175

NOTE 12 - NEW ACCOUNTING STANDARDS

For the year ended December 31, 2015 the Township implemented the following new pronouncements: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Summary:

GASB Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position an actuarial calculation. 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. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB Statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

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

NOTE 12 - NEW ACCOUNTING STANDARDS (Concluded)

The restatement of the beginning of the year net position is as follows:

	Governmental Activities
Net position as previously stated January 1, 2015	\$ 41,771,738
Adoption of GASB Statements 68 and 71:	
Net Pension Liability	(4,173,275)
Deferred Outflows	202,646
Net position as restated January 1, 2015	\$ 37,801,109

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, was issued by the GASB in February 2015 and will be effective for the Township's 2016 year end. The Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. The hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-back security. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

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

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

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS (Concluded)

Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, was issued by the GASB in August 2015 and will be effective for the Township's 2016 year end. The Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements in the footnotes of the financial statements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatements recipients.
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

This Statement will improve the user's ability on how tax abatements affect the reporting unit's financial positions and results of operations, including their ability to raise resources in the future.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Taxes	\$ 7,523,544	\$ 7,523,544	\$ 7,624,984	\$ 101,440
Licenses and permits	1,227,250	1,384,250	1,577,129	192,879
Charges for services	2,039,766	2,039,766	2,218,575	178,809
Investment income - net	190,000	190,000	148,965	(41,035)
Rental income	55,000	55,000	82,937	27,937
Local contributions	374,486	374,486	378,036	3,550
Other	522,494	594,694	619,748	25,054
State shared revenue	2,536,946	2,536,946	2,533,410	(3,536)
State and federal grants	105,500	353,500	288,573	(64,927)
Total revenues	<u>14,574,986</u>	<u>15,052,186</u>	<u>15,472,357</u>	<u>420,171</u>
EXPENDITURES:				
Current:				
General government:				
Legislative - trustees	84,404	84,404	81,560	2,844
Manager	454,608	454,608	244,956	209,652
Assessing	584,072	584,072	524,518	59,554
Clerk	413,443	485,643	453,804	31,839
Treasurer	241,337	241,337	240,618	719
Computer	220,608	220,608	206,185	14,423
Township hall and grounds	400,338	400,338	398,847	1,491
General service administration	769,650	1,149,650	1,132,373	17,277
Cemetery	221,968	221,968	167,330	54,638
Total general government	<u>3,390,428</u>	<u>3,842,628</u>	<u>3,450,191</u>	<u>392,437</u>
Public safety:				
Law enforcement - police	3,164,490	3,164,490	3,125,413	39,077
Fire	2,427,579	2,932,579	2,980,842	(48,263)
Emergency operations center	24,000	24,000	20,550	3,450
Protective inspection	610,151	610,151	632,767	(22,616)
Total public safety	<u>6,226,220</u>	<u>6,731,220</u>	<u>6,759,572</u>	<u>(28,352)</u>

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
EXPENDITURES (Concluded):				
Current:				
Public works:				
Department of public works	\$ 73,757	\$ 73,757	\$ 73,258	\$ 499
Drains	31,110	31,110	32,010	(900)
Streets and highways	655,500	655,500	383,475	272,025
Engineering	382,856	382,856	296,701	86,155
Street lighting	545,210	545,210	585,348	(40,138)
Total public works	<u>1,688,433</u>	<u>1,688,433</u>	<u>1,370,792</u>	<u>317,641</u>
Health and welfare:				
Paramedics	<u>2,703,879</u>	<u>3,223,879</u>	<u>3,217,372</u>	<u>6,507</u>
Community and economic development:				
Planning	345,751	345,751	311,812	33,939
Economic development	100,892	100,892	99,157	1,735
Total community and economic development	<u>446,643</u>	<u>446,643</u>	<u>410,969</u>	<u>35,674</u>
Culture and recreation:				
Parks and recreation	<u>1,554,785</u>	<u>1,554,785</u>	<u>1,453,492</u>	<u>101,293</u>
Debt service	<u>178,770</u>	<u>178,770</u>	<u>178,770</u>	<u>-</u>
Total expenditures	<u>16,189,158</u>	<u>17,666,358</u>	<u>16,841,158</u>	<u>825,200</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,545,222	1,545,222	1,499,598	(45,624)
Transfers out	(146,500)	(146,500)	(146,500)	-
Total other financing sources (uses)	<u>1,398,722</u>	<u>1,398,722</u>	<u>1,353,098</u>	<u>(45,624)</u>
Net change in fund balances	<u>\$ (215,450)</u>	<u>\$ (1,215,450)</u>	<u>(15,703)</u>	<u>\$ 1,199,747</u>
FUND BALANCE:				
Beginning of year			<u>14,611,448</u>	
End of year			<u>\$ 14,595,745</u>	

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PARAMEDIC SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2015**

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Taxes and special assessments	\$ 1,267,301	\$ 1,267,301	\$ 1,249,460	\$ (17,841)
Investment income - net	22,000	22,000	30,837	8,837
	1,289,301	1,289,301	1,280,297	(9,004)
EXPENDITURES:				
Current:				
Health and welfare	100,299	100,299	86,075	14,224
Excess of revenues over expenditures	1,189,002	1,189,002	1,194,222	5,220
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,405,922)	(1,405,922)	(1,384,428)	21,494
Net change in fund balance	\$ (216,920)	\$ (216,920)	(190,206)	\$ 26,714
FUND BALANCE , beginning of year			2,333,622	
FUND BALANCE , end of year			\$ 2,143,416	

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

	2014
Total pension liability	
Service cost	\$ 495,489
Interest	1,048,403
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments including employee refunds	(575,223)
Other	-
Net change in total pension liability	968,669
Total pension liability beginning	12,747,780
Total pension liability ending	\$ 13,716,449
Plan fiduciary net position	
Contributions-employer	\$ 203,339
Contributions-employee	498,207
Net investment income	544,848
Benefit payments including employee refunds	(575,223)
Administrative expense	(20,098)
Net change in plan fiduciary net position	651,073
Plan fiduciary net position beginning	8,574,505
Plan fiduciary net position ending	\$ 9,225,578
Employer net pension liability	\$ 4,490,871
Plan fiduciary net position as a percentage of the total pension liability	67.26%
Covered employee payroll	\$ 2,325,150
Employer's net pension liability as a percentage of covered employee payroll	193.14%

Notes to schedule:

Benefit changes - there were no changes of benefits in 2014.

Changes in assumptions - there were no assumption changes in 2014.

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

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

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

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	24 years
Asset valuation method	10 year smoothed
Inflation	3.5%
Salary Increases	4.5%
Investment rate of return	8.0%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male 1994 Group Annuity Mortality Table

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

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE POSTRETIREMENT HEALTH CARE PLAN FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2015**

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
2013	December 31, 2012	\$ 606,532	135.8%
2014	December 31, 2012	614,339	455.7%
2015	December 31, 2012	625,303	123.1%

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, 2015 AND 2014**

	2015	2014
ASSETS		
ASSETS:		
Cash	\$ 7,529,947	\$ 7,875,456
Investments	10,609,592	10,661,370
Receivables:		
Accounts	430,914	165,069
Taxes	3,674,604	3,248,815
Interest	39,054	38,628
Due from other funds	73,944	56,062
Prepaid items	85,983	55,205
	\$ 22,444,038	\$ 22,100,605
TOTAL ASSETS		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 291,745	\$ 210,084
Customer deposits payable	104,199	126,638
Accrued salaries and related items	332,249	304,248
	728,193	640,970
TOTAL LIABILITIES		
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue - property taxes	7,120,100	6,848,187
	7,120,100	6,848,187
FUND BALANCE:		
Nonspendable:		
Prepaid items	85,983	55,205
Restricted:		
Budget stabilization	450,000	450,000
Assigned:		
Compensated absences	985,301	946,343
Roads	1,000,000	1,000,000
Retiree health insurance	100,000	100,000
Non-motorized transportation	500,000	500,000
Economic development	500,000	500,000
Capital improvements	2,400,000	2,400,000
County drains	200,000	200,000
Subsequent years' expenditures	-	215,450
Unassigned	8,374,461	8,244,450
	14,595,745	14,611,448
TOTAL FUND BALANCE		
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 22,444,038	\$ 22,100,605

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
REVENUES:		
Taxes	\$ 7,624,984	\$ 7,432,288
Licenses and permits	1,577,129	1,443,185
Charges for services	2,218,575	2,215,500
Investment income - net	148,965	318,332
Rental income	82,937	68,727
Local contributions	378,036	390,038
Other	619,748	590,860
State shared revenue	2,533,410	2,488,471
State and federal grants	288,573	92,819
	15,472,357	15,040,220
Total revenues		
EXPENDITURES:		
Current:		
General government:		
Legislative - trustees	81,560	78,624
Manager	244,956	430,567
Assessing	524,518	535,326
Clerk	453,804	520,696
Treasurer	240,618	228,478
Computer	206,185	187,397
Township hall and grounds	398,847	385,574
General service administration	1,132,373	2,836,051
Cemetery	167,330	182,885
	3,450,191	5,385,598
Total general government		
Public safety:		
Law enforcement - police	3,125,413	3,064,810
Fire	2,980,842	2,727,273
Emergency operations center	20,550	28,770
Protective inspection	632,767	709,801
	6,759,572	6,530,654
Total public safety		

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
EXPENDITURES (Concluded):		
Current:		
Public works:		
Recycling	\$ 73,258	\$ 116,035
Drains	32,010	32,238
Streets and highways	383,475	193,116
Engineering	296,701	298,702
Street lighting	585,348	538,488
Total public works	<u>1,370,792</u>	<u>1,178,579</u>
Health and welfare:		
Paramedics	<u>3,217,372</u>	<u>2,477,134</u>
Community and economic development:		
Planning	311,812	331,484
Economic development	99,157	90,001
Total community and economic development	<u>410,969</u>	<u>421,485</u>
Culture and recreation:		
Parks and recreation	<u>1,453,492</u>	<u>1,261,125</u>
Debt service	<u>178,770</u>	<u>184,414</u>
Total expenditures	<u>16,841,158</u>	<u>17,438,989</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	1,499,598	1,590,544
Transfers out	<u>(146,500)</u>	<u>(146,500)</u>
Total other financing sources	<u>1,353,098</u>	<u>1,444,044</u>
Net change in fund balance	(15,703)	(954,725)
FUND BALANCE:		
Beginning of year	<u>14,611,448</u>	<u>15,566,173</u>
End of year	<u>\$ 14,595,745</u>	<u>\$ 14,611,448</u>

**CHARTER TOWNSHIP OF DELTA
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2015**

	<u>Carrier Creek</u>	<u>Watson & Watson and Branches</u>	<u>Gettysburg</u>	<u>Burrell</u>	<u>Total</u>
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	-	-	18,605	-	18,605
	<u>855,394</u>	<u>215,784</u>	<u>406,058</u>	<u>140,669</u>	<u>1,617,905</u>
Less interest	<u>188,414</u>	<u>46,788</u>	<u>122,856</u>	<u>30,468</u>	<u>388,526</u>
	<u>\$ 666,980</u>	<u>\$ 168,996</u>	<u>\$ 283,202</u>	<u>\$ 110,201</u>	<u>\$ 1,229,379</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 4.25% to 5.25%.

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

ASSETS	<u>2015</u>	<u>2014</u>
ASSETS:		
Cash	\$ 887,791	\$ 959,499
Investments	1,251,053	1,369,624
Receivables:		
Taxes	1,311,381	1,255,392
Interest	<u>4,572</u>	<u>4,790</u>
TOTAL ASSETS	<u><u>\$ 3,454,797</u></u>	<u><u>\$ 3,589,305</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES:		
Accounts payable	<u>\$ -</u>	<u>\$ 291</u>
DEFERRED INFLOW OF RESOURCES:		
Unavailable revenue - property taxes	<u>1,311,381</u>	<u>1,255,392</u>
FUND BALANCE:		
Assigned for subsequent years' expenditures	114,493	216,920
Restricted	<u>2,028,923</u>	<u>2,116,702</u>
TOTAL FUND BALANCE	<u>2,143,416</u>	<u>2,333,622</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE	<u><u>\$ 3,454,797</u></u>	<u><u>\$ 3,589,305</u></u>

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
REVENUES:		
Taxes and special assessments	\$ 1,249,460	\$ 1,228,009
Investment income - net	30,837	48,411
Total revenues	1,280,297	1,276,420
EXPENDITURES:		
Current:		
Health and welfare	86,075	97,800
Excess of revenues over expenditures	1,194,222	1,178,620
OTHER FINANCING SOURCES (USES):		
Transfers out	(1,384,428)	(1,118,254)
Net change in fund balance	(190,206)	60,366
FUND BALANCE:		
Beginning of year	2,333,622	2,273,256
End of year	\$ 2,143,416	\$ 2,333,622

**CHARTER TOWNSHIP OF DELTA
NONMAJOR GOVERNMENTAL FUNDS**

Capital Projects Fund

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

Debt Service Fund

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

Permanent Fund

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

**CHARTER TOWNSHIP OF DELTA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2015**

	<u>Capital project</u>	<u>Debt service</u>	<u>Permanent fund Cemetery perpetual care fund</u>	<u>Total nonmajor governmental funds</u>
ASSETS				
ASSETS:				
Cash	\$ 699,370	\$ 33,790	\$ 122,343	\$ 855,503
Investments	985,534	-	172,403	1,157,937
Interest receivable	3,601	-	630	4,231
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,688,505</u>	<u>\$ 33,790</u>	<u>\$ 295,376</u>	<u>\$ 2,017,671</u>
FUND BALANCES				
FUND BALANCES:				
Restricted	\$ -	\$ -	\$ 295,376	\$ 295,376
Assigned	1,688,505	33,790	-	1,722,295
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>\$ 1,688,505</u>	<u>\$ 33,790</u>	<u>\$ 295,376</u>	<u>\$ 2,017,671</u>

**CHARTER TOWNSHIP OF DELTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015**

	<u>Capital project</u>	<u>Debt service</u>	<u>Permanent fund Cemetery perpetual care fund</u>	<u>Total nonmajor governmental funds</u>
REVENUES:				
Local sources:				
Investment earnings - net	\$ 15,174	\$ 748	\$ 2,770	\$ 18,692
Rental income	-	387,550	-	387,550
Other	-	-	10,675	10,675
Total local sources	<u>15,174</u>	<u>388,298</u>	<u>13,445</u>	<u>416,917</u>
EXPENDITURES:				
Debt service:				
Principal repayment	-	100,000	-	100,000
Interest expense	-	288,300	-	288,300
Total expenditures	<u>-</u>	<u>388,300</u>	<u>-</u>	<u>388,300</u>
EXCESS OF REVENUES (EXPENDITURES)	<u>15,174</u>	<u>(2)</u>	<u>13,445</u>	<u>28,617</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	146,500	-	-	146,500
Transfers out	(112,400)	-	(2,770)	(115,170)
Total other financing sources (uses)	<u>34,100</u>	<u>-</u>	<u>(2,770)</u>	<u>31,330</u>
Net change in fund balances	49,274	(2)	10,675	59,947
FUND BALANCES:				
Beginning of year	<u>1,639,231</u>	<u>33,792</u>	<u>284,701</u>	<u>1,957,724</u>
End of year	<u>\$ 1,688,505</u>	<u>\$ 33,790</u>	<u>\$ 295,376</u>	<u>\$ 2,017,671</u>

**CHARTER TOWNSHIP OF DELTA
 CAPITAL PROJECT FUND
 BALANCE SHEETS
 DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
ASSETS:		
Cash	\$ 699,370	\$ 673,907
Investments	985,534	961,960
Interest receivable	3,601	3,364
TOTAL ASSETS	\$ 1,688,505	\$ 1,639,231
FUND BALANCES		
FUND BALANCES:		
Assigned	\$ 1,688,505	\$ 1,639,231

**CHARTER TOWNSHIP OF DELTA
CAPITAL PROJECT FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
REVENUES:		
Investment income - net	<u>\$ 15,174</u>	<u>\$ 32,382</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	146,500	146,500
Transfers out	<u>(112,400)</u>	<u>(469,000)</u>
Total other financing sources (uses)	<u>34,100</u>	<u>(322,500)</u>
Net change in fund balance	49,274	(290,118)
FUND BALANCE:		
Beginning of year	<u>1,639,231</u>	<u>1,929,349</u>
End of year	<u><u>\$ 1,688,505</u></u>	<u><u>\$ 1,639,231</u></u>

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS:		
Cash	<u>\$ 33,790</u>	<u>\$ 33,792</u>
FUND BALANCE		
FUND BALANCE:		
Assigned	<u>\$ 33,790</u>	<u>\$ 33,792</u>

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
REVENUE:		
Rental income - Delta Township District Library	\$ 387,550	\$ 391,550
Investment income - net	748	1,411
Total revenue	388,298	392,961
EXPENDITURES:		
Principal payments on debt	100,000	100,000
Interest and fiscal charges	288,300	292,300
Total expenditures	388,300	392,300
Net change in fund balance	(2)	661
FUND BALANCE:		
Beginning of year	33,792	33,131
End of year	\$ 33,790	\$ 33,792

**CHARTER TOWNSHIP OF DELTA
2007 GENERAL OBLIGATION LIMITED TAX LIBRARY DEBT
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2015**

Interest rate	Due April 1	Principal	Interest		Total payment requirements
			April 1	October 1	
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>\$ 6,600,000</u>	<u>\$ 2,026,975</u>	<u>\$ 1,884,200</u>	<u>\$ 10,511,175</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, 2015 AND 2014**

	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,074,354	\$ 1,943,510
Investments	2,913,948	2,765,488
Receivables:		
Customer accounts	424,123	411,030
Interest	19,788	18,383
Special assessment - current	7,527	19,076
Special assessment - interest	5,857	12,181
Other	23,921	41,939
	5,469,518	5,211,607
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Investments - replacement account	4,269,190	4,228,976
Deferred charges:		
Tap in charges - deferred	47,760	68,901
Special assessment - deferred	1,953	2,929
Prepaid other postemployment benefits - restricted	129,534	83,777
Property, plant, and equipment, net of accumulated depreciation	24,503,393	24,634,104
	28,951,830	29,018,687
TOTAL NONCURRENT ASSETS		
TOTAL ASSETS	34,421,348	34,230,294

	<u>2015</u>	<u>2014</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 224,301	\$ 111,799
Customer deposits payable	63,090	68,392
Contract retainage payable	31,321	-
Current portion of long-term liabilities	22,233	22,233
Current portion of compensated absences	208,183	178,469
Due to other funds	55,038	41,039
	<u>604,166</u>	<u>421,932</u>
LONG-TERM LIABILITIES, net of current portion:		
Compensated absences	118,424	106,171
Other long-term debt	200,094	222,326
	<u>318,518</u>	<u>328,497</u>
	<u>922,684</u>	<u>750,429</u>
NET POSITION:		
Net investment in capital assets	24,281,066	24,389,545
Restricted for other postemployment benefits	129,534	83,777
Unrestricted	9,088,064	9,006,543
	<u>\$ 33,498,664</u>	<u>\$ 33,479,865</u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
OPERATING REVENUES:		
Charges for services	\$ 3,961,884	\$ 3,826,421
Capital charges	149,668	171,690
Forfeited discounts	51,719	46,319
Other	59,308	72,300
Total operating revenues	4,222,579	4,116,730
OPERATING EXPENSES:		
Costs of sales and services	3,496,078	3,535,919
Depreciation	1,077,948	1,063,466
Total operating expenses	4,574,026	4,599,385
Operating loss	(351,447)	(482,655)
NON-OPERATING REVENUES (EXPENSES):		
Contributions - infrastructure	284,735	-
Main charges	12,825	-
Investment income - net	85,660	165,305
Interest and fiscal charges	(12,974)	(15,465)
Total non-operating revenues - net	370,246	149,840
Net income (loss)	18,799	(332,815)
NET POSITION:		
Beginning of year	33,479,865	33,812,680
End of year	\$ 33,498,664	\$ 33,479,865

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Operating loss	\$ (351,447)	\$ (482,655)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,077,948	1,063,466
Gain on disposal of fixed assets	(1,658)	-
Receivables	(13,093)	27,693
Prepaid expenditures	(45,757)	(37,861)
Due to/from other funds - net	13,999	416
Accounts payable	112,502	(65,607)
Customer deposits payable	(5,302)	-
Contract retainage payable	31,321	-
Accrued compensated absences	41,967	(12,623)
Total adjustments	1,211,927	975,484
Net cash provided by operating activities	860,480	492,829
Cash flows from non-capital financing activities:		
Contributions	284,735	-
Main and tap in charges	33,966	34,198
Net cash provided by non-capital financing activities	318,701	34,198
Cash flows for capital and related financing activities:		
Principal repayments on debt	(22,232)	(22,233)
Net interest paid on bonds	(12,974)	(15,465)
Payments for capital acquisitions	(947,237)	(459,567)
Proceeds from special assessments	30,543	(1,641)
Interest received from special assessments	7,045	10,299
Proceeds from the sale of fixed assets	1,658	-
Net cash used by capital and related financing activities	(943,197)	(488,607)
Cash flows from investing activities:		
Interest received from investments	83,534	153,715
Proceeds (purchases) of investments	(188,674)	(291,499)
Net cash provided (used) by investing activities	(105,140)	(137,784)
NET INCREASE (DECREASE) IN CASH	130,844	(99,364)
CASH:		
Beginning of year	1,943,510	2,042,874
End of year	\$ 2,074,354	\$ 1,943,510

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULES OF COSTS OF SALES AND SERVICES
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Salaries and wages	\$ 1,424,780	\$ 1,397,641
Payroll taxes	102,553	104,787
Employee fringe benefits	522,006	520,026
Pension expense	151,910	161,795
Office supplies	5,164	1,041
Chemicals	219,847	221,559
Supplies	39,355	34,973
Maintenance of plant	25,018	20,335
Maintenance of equipment	149,833	190,106
Accounting and auditing	166,726	149,442
Administrative fees	100,000	100,000
Contracted services	43,279	55,565
Engineering	6,897	5,167
Collection fees	565	608
Telephone	19,218	19,836
Transportation	31,611	39,297
Insurance	96,785	102,000
Utilities	386,591	393,823
Miscellaneous	3,940	17,918
	<u>\$ 3,496,078</u>	<u>\$ 3,535,919</u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2015**

<u>Year</u>	<u>Carrier Creek</u>
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>23,405</u>
	285,133
Less interest	<u>62,806</u>
	<u>\$ 222,327</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, 2015 AND 2014**

ASSETS	<u>2015</u>	<u>2014</u>
CURRENT ASSETS:		
Cash	\$ 437,121	\$ 288,708
Investments	3,651,619	3,458,129
Receivables:		
Customer accounts	414,758	402,596
Interest	13,344	12,093
Special assessment - current	32,771	40,405
Special assessment - interest	8,457	13,252
Other	32,238	24,107
Current portion of long-term receivable	<u>41,194</u>	<u>39,994</u>
TOTAL CURRENT ASSETS	<u>4,631,502</u>	<u>4,279,284</u>
NONCURRENT ASSETS:		
Investments - replacement account	2,154,199	2,133,907
Deferred charges:		
Water tap charges - deferred	30,595	44,209
Special assessments - deferred	61,267	100,502
Long-term receivable	177,520	218,714
Prepaid other postemployment benefits - restricted	40,800	31,372
Property, plant and equipment, less accumulated depreciation	<u>35,247,934</u>	<u>35,330,827</u>
TOTAL NONCURRENT ASSETS	<u>37,712,315</u>	<u>37,859,531</u>
TOTAL ASSETS	<u>42,343,817</u>	<u>42,138,815</u>

LIABILITIES AND NET POSITION	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 187,286	\$ 390,951
Customer deposits payable	9,970	7,630
Contract retainage payable	-	97,000
Accrued interest	41,532	59,071
Unearned revenue	32,296	46,475
Current portion of long-term liabilities	1,100,000	920,000
Current portion of compensated absences	31,995	35,751
Due to other funds	18,906	15,023
	<u>1,421,985</u>	<u>1,571,901</u>
TOTAL CURRENT LIABILITIES		
LONG-TERM LIABILITIES, net of current portion:		
Compensated absences	23,561	25,378
Bonds payable	8,470,000	9,450,000
Unamortized bond premiums (discount) - net	(8,379)	(6,932)
	<u>8,485,182</u>	<u>9,468,446</u>
TOTAL LONG-TERM LIABILITIES		
TOTAL LIABILITIES	<u>9,907,167</u>	<u>11,040,347</u>
NET POSITION:		
Net investment in capital assets	25,686,313	24,967,759
Restricted for other postemployment benefits	40,800	31,372
Unrestricted	6,709,537	6,099,337
	<u>6,709,537</u>	<u>6,099,337</u>
TOTAL NET POSITION	<u>\$ 32,436,650</u>	<u>\$ 31,098,468</u>

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
OPERATING REVENUES:		
Charges for services	\$ 5,232,262	\$ 5,027,329
Capital charges	69,545	64,415
Hydrant rental	140,280	139,860
Forfeited discounts	64,458	60,780
Other service charges	109,734	103,662
Other	18,733	24,065
Total operating revenues	5,635,012	5,420,111
OPERATING EXPENSES:		
Costs of sales and services	3,923,588	3,656,954
Depreciation	1,065,262	1,018,129
Total operating expenses	4,988,850	4,675,083
Operating income	646,162	745,028
NON-OPERATING REVENUES (EXPENSES):		
Contributions - infrastructure	802,795	205,900
Main charges	147,781	-
Investment income - net	90,544	153,633
Interest and fiscal charges	(289,063)	(331,050)
Bond issuance costs	(61,483)	-
Amortization of bond discount	(3,122)	(3,122)
Amortization of bond premium	4,568	4,568
Total non-operating revenues (expenses) - net	692,020	29,929
Net income	1,338,182	774,957
NET POSITION:		
Beginning of year	31,098,468	30,323,511
End of year	\$ 32,436,650	\$ 31,098,468

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Operating income	\$ 646,162	\$ 745,028
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	1,065,262	1,018,129
Gain on disposal of fixed assets	(3,578)	(9,313)
Receivables	19,701	82,733
Prepaid expenditures	(9,428)	(16,784)
Due to/from other funds - net	3,883	270
Accounts payable	(203,665)	157,734
Accrued compensated absences	(5,573)	(1,416)
Customer deposits	2,340	(360)
Contract retainage payable	(97,000)	5,380
Unearned revenue	(14,179)	6,066
Total adjustments	757,763	1,242,439
Net cash provided by operating activities	1,403,925	1,987,467
Cash flows from non-capital financing activities:		
Contributions	802,795	205,900
Main and tap in charges	161,395	17,610
Net cash provided by non-capital financing activities	964,190	223,510
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	4,570,000	-
Principal repayments on debt	(5,370,000)	(925,000)
Net interest paid on bonds	(306,603)	(336,049)
Payments for bond issuance costs	(61,483)	-
Payments for capital acquisitions	(982,369)	(2,677,132)
Proceeds from special assessments	46,869	71,633
Interest received from special assessments	11,997	16,188
Proceeds from sale of fixed assets	3,578	9,313
Net cash used by capital and related financing activities	(2,088,011)	(3,841,047)
Cash flows from investing activities:		
Interest received from investments	82,091	134,592
Purchase of investments	(213,782)	604,874
Net cash provided (used) by investing activities	(131,691)	739,466
NET INCREASE (DECREASE) IN CASH	148,413	(890,604)
CASH:		
Beginning of year	288,708	1,179,312
End of year	\$ 437,121	\$ 288,708

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULES OF COSTS OF SALES AND SERVICES
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Salaries and wages	\$ 514,845	\$ 506,320
Payroll taxes	38,801	37,306
Employee fringe benefits	159,793	158,163
Pension expense	58,632	63,584
Office supplies	2,471	2,629
Supplies	103,475	96,606
Water purchases	2,354,892	2,182,483
Maintenance of plant	178,967	31,674
Maintenance of equipment	20,849	101,227
Transportation	22,049	32,014
Administrative	100,000	100,000
Accounting and auditing	166,726	149,442
Contracted services	28,183	28,272
Engineering	11,731	6,956
Telephone	14,265	13,429
Insurance	33,210	35,000
Utilities	90,903	91,811
Printing	140	232
Miscellaneous	23,656	19,806
	<u>\$ 3,923,588</u>	<u>\$ 3,656,954</u>

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2015**

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%	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>\$ 725,000</u>	<u>\$ 31,875</u>	<u>\$ 31,875</u>	<u>\$ 788,750</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, 2015**

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%	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>\$ 975,000</u>	<u>\$ 46,685</u>	<u>\$ 46,690</u>	<u>\$ 1,068,375</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, 2015**

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
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>\$ 3,300,000</u>	<u>\$ 151,500</u>	<u>\$ 118,500</u>	<u>\$ 270,000</u>	<u>\$ 3,570,000</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, 2015**

Charter Township of Delta Bonds
General Obligation Limited Tax Refunding Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2016	2.310 %	\$ 390,000	\$ 52,784	\$ 48,279	\$ 101,063	\$ 491,063
2017	2.310 %	385,000	48,279	43,832	92,111	477,111
2018	2.310 %	430,000	43,832	38,866	82,698	512,698
2019	2.310 %	425,000	38,866	33,957	72,823	497,823
2020	2.310 %	470,000	33,957	28,529	62,486	532,486
2021	2.310 %	460,000	28,529	23,215	51,744	511,744
2022	2.310 %	505,000	23,215	17,383	40,598	545,598
2023	2.310 %	495,000	17,383	11,665	29,048	524,048
2024	2.310 %	485,000	11,665	6,064	17,729	502,729
2025	2.310 %	525,000	6,064	-	6,064	531,064
		<u>\$ 4,570,000</u>	<u>\$ 304,574</u>	<u>\$ 251,790</u>	<u>\$ 556,364</u>	<u>\$ 5,126,364</u>

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

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015
(with comparative totals for December 31, 2014)**

	<u>Pension trust fund</u>	<u>Other post employment benefit trust fund</u>	<u>Agency fund</u>	<u>Totals</u>	
ASSETS	<u>Employee retirement</u>	<u>Retiree health benefits</u>	<u>Tax collection fund</u>	<u>2015</u>	<u>2014</u>
ASSETS:					
Cash	\$ -	\$ -	\$ 1,933,957	\$ 1,933,957	\$ 2,096,281
Investments	17,982,268	11,168,846	2,724,309	31,875,423	32,845,294
Taxes receivable - delinquent	-	-	373,338	373,338	552,793
Interest receivable	-	-	9,955	9,955	10,466
TOTAL ASSETS	<u>\$ 17,982,268</u>	<u>\$ 11,168,846</u>	<u>\$ 5,041,559</u>	<u>\$ 34,192,673</u>	<u>\$ 35,504,834</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Undistributed tax collections:					
Current	\$ -	\$ -	\$ 4,668,182	\$ 4,668,182	\$ 5,099,057
Delinquent and other	-	-	373,377	373,377	552,793
TOTAL LIABILITIES	-	-	5,041,559	5,041,559	5,651,850
FUND BALANCES:					
Restricted for pension and other post employment benefits	17,982,268	11,168,846	-	29,151,114	29,852,984
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,982,268</u>	<u>\$ 11,168,846</u>	<u>\$ 5,041,559</u>	<u>\$ 34,192,673</u>	<u>\$ 35,504,834</u>

**CHARTER TOWNSHIP OF DELTA
AGENCY FUND
TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2015**

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
ASSETS				
Cash	\$ 2,096,281	\$ -	\$ 162,324	\$ 1,933,957
Investments	2,992,310	74,238,941	74,506,942	2,724,309
Taxes receivable delinquent	552,793	221,779	401,234	373,338
Interest receivable	10,466	-	511	9,955
TOTAL ASSETS	<u>\$ 5,651,850</u>	<u>\$ 74,460,720</u>	<u>\$ 75,071,011</u>	<u>\$ 5,041,559</u>
LIABILITIES				
Undistributed tax collections:				
Current	\$ 5,099,057	\$ 74,194,896	\$ 74,625,771	\$ 4,668,182
Delinquent and other	552,793	265,824	445,240	373,377
TOTAL LIABILITIES	<u>\$ 5,651,850</u>	<u>\$ 74,460,720</u>	<u>\$ 75,071,011</u>	<u>\$ 5,041,559</u>