

CHARTER TOWNSHIP OF DELTA

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

YEAR ENDED DECEMBER 31, 2018

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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 units, 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, 2018, 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 units, each major fund, and the aggregate remaining fund information of Charter Township of Delta, as of December 31, 2018, 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 13 to the financial statements, the Charter Township of Delta implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 management's discussion and analysis and 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 9, 2019

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, 2018.

For the year ended December 31, 2018, the Charter Township of Delta implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These changes are significant at the government-wide 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 \$109.8 million dollars (net position). Of this amount, \$29.5 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 \$6.8 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 \$21.1 million, remaining consistent in comparison with the prior year.
- The Township's total outstanding debt decreased \$1.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *statement of net position* presents information on all of the Township's assets, 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) and Brownfield Redevelopment Authority, for which the Township is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. 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 73 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, its obligation to provide other post-employment benefits to its employees, and the general and paramedic special revenue fund budgets. Required supplementary information can be found on pages 75 through 84 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 86 through 117 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 \$109.8 million at the close of the most recent fiscal year.

Charter Township of Delta's Net Position

	Governmental activities		Business-type activities		Total	
	2018	2017*	2018	2017*	2018	2017*
Current and other assets	\$ 31,227,023	\$ 33,869,756	\$ 17,961,071	\$ 16,865,290	\$ 49,188,094	\$ 50,735,046
Capital assets	31,632,678	28,485,458	61,001,483	60,624,924	92,634,161	89,110,382
Total assets	<u>62,859,701</u>	<u>62,355,214</u>	<u>78,962,554</u>	<u>77,490,214</u>	<u>141,822,255</u>	<u>139,845,428</u>
Deferred outflows of resources	3,261,577	1,378,343	1,076,104	-	4,337,681	1,378,343
Long-term liabilities outstanding	8,454,275	8,892,329	6,772,219	7,947,711	15,226,494	16,840,040
Net pension liability	2,835,236	3,212,214	-	-	2,835,236	3,212,214
Net other postemployment benefit liability	1,471,407	-	728,667	-	2,200,074	-
Other liabilities	846,419	1,070,452	530,288	442,814	1,376,707	1,513,266
Total liabilities	<u>13,607,337</u>	<u>13,174,995</u>	<u>8,031,174</u>	<u>8,390,525</u>	<u>21,638,511</u>	<u>21,565,520</u>
Deferred inflows of resources	13,104,097	9,032,022	1,561,544	-	14,665,641	9,032,022
Net position:						
Net investment in capital assets	24,388,371	20,796,277	53,101,003	53,098,332	77,489,374	73,894,609
Restricted	2,837,331	5,824,755	-	611,170	2,837,331	6,435,925
Unrestricted	12,184,142	14,905,508	17,344,937	15,390,187	29,529,079	30,295,695
Total net position	<u>\$ 39,409,844</u>	<u>\$ 41,526,540</u>	<u>\$ 70,445,940</u>	<u>\$ 69,099,689</u>	<u>\$ 109,855,784</u>	<u>\$ 110,626,229</u>

*The 2017 figures have not been restated for the adoption of GASB 75. The adoption of GASB 75 resulted in restating the opening net position by lowering it by approximately \$7.6 million.

By far the largest portion of the Township's net position (71%) reflects its net investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$29.5 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.

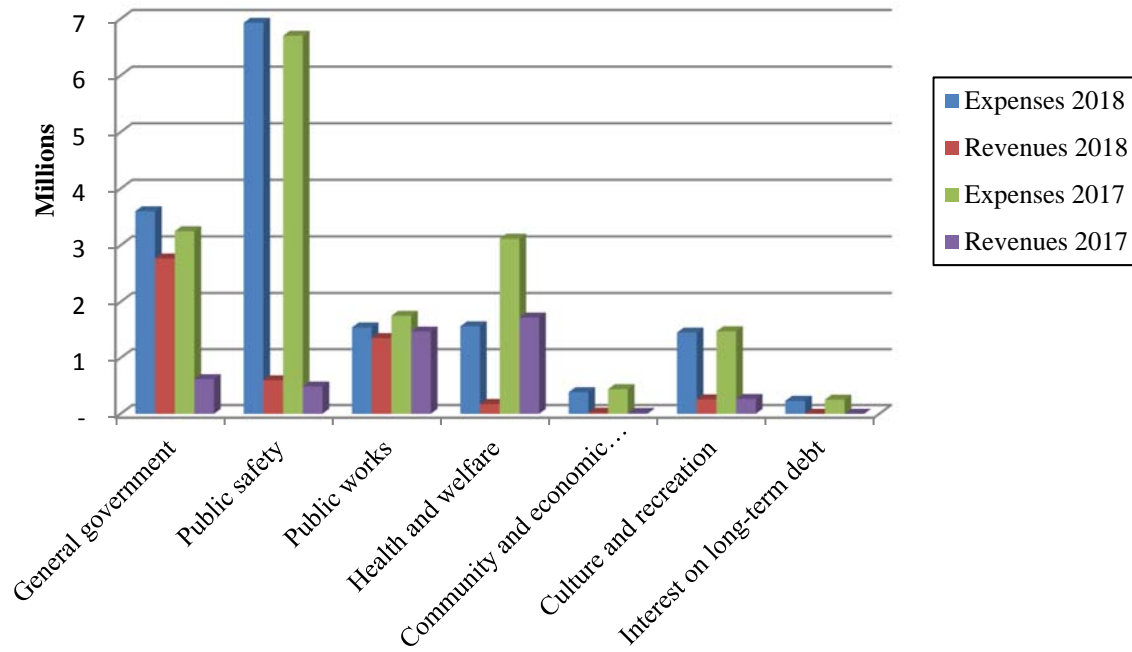
Governmental activities. Governmental activities increased the Township’s net position by \$3,521,713 and the business-type activities net position increased by \$3,271,313. Key elements of this increase are as follows:

Charter Township of Delta’s Changes in Net Position

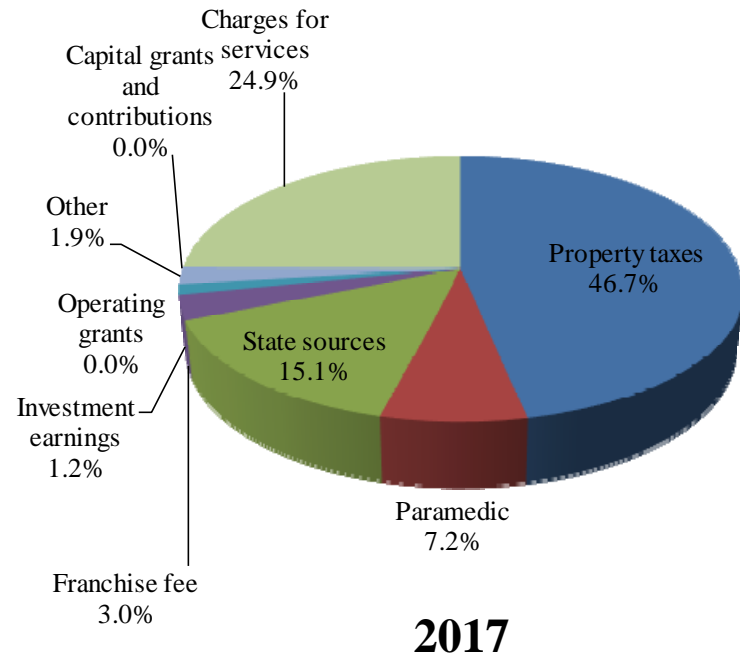
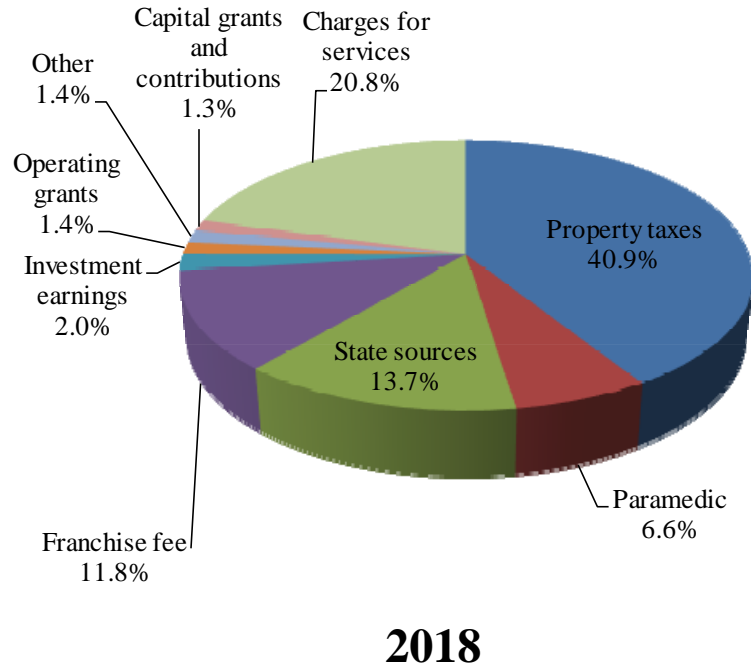
	Governmental activities		Business-type activities		Total	
	2018	2017*	2018	2017*	2018	2017*
Revenues:						
Program revenues:						
Charges for services	\$ 4,325,062	\$ 4,582,890	\$ 11,074,774	\$ 10,455,634	\$ 15,399,836	\$ 15,038,524
Operating grants and contributions	292,049	35,998	-	-	292,049	35,998
Capital grants and contributions	263,153	62,800	2,178,960	1,388,349	2,442,113	1,451,149
General revenues:						
Property taxes	8,498,173	8,596,729	-	-	8,498,173	8,596,729
Paramedic levy	1,377,862	1,322,049	-	-	1,377,862	1,322,049
State sources	2,841,225	2,770,576	-	-	2,841,225	2,770,576
Franchise fees	2,443,656	545,565	-	-	2,443,656	545,565
Investment earnings	413,256	222,638	266,750	131,313	680,006	353,951
Other	298,376	353,498	-	-	298,376	353,498
Total revenue	<u>20,752,812</u>	<u>18,492,743</u>	<u>13,520,484</u>	<u>11,975,296</u>	<u>34,273,296</u>	<u>30,468,039</u>
Expenses:						
General government	3,400,826	3,247,209	-	-	3,400,826	3,247,209
Public safety	6,889,433	6,701,984	-	-	6,889,433	6,701,984
Public works	1,759,992	1,753,846	-	-	1,759,992	1,753,846
Health and welfare	3,124,344	3,116,764	-	-	3,124,344	3,116,764
Community and economic development	386,909	440,882	-	-	386,909	440,882
Culture and recreation	1,455,702	1,476,448	-	-	1,455,702	1,476,448
Interest on long-term debt	213,893	252,218	-	-	213,893	252,218
Water	-	-	5,246,086	5,289,106	5,246,086	5,289,106
Sewer	-	-	5,003,085	4,712,945	5,003,085	4,712,945
Total expenses	<u>17,231,099</u>	<u>16,989,351</u>	<u>10,249,171</u>	<u>10,002,051</u>	<u>27,480,270</u>	<u>26,991,402</u>
Increase in net position	3,521,713	1,503,392	3,271,313	1,973,245	6,793,026	3,476,637
Net position, beginning of year, as restated	<u>35,888,131</u>	<u>40,023,148</u>	<u>67,174,627</u>	<u>67,126,444</u>	<u>103,062,758</u>	<u>107,149,592</u>
Net position, end of year	<u>\$ 39,409,844</u>	<u>\$ 41,526,540</u>	<u>\$ 70,445,940</u>	<u>\$ 69,099,689</u>	<u>\$ 109,855,784</u>	<u>\$ 110,626,229</u>

*The 2017 figures have not been restated for the adoption of GASB 75. The adoption of GASB 75 resulted in restating the opening net position by lowering it by approximately \$7.6 million.

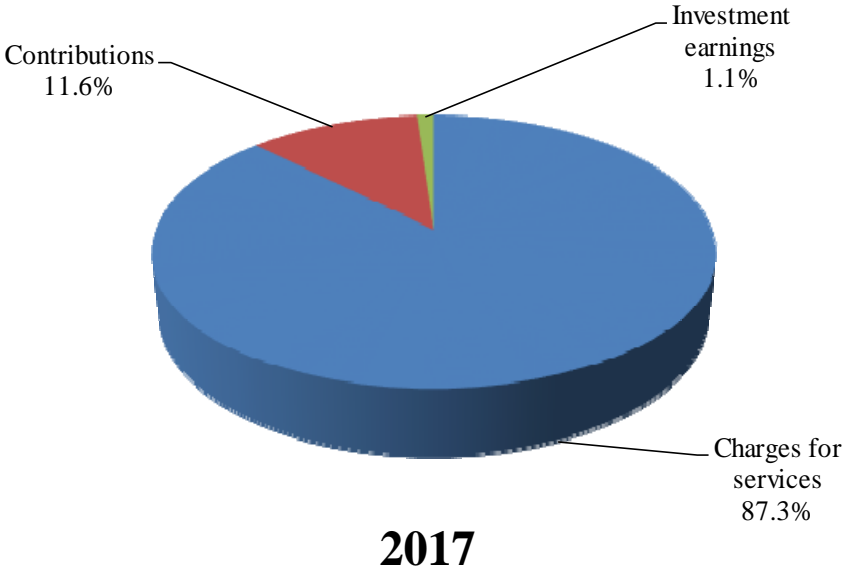
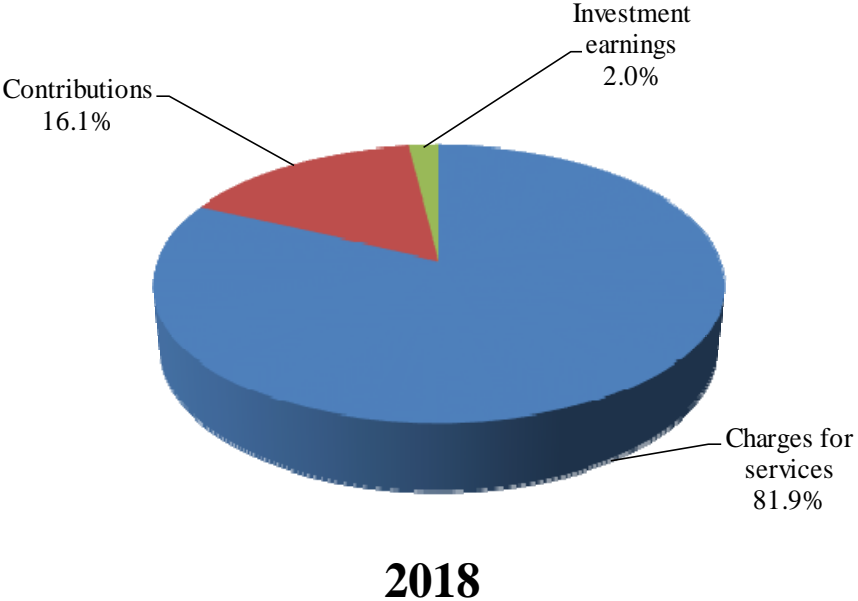
Charter Township of Delta
Expenses and Program Revenues - Governmental Activities
December 31,



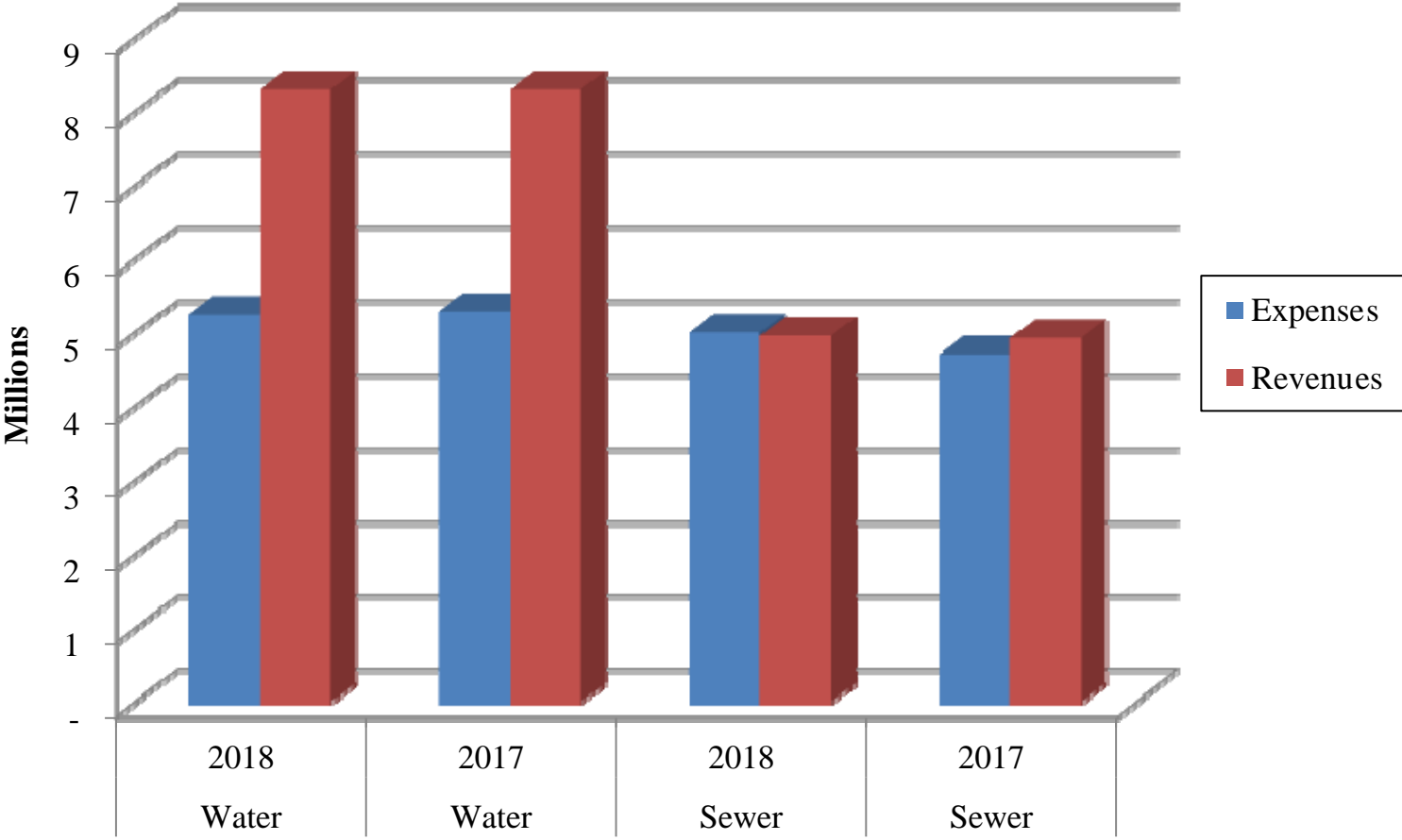
**Charter Township of Delta
Revenues by Source - Governmental Activities
December 31,**



**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:

- Overall governmental activities revenue is up \$2.3 million from prior year.
- Expenses for governmental activities went from \$17.0 million to \$17.2 million, a increase of \$242 thousand.

Business-type activities. Business-type activities increased the Township's net position by \$3.3 million. Approximately \$2.2 million is attributed to private contributions.

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 \$21.1 million, which is consistent in comparison with the prior year. Approximately 43% of this total amount (\$9.0 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable (\$13,309), restricted (\$2,837,331), or assigned (\$9,184,217).

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 \$9.0 million, while total fund balance was \$16.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 52% of total general fund expenditures, while total fund balance represents 97% of that same amount.

The fund balance of the Township's general fund decreased by \$66,977 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 \$15.7 million. The total increase in net position, as restated, amounted to approximately \$3.3 million. 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 \$2,650,000, budgeted revenue increased by \$980,000, while other financial sources remained consistent with the original budget. The change in appropriations can be summarized as follows:

- A decrease of \$650,000 for the roads for the building of the Old Lansing Road Bike Path.
- An increase of \$3,300,000 for Parks and Recreation for the Mt. Hope Park project.

During the year, actual revenue was higher than the amended budgetary estimates. This arises primarily from higher than anticipated franchise fees, investment income and state shared revenue. 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, 2018, amounts to \$92.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, vehicles, park facilities, sidewalks, and other infrastructure. The total increase in the Township’s investment in capital assets for the current fiscal year was 4% (an 11% increase for governmental activities and a 0.6% increase for business-type activities).

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

	Governmental activities		Business activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 6,665,921	\$ 6,665,921	\$ 1,567,569	\$ 1,567,569	\$ 8,233,490	\$ 8,233,490
Building and building equipment	10,786,891	10,853,300	2,720,552	2,919,678	13,507,443	13,772,978
Land improvements/sidewalks	6,082,361	2,409,380	-	-	6,082,361	2,409,380
Vehicles	9,323	67,242	-	-	9,323	67,242
Equipment	1,455,557	1,555,504	395,754	242,288	1,851,311	1,797,792
Flowage rights	5,250,867	5,464,530	-	-	5,250,867	5,464,530
Streets and highways	1,381,758	1,469,581	-	-	1,381,758	1,469,581
Sewer and water mains	-	-	56,317,608	55,895,389	56,317,608	55,895,389
	<u>\$ 31,632,678</u>	<u>\$ 28,485,458</u>	<u>\$ 61,001,483</u>	<u>\$ 60,624,924</u>	<u>\$ 92,634,161</u>	<u>\$ 89,110,382</u>

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

Long-term debt. At the end of the current fiscal year, the Township had total long-term debt outstanding of \$15.2 million. Of this amount, \$11.7 million comprises debt backed by the full faith and credit of the government. The amount of \$725,000 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 (\$1.5 million), notes payable (\$240,000) and other long-term items (\$1.1 million).

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

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
General obligations	\$ 6,248,666	\$ 6,470,964	\$ 5,452,283	\$ 6,283,730	\$ 11,700,949	\$ 12,754,694
Revenue bonds	-	-	725,000	1,065,000	725,000	1,065,000
Other long-term debt	897,936	1,008,417	155,628	177,862	1,053,564	1,186,279
Note payable	240,000	360,000	-	-	240,000	360,000
Compensated absences	1,067,673	1,052,948	439,308	421,119	1,506,981	1,474,067
	<u>\$ 8,454,275</u>	<u>\$ 8,892,329</u>	<u>\$ 6,772,219</u>	<u>\$ 7,947,711</u>	<u>\$ 15,226,494</u>	<u>\$ 16,840,040</u>

The Township's total debt decreased by \$1.6 million (10%) during the current fiscal year. This is attributable to the Township making the routine payments on debt.

Additional information on the Township's long-term debt can be found in the notes of this report.

Economic Factors and Next Year's Budgets and Rates

Charter Township of Delta's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2019 that also promotes and funds numerous project objectives that have been set by the Township's strategic plan.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

**CHARTER TOWNSHIP OF DELTA
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	Primary government			Component units	
	Governmental activities	Business-type activities	Total	Economic Development Corporation	Brownfield Redevelopment Authority
ASSETS:					
Cash	\$ 11,096,743	\$ 4,741,536	\$ 15,838,279	\$ 70,282	\$ -
Investments	13,243,064	8,361,634	21,604,698	-	-
Investments - replacement account	-	3,883,501	3,883,501	-	-
Receivables:					
Accounts	815,664	850,827	1,666,491	-	-
Taxes	5,922,974	-	5,922,974	-	47,653
Interest	48,593	33,760	82,353	-	-
Other	-	33,240	33,240	-	-
Internal balances	77,286	(77,286)	-	-	-
Due from other governmental units	236	-	236	-	-
Prepaid items	13,309	-	13,309	-	-
Special assessments:					
Due within one year - interest	-	836	836	-	-
Due within one year	4,285	9,773	14,058	-	-
Due in more than one year	4,869	6,180	11,049	-	-
Note receivable:					
Due within one year	-	45,014	45,014	-	-
Due in more than one year	-	46,373	46,373	-	-
Deferred charges:					
Tap in charges - deferred	-	25,683	25,683	-	-
Capital assets not being depreciated:					
Land	6,665,921	1,567,569	8,233,490	-	-
Other capital assets, net of accumulated depreciation	24,966,757	59,433,914	84,400,671	-	-
TOTAL ASSETS	62,859,701	78,962,554	141,822,255	70,282	47,653
DEFERRED OUTFLOWS OF RESOURCES:					
Pension related items	820,260	-	820,260	-	-
Other postemployment benefits related items	2,299,022	1,076,104	3,375,126	-	-
Deferred charge on refunding	142,295	-	142,295	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,261,577	1,076,104	4,337,681	-	-

See notes to financial statements.

	Primary government			Component units	
	Governmental activities	Business-type activities	Total	Economic Development Corporation	Brownfield Redevelopment Authority
LIABILITIES:					
Accounts payable	\$ 273,861	\$ 396,983	\$ 670,844	\$ 710	\$ -
Customer deposits payable	118,502	76,570	195,072	-	-
Accrued salaries and related items	364,516	-	364,516	-	-
Accrued interest	89,540	28,167	117,707	-	-
Unearned revenue	-	28,568	28,568	-	-
Noncurrent liabilities:					
Due within one year	1,159,680	1,479,192	2,638,872	-	-
Due in more than one year	7,294,595	5,293,027	12,587,622	-	-
Net other postemployment benefits liability	1,471,407	728,667	2,200,074	-	-
Net pension liability	2,835,236	-	2,835,236	-	-
TOTAL LIABILITIES	13,607,337	8,031,174	21,638,511	710	-
DEFERRED INFLOWS OF RESOURCES:					
Pension related items	423,831	-	423,831	-	-
Other postemployment benefits related items	3,314,004	1,561,544	4,875,548	-	-
Unavailable revenue - property taxes	9,366,262	-	9,366,262	-	13,773
TOTAL DEFERRED INFLOWS OF RESOURCES	13,104,097	1,561,544	14,665,641	-	13,773
NET POSITION:					
Net investment in capital assets	24,388,371	53,101,003	77,489,374	-	-
Restricted for perpetual care	329,116	-	329,116	-	-
Restricted for paramedic services	2,058,215	-	2,058,215	-	-
Restricted for budget stabilization	450,000	-	450,000	-	-
Unrestricted	12,184,142	17,344,937	29,529,079	69,572	33,880
TOTAL NET POSITION	\$ 39,409,844	\$ 70,445,940	\$ 109,855,784	\$ 69,572	\$ 33,880

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net position			Component unit		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government		Economic Development Corporation	Brownfield Redevelopment Authority	
					Governmental activities	Business-type activities			Total
Primary government:									
Governmental activities:									
General government	\$ 3,400,826	\$ 588,774	\$ -	\$ 263,153	\$ (2,548,899)	\$ -	\$ (2,548,899)	\$ -	\$ -
Public safety	6,889,433	441,790	158,210	-	(6,289,433)	-	(6,289,433)	-	-
Public works	1,759,992	1,355,963	-	-	(404,029)	-	(404,029)	-	-
Health and welfare	3,124,344	1,660,129	133,839	-	(1,330,376)	-	(1,330,376)	-	-
Community and economic development	386,909	20,700	-	-	(366,209)	-	(366,209)	-	-
Culture and recreation	1,455,702	257,706	-	-	(1,197,996)	-	(1,197,996)	-	-
Interest on long-term debt	213,893	-	-	-	(213,893)	-	(213,893)	-	-
Total governmental activities	17,231,099	4,325,062	292,049	263,153	(12,350,835)	-	(12,350,835)	-	-
Business-type activities:									
Water	5,246,086	6,228,555	-	2,065,678	-	3,048,147	3,048,147	-	-
Sewer	5,003,085	4,846,219	-	113,282	-	(43,584)	(43,584)	-	-
Total business activities	10,249,171	11,074,774	-	2,178,960	-	3,004,563	3,004,563	-	-
Total primary government	\$ 27,480,270	\$ 15,399,836	\$ 292,049	\$ 2,442,113	-	-	(9,346,272)	-	-
Component unit:									
Economic Development Corporation	\$ 30,710	\$ -	\$ -	\$ -	-	-	-	(30,710)	-
Brownfield Redevelopment Authority	-	-	-	-	-	-	-	-	-
Total component unit activities	\$ 30,710	\$ -	\$ -	\$ -	-	-	-	(30,710)	-
General revenues:									
Taxes:									
Property taxes, levied for general purposes					8,498,173	-	8,498,173	-	33,880
Paramedic levy					1,377,862	-	1,377,862	-	-
State sources					2,841,225	-	2,841,225	-	-
Franchise fees					2,443,656	-	2,443,656	-	-
Investment earnings					413,256	266,750	680,006	1,145	-
Other					298,376	-	298,376	-	-
Total general revenues					15,872,548	266,750	16,139,298	1,145	33,880
Change in net position					3,521,713	3,271,313	6,793,026	(29,565)	33,880
Net position, beginning of year, as restated					35,888,131	67,174,627	103,062,758	99,137	-
Net position, end of year					\$ 39,409,844	\$ 70,445,940	\$ 109,855,784	\$ 69,572	\$ 33,880

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

ASSETS	General	Paramedic fund (a special revenue fund)	Total nonmajor funds	Total governmental funds
ASSETS:				
Cash	\$ 9,070,459	\$ 980,403	\$ 1,045,881	\$ 11,096,743
Investments	10,857,146	1,173,647	1,212,271	13,243,064
Receivables:				
Accounts	815,664	-	-	815,664
Taxes	4,458,908	1,464,066	-	5,922,974
Interest	39,890	4,281	4,422	48,593
Special assessments	9,154	-	-	9,154
Due from other funds	142,424	-	-	142,424
Due from other governmental units	236	-	-	236
Prepaid items	13,309	-	-	13,309
TOTAL ASSETS	\$ 25,407,190	\$ 3,622,397	\$ 2,262,574	\$ 31,292,161
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 238,883	\$ 34,978	\$ -	\$ 273,861
Customer deposits payable	118,502	-	-	118,502
Due to other funds	-	65,138	-	65,138
Accrued salaries and related items	364,516	-	-	364,516
TOTAL LIABILITIES	721,901	100,116	-	822,017
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	7,935,540	1,464,066	-	9,399,606
FUND BALANCES:				
Nonspendable:				
Prepaid items	13,309	-	-	13,309
Restricted:				
Budget stabilization	450,000	-	-	450,000
Perpetual care fund	-	-	329,116	329,116
Paramedic fund	-	2,058,215	-	2,058,215
Assigned:				
Debt service	-	-	33,214	33,214
Capital projects	-	-	1,900,244	1,900,244
Compensated absences	860,759	-	-	860,759
Roads	1,100,000	-	-	1,100,000

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	General	Paramedic fund (a special revenue fund)	Total nonmajor funds	Total governmental funds
FUND BALANCES (Concluded):				
Assigned (Concluded):				
Retiree health insurance	\$ 100,000	\$ -	\$ -	\$ 100,000
Non-motorized transportation	700,000	-	-	700,000
Economic development	500,000	-	-	500,000
Capital improvements	3,590,000	-	-	3,590,000
County drains	400,000	-	-	400,000
Unassigned	9,035,681	-	-	9,035,681
TOTAL FUND BALANCES	16,749,749	2,058,215	2,262,574	21,070,538
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 25,407,190	\$ 3,622,397	\$ 2,262,574	\$ 31,292,161
Total governmental fund balances				\$ 21,070,538
Amounts reported for governmental activities in the statement of net position are different because:				
Deferred outflows of resources - related to pensions				820,260
Deferred inflows of resources - related to pensions				(423,831)
Deferred outflows of resources - related to other postemployment benefits				2,299,022
Deferred inflows of resources - related to other postemployment benefits				(3,314,004)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:				
Cost of the capital assets			\$ 56,657,901	
Less accumulated depreciation			25,025,223	
				31,632,678
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				33,344
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:				
Deferred loss on refunding				142,295
General obligation debt				(6,248,666)
Other long-term debt				(1,137,936)
Compensated absences				(1,067,673)
Accrued interest				(89,540)
Net other postemployment benefits liability				(1,471,407)
Net pension liability				(2,835,236)
Net position of governmental activities				\$ 39,409,844

See notes to financial statements.

CHARTER TOWNSHIP OF DELTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	General	Paramedic fund (a special revenue fund)	Total nonmajor funds	Total governmental funds
REVENUES:				
Local sources:				
Property taxes	\$ 8,499,699	\$ -	\$ -	\$ 8,499,699
Paramedic levy	-	1,377,862	-	1,377,862
Licenses and permits	3,260,411	-	-	3,260,411
Charges for services	887,369	1,484,700	-	2,372,069
Investment earnings	338,723	39,488	35,045	413,256
Rental income	76,320	-	401,400	477,720
Local contributions	337,692	-	-	337,692
Other	606,690	-	12,512	619,202
Total local sources	14,006,904	2,902,050	448,957	17,357,911
State shared revenue	2,841,225	-	-	2,841,225
State and federal grants	421,363	133,839	-	555,202
Total revenues	17,269,492	3,035,889	448,957	20,754,338
EXPENDITURES:				
Current:				
General government	3,210,706	-	-	3,210,706
Public safety	6,595,034	-	-	6,595,034
Public works	1,399,450	-	-	1,399,450
Health and welfare	-	3,066,209	-	3,066,209
Community and economic development	383,517	-	-	383,517
Culture and recreation	5,428,984	-	-	5,428,984
Debt service:				
Principal repayment	230,481	-	180,000	410,481
Interest expense	37,516	-	222,901	260,417
Total expenditures	17,285,688	3,066,209	402,901	20,754,798
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(16,196)	(30,320)	46,056	(460)
OTHER FINANCING SOURCES (USES):				
Transfers in	95,719	-	146,500	242,219
Transfers out	(146,500)	-	(95,719)	(242,219)
Total other financing sources (uses)	(50,781)	-	50,781	-
Net change in fund balances	(66,977)	(30,320)	96,837	(460)
FUND BALANCES:				
Beginning of year	16,816,726	2,088,535	2,165,737	21,070,998
End of year	\$ 16,749,749	\$ 2,058,215	\$ 2,262,574	\$ 21,070,538

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, 2018**

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

Net change in fund balances - total governmental funds	\$ (460)
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	(1,341,514)
Capital outlay	4,507,188
Realized loss on disposal of capital assets	(18,454)
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	93,766
Accrued interest payable end of the year	(89,540)
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):	
Amortization of deferred loss on refunding	(7,905)
Amortization of bond premium	42,298
Repayment of principal on long-term debt	410,481
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Accrued revenue beginning of the year - primarily delinquent personal property taxes	(34,870)
Accrued revenue end of the year - primarily delinquent personal property taxes	33,344
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	1,052,948
Accrued compensated absences end of the year	(1,067,673)
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:	
Other postemployment benefit related items	181,211
Pension related items	(239,107)
Change in net position of governmental activities	\$ 3,521,713

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 DECEMBER 31, 2018**

ASSETS	Business-type activities-enterprise funds		
	Sewer fund	Water fund	Total
CURRENT ASSETS:			
Cash	\$ 2,967,548	\$ 1,773,988	\$ 4,741,536
Investments	3,575,700	4,785,934	8,361,634
Receivables:			
Accounts	443,353	407,474	850,827
Interest	16,303	17,457	33,760
Special assessment - current	4,413	5,360	9,773
Special assessment - interest	387	449	836
Other	6,496	26,744	33,240
Current portion of long-term receivable	-	45,014	45,014
TOTAL CURRENT ASSETS	7,014,200	7,062,420	14,076,620
NONCURRENT ASSETS:			
Investments - replacement account	1,659,572	2,223,929	3,883,501
Deferred charges:			
Tap in charges - deferred	14,955	10,728	25,683
Special assessment - deferred	-	6,180	6,180
Long-term receivable	-	46,373	46,373
Capital assets not being depreciated	1,078,724	488,845	1,567,569
Property, plant and equipment, net of accumulated depreciation	24,411,608	35,022,306	59,433,914
TOTAL NONCURRENT ASSETS	27,164,859	37,798,361	64,963,220
TOTAL ASSETS	34,179,059	44,860,781	79,039,840
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits related items	782,621	293,483	1,076,104

LIABILITIES	Business-type activities-enterprise funds		
	Sewer fund	Water fund	Total
CURRENT LIABILITIES:			
Accounts payable	\$ 211,265	\$ 185,718	\$ 396,983
Customer deposits payable	63,090	13,480	76,570
Accrued interest	-	28,167	28,167
Unearned revenue	-	28,568	28,568
Current portion of long-term liabilities	22,233	1,180,000	1,202,233
Current portion of compensated absences	232,684	44,275	276,959
Due to other funds	56,653	20,633	77,286
TOTAL CURRENT LIABILITIES	585,925	1,500,841	2,086,766
LONG-TERM LIABILITIES, net of current portion:			
Compensated absences	132,459	29,890	162,349
Bonds payable	-	5,010,000	5,010,000
Other long-term debt	133,395	-	133,395
Net other postemployment benefits liability	529,940	198,727	728,667
Unamortized bond premiums (discount) - net	-	(12,717)	(12,717)
TOTAL LONG-TERM LIABILITIES	795,794	5,225,900	6,021,694
TOTAL LIABILITIES	1,381,719	6,726,741	8,108,460
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits related items	1,135,668	425,876	1,561,544
NET POSITION:			
Net investment in capital assets	24,255,980	28,845,023	53,101,003
Unrestricted	8,188,313	9,156,624	17,344,937
TOTAL NET POSITION	\$ 32,444,293	\$ 38,001,647	\$ 70,445,940

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2018**

	Business-type activities-enterprise funds		
	Sewer fund	Water fund	Total
OPERATING REVENUES:			
Charges for services	\$ 4,228,344	\$ 5,776,262	\$ 10,004,606
Capital charges	449,688	104,495	554,183
Hydrant rental	-	145,670	145,670
Forfeited discounts	48,598	61,353	109,951
Other services charges	-	125,857	125,857
Other	119,589	14,918	134,507
Total operating revenues	<u>4,846,219</u>	<u>6,228,555</u>	<u>11,074,774</u>
OPERATING EXPENSES:			
Costs of sales and services	3,947,627	3,986,252	7,933,879
Depreciation	1,049,678	1,102,635	2,152,313
Total operating expenses	<u>4,997,305</u>	<u>5,088,887</u>	<u>10,086,192</u>
Operating income (loss)	<u>(151,086)</u>	<u>1,139,668</u>	<u>988,582</u>
NON-OPERATING REVENUES (EXPENSES):			
Contributions - infrastructure	113,282	2,065,678	2,178,960
Investment income - net	123,700	143,050	266,750
Interest and fiscal charges	(5,780)	(158,645)	(164,425)
Amortization of bond discount	-	(3,122)	(3,122)
Amortization of bond premium	-	4,568	4,568
Total non-operating revenues (expenses) - net	<u>231,202</u>	<u>2,051,529</u>	<u>2,282,731</u>
Change in net position	80,116	3,191,197	3,271,313
NET POSITION , beginning of year, as restated	<u>32,364,177</u>	<u>34,810,450</u>	<u>67,174,627</u>
NET POSITION , end of year	<u>\$ 32,444,293</u>	<u>\$ 38,001,647</u>	<u>\$ 70,445,940</u>

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2018**

	<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	\$ 4,221,292	\$ 5,811,333	\$ 10,032,625
Capital charges	449,688	104,495	554,183
Hydrant rental	-	145,670	145,670
Forfeited discounts	48,598	61,353	109,951
Other services charges	-	125,857	125,857
Other	119,589	14,918	134,507
Payment to suppliers	(1,685,793)	(3,183,645)	(4,869,438)
Payment to employees	(2,236,784)	(825,059)	(3,061,843)
Receipt (payment) for interfund services	2,387	428	2,815
Net cash provided in operating activities	<u>918,977</u>	<u>2,255,350</u>	<u>3,174,327</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Main and tap in charges	<u>5,405</u>	<u>3,653</u>	<u>9,058</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest received from special assessments	1,963	3,348	5,311
Proceeds (payments) from special assessments	11,986	14,238	26,224
Proceeds from sale of fixed assets	5,808	-	5,808
Principal repayments on debt	(22,234)	(1,170,000)	(1,192,234)
Interest paid on bonds and land contract	(5,780)	(161,174)	(166,954)
Payments for capital acquisitions	(244,840)	(105,072)	(349,912)
Net cash used by capital and related financing activities	<u>(253,097)</u>	<u>(1,418,660)</u>	<u>(1,671,757)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	122,578	140,287	262,865
Proceeds (purchase) of investments	(429,834)	(549,034)	(978,868)
Net cash used by investing activities	<u>(307,256)</u>	<u>(408,747)</u>	<u>(716,003)</u>
NET INCREASE IN CASH	<u>364,029</u>	<u>431,596</u>	<u>795,625</u>
CASH:			
Beginning of year	<u>2,603,519</u>	<u>1,342,392</u>	<u>3,945,911</u>
End of year	<u>\$ 2,967,548</u>	<u>\$ 1,773,988</u>	<u>\$ 4,741,536</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2018**

	<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)	\$ (151,086)	\$ 1,139,668	\$ 988,582
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,049,678	1,102,635	2,152,313
Gain on the sale of capital assets	(5,808)	-	(5,808)
(Increase) decrease in assets:			
Receivables	(7,052)	35,071	28,019
Due to/from other funds - net	2,387	428	2,815
Increase (decrease) in liabilities:			
Accounts payable	82,967	9,513	92,480
Accrued compensated absences	20,462	(2,273)	18,189
Customer deposits	-	900	900
Other postemployment benefit liability	(72,571)	(27,214)	(99,785)
Unearned revenue	-	(3,378)	(3,378)
Net cash provided by operating activities	<u>\$ 918,977</u>	<u>\$ 2,255,350</u>	<u>\$ 3,174,327</u>

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	Pension trust fund	Other post employment benefit trust fund	Agency fund
	Employee retirement	Retiree health benefits	Tax collection fund
ASSETS			
ASSETS:			
Cash	\$ -	\$ -	\$ 2,032,312
Investments	19,199,798	13,919,654	2,432,894
Taxes receivable - delinquent	-	-	421,373
Interest receivable	-	-	8,875
	19,199,798	13,919,654	4,895,454
LIABILITIES			
TOTAL ASSETS			
	19,199,798	13,919,654	4,895,454
LIABILITIES:			
Undistributed tax collections:			
Current	-	-	4,467,072
Delinquent and other	-	-	428,382
	-	-	4,895,454
TOTAL LIABILITIES			
	-	-	4,895,454
NET POSITION:			
Restricted for pension and other post employment benefits	\$ 19,199,798	\$ 13,919,654	\$ -

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2018**

	Pension trust fund	Other post employment benefit trust fund
	Employee retirement	Retiree health benefits
ADDITIONS:		
Contributions:		
Employer	\$ 791,061	\$ 724,561
Nonemployer	-	6,000
Total contributions	791,061	730,561
Investment income (loss)	(731,260)	(573,523)
Total additions	59,801	157,038
DEDUCTIONS:		
Fees	1,940	-
Benefit payments	271,619	386,561
Change in net position	(213,758)	(229,523)
NET POSITION:		
Beginning of year	19,413,556	14,149,177
End of year	\$ 19,199,798	\$ 13,919,654

**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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Reporting Entity (Concluded)

The Brownfield Redevelopment Authority of the Charter Township of Delta was established in 2002. The primary purpose of the fund is to clean up environmentally challenged properties in the Township and prepare them for desirable and productive re-use. The Authority is organized pursuant to Section 8 of the State of Michigan's Brownfield Redevelopment Financing Act (Public Act 381 of 1996, as amended by Public Act 145 of 2000 and Public Act 502 of 2012). Members of the Board of Directors of the Authority are the same as the members of the Economic Development Corporation, and 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 Brownfield Redevelopment Authority is presented as a discretely presented component unit.

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 two discretely presented component units. While the Economic Development Corporation and the Brownfield Redevelopment Authority of the Charter Township of Delta are not considered to be major component units, they are nevertheless shown in separate columns 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 capital 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 the related interest.

**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 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.

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.

**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, 2018. The Township does not consider the amendments to be significant. Violations, if any, are noted in the required supplementary information sections.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash and Investments

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

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

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

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

2. Receivables and Payables

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

Accounts receivable in the proprietary funds do not have an allowance for uncollectibles. Delinquent amounts are ultimately added to the tax roll and become a lien on the property and as a consequence, no allowance is deemed necessary. An allowance is recorded related to delinquent personal property taxes amounting to 50% 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 2 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has three items that qualify for reporting in this category. One is for pension related items reported in the government-wide statement of net position. The second is for other postemployment benefit related items reported in the government-wide statement of net position. The Township also 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Delta Township Retiree Health Care Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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).

**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)

10. Fund balance policies (Concluded)

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.

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.

**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)

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.

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 2018, 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. The total taxable value for the 2017 levy within the Township was \$1,373,698,545.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

H. Revenues and Expenditures/Expenses (Concluded)

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.

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, 2018, 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	\$ 3,018,332	1.2856	AA+	8.4%
U.S. Agency Loans	8,037,325	1.8439	AA+	22.3%
U.S. Mortgage Backed Securities	9,644,116	1.1396	AA+	26.7%
U.S. Agencies - Corporate	524,297	2.0611	AA+	1.5%
Municipal Bonds	1,376,479	0.9436	AA-	3.8%
Commercial Paper	2,642,549	0.4999	A-1	7.3%
MI CLASS External Investment Pool	<u>10,879,645</u>	0.1478	AAA	<u>30.1%</u>
Total fair value	<u>\$ 36,122,743</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>0.9689</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, 2018, 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, 2018, \$9,828,375 of the Township's bank balance of \$10,293,525 was exposed to custodial credit risk because it was uninsured and uncollateralized. Money market accounts are included in the above totals. The balance of \$9,739,223 is reported as deposits on the financial statements as of December 31, 2018.

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.

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Township's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The Township reports their investments according to the following levels:

	Level 2
U.S. Treasury notes	\$ 3,018,332
U.S. Agency loans	8,037,325
U.S. Mortgage backed securities	9,644,116
U.S. Agencies - corporate	524,297
Municipal bonds	1,376,479
Commercial paper	2,642,549
MI CLASS External Investment Pool	10,879,645
Total fair value	\$ 36,122,743

The above amounts as previously reported in Note 2:

Deposits	\$ 9,739,223
Investments	36,122,743
	\$ 45,861,966

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

Cash:	
Township-wide	\$ 15,838,279
Component unit - Economic Development Corporation	70,282
Tax collection fund (a fiduciary fund)	2,032,312
Investments:	
Township-wide	21,604,698
Township-wide - replacement account	3,883,501
Tax collection fund (a fiduciary fund)	2,432,894
	\$ 45,861,966

**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, 2018:

	Other post employment benefit trust fund (Level 1)	Pension trust fund (Level 1)
	(Level 1)	(Level 1)
Balanced funds	\$ 13,919,654	\$ 6,484,437
U.S. Stock funds	-	5,549,255
Stable value funds	-	4,834,746
Bond funds	-	1,030,829
Guaranteed lifetime income funds	-	597,637
Specialty	-	214,426
International stock funds	-	488,468
	\$ 13,919,654	\$ 19,199,798

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

NOTE 3 - CAPITAL ASSETS

The capital assets are as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,665,921	\$ -	\$ -	\$ 6,665,921
Capital assets, being depreciated:				
Buildings and building equipment	18,255,631	286,077	-	18,541,708
Land improvements and sidewalks	6,695,282	3,788,315	-	10,483,597
Vehicles	1,421,913	56,862	23,772	1,455,003
Flowage rights	8,546,530	-	-	8,546,530
Streets and highways	4,574,012	124,858	-	4,698,870
Equipment	6,149,524	251,076	134,328	6,266,272
Total capital assets, being depreciated	45,642,892	4,507,188	158,100	49,991,980
Less accumulated depreciation for:				
Buildings and building equipment	7,402,331	352,486	-	7,754,817
Land improvements and sidewalks	4,285,902	115,334	-	4,401,236
Vehicles	1,354,671	114,781	23,772	1,445,680
Flowage rights	3,082,000	213,663	-	3,295,663
Streets and highways	3,104,431	212,681	-	3,317,112
Equipment	4,594,020	332,569	115,874	4,810,715
Total accumulated depreciation	23,823,355	1,341,514	139,646	25,025,223
Total capital assets, being depreciated, net	21,819,537	3,165,674	18,454	24,966,757
Total	\$ 28,485,458	\$ 3,165,674	\$ 18,454	\$ 31,632,678

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

NOTE 3 - CAPITAL ASSETS (Concluded)

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Primary government:				
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,567,569	\$ -	\$ -	\$ 1,567,569
Capital assets, being depreciated:				
Buildings and building equipment	29,223,883	-	-	29,223,883
Land improvements/sidewalks	59,085	-	-	59,085
Equipment	2,676,148	235,380	71,597	2,839,931
Sewer and water mains	94,519,929	2,293,492	-	96,813,421
Total capital assets, being depreciated	<u>126,479,045</u>	<u>2,528,872</u>	<u>71,597</u>	<u>128,936,320</u>
Less accumulated depreciation for:				
Buildings and building equipment	26,304,205	199,126	-	26,503,331
Land improvements/sidewalks	59,085	-	-	59,085
Equipment	2,433,860	81,914	71,597	2,444,177
Sewer and water mains	38,624,540	1,871,273	-	40,495,813
Total accumulated depreciation	<u>67,421,690</u>	<u>2,152,313</u>	<u>71,597</u>	<u>69,502,406</u>
Total capital assets, being depreciated, net	<u>59,057,355</u>	<u>376,559</u>	<u>-</u>	<u>59,433,914</u>
Total	<u>\$ 60,624,924</u>	<u>\$ 376,559</u>	<u>\$ -</u>	<u>\$ 61,001,483</u>

Depreciation expense was charged to functions/programs of the primary government at December 31, 2018 as follows:

Governmental activities:	
General government	\$ 371,747
Public safety	230,069
Public works	541,092
Health and welfare	102,009
Culture and recreation	96,597
Total depreciation expense - governmental activities	<u>\$ 1,341,514</u>
Business-type activities:	
Water	\$ 1,102,635
Sewer	1,049,678
Total depreciation expense - business-type activities	<u>\$ 2,152,313</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, 2018 is as follows:

Receivable fund	Amount	Payable fund	Amount
General fund	\$ 142,424	Water fund	\$ 20,633
		Sewer fund	56,653
		Paramedic fund	65,138
			\$ 142,424

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

	Transfer in	
Transfer out:	General fund	Nonmajor special revenue
General fund	\$ -	\$ 146,500
Nonmajor capital projects fund	90,500	-
Nonmajor perpetual care fund	5,219	-
	\$ 95,719	\$ 146,500

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

NOTE 5 - LONG-TERM DEBT

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

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

NOTE 5 - LONG-TERM DEBT (Continued)

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

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Governmental activities	4.00%	\$ 5,445,000
Business-type activities	2.00% - 2.31%	5,465,000
		<u><u>\$ 10,910,000</u></u>

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

<u>Year ending December 31</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 180,000	\$ 221,400	\$ 825,000	\$ 110,823
2020	180,000	214,200	870,000	92,486
2021	180,000	207,000	860,000	73,744
2022	180,000	199,800	955,000	54,098
2023	175,000	185,500	945,000	33,548
2024 - 2028	1,065,000	814,900	1,010,000	23,793
2029 - 2033	1,705,000	533,500	-	-
2034 - 2037	1,780,000	141,800	-	-
	<u><u>\$ 5,445,000</u></u>	<u><u>\$ 2,518,100</u></u>	<u><u>\$ 5,465,000</u></u>	<u><u>\$ 388,492</u></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><u>\$ 725,000</u></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>
2019	\$ 355,000	\$ 22,275
2020	370,000	11,625
	<u>\$ 725,000</u>	<u>\$ 33,900</u>

Other Long-Term Debt

The government is assessed for drains at large by Eaton County. The assessment covers the Township's share of installation and flowage rights for the drains.

The Township issued a note payable to the City of Lansing for the purchase of the Grand Woods Park during 2016.

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

<u>Purpose</u>	<u>Interest rate</u>	<u>Amount</u>
Governmental activities	3.25% - 4.25%	\$ 1,137,936
Business type activities	3.25%	<u>155,628</u>
		<u>\$ 1,293,564</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
2019	\$ 230,481	\$ 35,090	\$ 22,233	\$ 6,730
2020	230,481	29,784	22,233	7,003
2021	110,481	25,949	22,233	5,852
2022	110,481	22,051	22,233	4,669
2023	110,481	18,185	22,233	3,502
2024 - 2028	292,431	40,673	44,463	3,505
2029 - 2031	53,100	5,424	-	-
	\$ 1,137,936	\$ 177,156	\$ 155,628	\$ 31,261

**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, 2018, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 5,625,000	\$ -	\$ (180,000)	\$ 5,445,000	\$ 180,000
Bond premium	845,964	-	(42,298)	803,666	42,298
Total bonds payable	6,470,964	-	(222,298)	6,248,666	222,298
General assessment payable	1,008,417	-	(110,481)	897,936	110,481
Note payable	360,000	-	(120,000)	240,000	120,000
Compensated absences	1,052,948	14,725	-	1,067,673	706,901
	<u>\$ 8,892,329</u>	<u>\$ 14,725</u>	<u>\$ (452,779)</u>	<u>\$ 8,454,275</u>	<u>\$ 1,159,680</u>
Business-type activities:					
Bonds payable:					
General obligation	\$ 6,295,000	\$ -	\$ (830,000)	\$ 5,465,000	\$ 825,000
Revenue bonds	1,065,000	-	(340,000)	725,000	355,000
Total bonds payable	7,360,000	-	(1,170,000)	6,190,000	1,180,000
Other long-term debt	177,862	-	(22,234)	155,628	22,233
Add/(deduct):					
Bond discount	(24,973)	-	3,122	(21,851)	-
Bond premiums	13,703	-	(4,569)	9,134	-
	7,526,592	-	(1,193,681)	6,332,911	1,202,233
Compensated absences	421,119	18,189	-	439,308	276,959
	<u>\$ 7,947,711</u>	<u>\$ 18,189</u>	<u>\$ (1,193,681)</u>	<u>\$ 6,772,219</u>	<u>\$ 1,479,192</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 18 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 3 years of service at 20% and increases 20% per year until full vesting occurs at 7 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 \$9,261,880 in 2018. The base salary amounted to \$5,410,760. The Township made the required contributions of \$676,345. 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

	2017 Valuation
Benefit Multiplier:	Bridged Benefit: 2.50% Multiplier (80% max) Frozen FAC; to 2.00% Multiplier (no max)
Bridged Benefit Date:	6/30/2015
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Member Contributions:	11.06%
Act 88:	No

Employees covered by benefit terms. At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	7
Active employees	44
	66

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 11.06% 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 \$28,200. 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, 2017, 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, 2017** annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.75% in the long-term

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

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

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

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

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Global equity	55.50%	8.65%
Global fixed income	18.50%	3.76%
Real assets	13.50%	9.72%
Diversifying strategies	12.50%	7.50%

Discount Rate. The discount rate used to measure the total pension liability is 8%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 6 - PENSION PLANS (Continued)

Changes in Net Pension Liability

	Increase (decrease)		
	Total pension liability	Plan fiduciary net position	Net pension liability
	(a)	(b)	(a)-(b)
Balances at 12/31/2016	\$ 14,148,458	\$ 10,936,244	\$ 3,212,214
Changes for the year:			
Service Cost	367,324	-	367,324
Interest on total pension liability	1,119,952	-	1,119,952
Changes in benefits	(9,731)	-	(9,731)
Difference between expected and actual experience	63,846	-	63,846
Employer contributions	-	248,714	(248,714)
Employee contributions	-	248,038	(248,038)
Net investment income	-	1,444,479	(1,444,479)
Benefit payments including employee refunds	(665,451)	(665,451)	-
Administrative expense	-	(22,862)	22,862
Net changes	875,940	1,252,918	(376,978)
Balances as of 12/31/2017	\$ 15,024,398	\$ 12,189,162	\$ 2,835,236

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

	1% Decrease (7.00%)	Current discount rate (8.00%)	1% Increase (9.00%)
Net pension liability at 12/31/2017	\$ -	\$ 2,835,236	\$ -
Change in net pension liability (NPL)	1,969,554	-	(1,625,124)
Calculated NPL	\$ 4,804,790	\$ 2,835,236	\$ 1,210,112

**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, 2018 the employer recognized pension expense of \$278,805. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences in experiences	\$ 86,109	\$ 179,691
Differences in assumptions	451,569	-
Excess (deficit) investment returns	-	244,140
Contributions subsequent to the measurement date*	282,582	-
	\$ 820,260	\$ 423,831

* 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 2019.

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

Year end December 31,		
2019		\$ 138,297
2020		104,912
2021		(90,137)
2022		(21,528)
2023		(26,817)
2024		9,120

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

In addition to the pension benefits and deferred compensation plan described in Note 6, the Township also sponsors the Delta Township Retiree Health Care Plan (the "Plan"). Based on the Plan, the Township is required to have an actuarial calculation every two years. The information provided is the results of the most recent actuarial valuation of December 31, 2018, with a measurement date of December 31, 2018.

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

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Plan Description

Plan Administration. The Plan provides other postemployment benefits (OPEB) for all of its full time employees through a single-employer defined benefit plan. The purpose of the Plan is to provide health care benefits to all employees who retire from the Township with a minimum 10 years of service based on the schedule of shared participation rates. The Plan is held with ICMA and is maintained as a trust fund in the Charter Township of Delta’s financial statements.

The management of the Plan is vested in the Township Board of Trustees, which consists of 7 members. The trustees have authorized township administration to oversee the operations of the trust.

The Charter Township of Delta and the Delta Township District Library both contribute to the Plan. Delta Township District Library is considered a nonemployer contributing entity which is legally required to make their share of contributions to the Plan based on an actuarial valuation.

Benefits provided. The Plan is to provide health care benefits to retirees. Benefits are provided through a third-party insurer, and the cost of benefits is determined by the schedule of shared participation rates, which the Plan covers the Township portion while the member is liability for the remaining. The Township Board of Trustees has the authority to establish and amend benefit provisions.

Plan membership. At December 31, 2018, the Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	46
Inactive plan members entitled to but not yet receiving benefit payments	10
Active plan members	125
Total	181

Contributions. 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 10 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 4.49% of annual covered payroll. The Township contributed \$386,561 for their portion of shared costs with retiree’s premiums. Delta Township District Library was not required to contribute for their portion of shared costs with retiree’s premiums.

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

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Net OPEB Liability

The Township's net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, with a measurement date of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	3.75%, average, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Pre 65 - 8.5% graded 0.25% to 4.50% per annum Medicare eligible-7.0% graded 0.25% to 4.50% per annum

Mortality rates were based on the RP-2014 Headcount weighted, annuitant and non-annuitant, sex-distinct mortality with MP-2018 improvement scale.

Investments

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan's board by a majority vote of its members. It is the policy of the Plan's board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2018:

<u>Asset class</u>	<u>Target allocation</u>
Global equity	57.5%
Global fixed income	20.0%
Real assets	12.5%
Diversifying strategies	10.0%
	<u>100.0%</u>

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

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2018 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Global equity	5.02%
Global fixed income	2.18%
Real assets	4.23%
Diversifying strategies	6.56%

Rate of return. For the year ended December 31, 2018, the annual money-weighted rate of return on investments, net of investment expense, was a loss of 4.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Township contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Annual OPEB Cost and Net OPEB Liability of the Township and Library

Funding progress. For the year ended December 31, 2018 the Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2018. 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 30 years. Based on that valuation, the Township contributed \$724,561 and the Library contributed \$6,000 for the year ended December 31, 2018, which represents 129.3% of the annual required contribution. The value of the Plan's assets at the end of December 31, 2018 was \$13,919,654.

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

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 12/31/2017	\$ 18,130,669	\$ 14,149,177	\$ 3,981,492
Changes for the year:			
Service cost	224,566	-	224,566
Interest	1,291,315	-	1,291,315
Difference between expected and actual experience	(5,519,610)	-	(5,519,610)
Change in actuarial assumptions	2,379,358	-	2,379,358
Contributions - employer	-	724,561	(724,561)
Contributions - nonemployer	-	6,000	(6,000)
Net investment income (loss)	-	(573,523)	573,523
Benefit payments	(386,561)	(386,561)	-
Other	(9)	-	(9)
Net changes	(2,010,941)	(229,523)	(1,781,418)
Balances at 12/31/18	\$ 16,119,728	\$ 13,919,654	\$ 2,200,074

The components of the net OPEB liability of the Township at December 31, 2018, were as follows:

	Township	Library	Plan total
Total OPEB liability	\$ 15,670,902	\$ 448,826	\$ 16,119,728
Plan fiduciary net position	(13,462,820)	(456,834)	(13,919,654)
Net OPEB liability (asset)	\$ 2,208,082	\$ (8,008)	\$ 2,200,074
Plan fiduciary net position as a percentage of the total OPEB liability			86.4%

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

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%). That the current discount rate:

	1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
Net OPEB liability	\$ 4,577,439	\$ 2,200,074	\$ 250,149

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Township, as well as the Township's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current healthcare cost trend rates:

	1% Decrease (3.5%)	Healthcare cost trend rates (4.5%)	1% Increase (5.5%)
Net OPEB liability	\$ 22,482	\$ 2,200,074	\$ 4,916,139

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

For the year ended December 31, 2018, the Township recognized OPEB expense of \$479,407. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ -	\$ 4,875,548
Changes of assumptions	2,101,720	-
Net difference between projected and actual earnings on OPEB plan investments	1,273,406	-
	\$ 3,375,126	\$ 4,875,548

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

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Concluded)

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

Year ended December 31,		
2019	\$	(48,072)
2020		(48,072)
2021		(48,072)
2022		(48,074)
2023		(366,424)
Thereafter		(941,708)

Payable to the OPEB Plan

At December 31, 2018, the Township did not have an outstanding amount of contributions to the Plan required for the year ended December 31, 2018.

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, 2018, there was no outstanding value of the long-term financing bonds receivable and bonds payable incurred in the aforementioned manner.

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

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 2018 or any of the prior 3 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, 2018 building department revenues were \$722,068 and expenditures were \$833,171. The cumulative effect since January 1, 2000, the effective date of Michigan Public Act 245 of 1999, are expenses in excess of revenues in the amount of \$1,610,872.

NOTE 11 - LIBRARY CONSTRUCTION

In April 2007, the Township and the Library entered into a 35 year operating lease. Lease revenue is scheduled as follows:

Year ending December 31,		
2019	\$	394,200
2020		387,000
2021		379,800
2022		372,600
2023		360,500
2024 - 2028		1,879,900
2029 - 2033		2,238,500
2034 - 2037		1,921,800
	\$	7,934,300

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

NOTE 12 - TAX ABATEMENTS

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

For the year ended December 31, 2018, the Township abated property tax revenue for general operations and emergency services totaling \$87,597 under this program. The Township can recoup the taxes abated if the terms of the contract are not met.

NOTE 13 - NEW ACCOUNTING STANDARDS

For the year ended December 31, 2018, the Township implemented the following new pronouncements: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Summary:

GASB Statement No. 75 requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position in 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. The Statement requires single employers to record a liability and expense for the plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

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

	Governmental Activities	Business-type Activities		Total Business- type Activities
		Sewer fund	Water fund	
Net position as previously stated January 1, 2018	\$ 41,526,540	\$ 33,777,269	\$ 35,322,420	\$ 69,099,689
Adoption of GASB Statement 75:				
Net OPEB Liability	(2,667,600)	(955,558)	(358,334)	(1,313,892)
Prepaid OPEB	(2,970,809)	(457,534)	(153,636)	(611,170)
Net position as restated January 1, 2018	<u>\$ 35,888,131</u>	<u>\$ 32,364,177</u>	<u>\$ 34,810,450</u>	<u>\$ 67,174,627</u>

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

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for the Township's 2019 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the Township's 2020 year end. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued by the GASB in March 2018 and will be effective for the Township's 2019 year end. The objective of this Statement is to improve the information that is disclosed in notes to the governmental financials statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit assets pledged as collateral for the debt, and the terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration causes. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

REQUIRED SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018**

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Taxes	\$ 8,438,280	\$ 8,438,280	\$ 8,499,699	\$ 61,419
Licenses and permits	1,295,500	2,795,500	3,260,411	464,911
Charges for services	790,266	790,266	887,369	97,103
Investment income - net	225,000	225,000	338,723	113,723
Rental income	65,000	65,000	76,320	11,320
Local contributions	337,700	337,700	337,692	(8)
Other	596,465	596,465	606,690	10,225
State shared revenue	2,730,830	2,730,830	2,841,225	110,395
State and federal grants	1,045,000	525,000	421,363	(103,637)
Total revenues	<u>15,524,041</u>	<u>16,504,041</u>	<u>17,269,492</u>	<u>765,451</u>
EXPENDITURES:				
Current:				
General government:				
Legislative - trustees	88,405	88,405	88,510	(105)
Manager	482,254	482,254	352,148	130,106
Assessing	632,891	632,891	542,266	90,625
Clerk	563,919	563,919	546,083	17,836
Treasurer	258,301	258,301	243,444	14,857
Computer	266,649	266,649	250,743	15,906
Township hall and grounds	468,041	468,041	411,481	56,560
General service administration	639,210	639,210	590,038	49,172
Cemetery	189,550	189,550	185,993	3,557
Total general government	<u>3,589,220</u>	<u>3,589,220</u>	<u>3,210,706</u>	<u>378,514</u>
Public safety:				
Law enforcement - police	3,228,030	3,228,030	3,179,790	48,240
Fire	2,787,566	2,787,566	2,731,768	55,798
Emergency operations center	18,500	18,500	17,974	526
Protective inspection	702,045	702,045	665,502	36,543
Total public safety	<u>6,736,141</u>	<u>6,736,141</u>	<u>6,595,034</u>	<u>141,107</u>

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018**

	Original budget	Final budget	Actual	Variance with final budget
EXPENDITURES (Concluded):				
Current:				
Public works:				
Department of public works	\$ 98,265	\$ 98,265	\$ 104,625	\$ (6,360)
Drains	94,653	94,653	44,923	49,730
Streets and highways	960,000	310,000	206,585	103,415
Engineering	430,171	430,171	395,059	35,112
Street lighting	598,465	598,465	648,258	(49,793)
Total public works	<u>2,181,554</u>	<u>1,531,554</u>	<u>1,399,450</u>	<u>132,104</u>
Community and economic development:				
Planning	356,264	356,264	277,747	78,517
Economic development	109,261	109,261	105,770	3,491
Total community and economic development	<u>465,525</u>	<u>465,525</u>	<u>383,517</u>	<u>82,008</u>
Culture and recreation:				
Parks and recreation	2,220,920	5,520,920	5,428,984	91,936
Debt service	267,997	267,997	267,997	-
Total expenditures	<u>15,461,357</u>	<u>18,111,357</u>	<u>17,285,688</u>	<u>825,669</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	114,000	114,000	95,719	(18,281)
Transfers out	(146,500)	(146,500)	(146,500)	-
Total other financing sources (uses)	<u>(32,500)</u>	<u>(32,500)</u>	<u>(50,781)</u>	<u>(18,281)</u>
Net change in fund balances	<u>\$ 30,184</u>	<u>\$ (1,639,816)</u>	<u>(66,977)</u>	<u>\$ 1,572,839</u>
FUND BALANCE:				
Beginning of year			<u>16,816,726</u>	
End of year			<u>\$ 16,749,749</u>	

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PARAMEDIC SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2018**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
REVENUES:				
Taxes and special assessments	\$ 1,376,453	\$ 1,376,453	\$ 1,377,862	\$ 1,409
State and federal grants	168,000	168,000	133,839	(34,161)
Charges for services	1,530,000	1,530,000	1,484,700	(45,300)
Investment income - net	26,000	26,000	39,488	13,488
Total revenues	<u>3,100,453</u>	<u>3,100,453</u>	<u>3,035,889</u>	<u>(64,564)</u>
EXPENDITURES:				
Current:				
Health and welfare	3,085,390	3,085,390	3,066,209	19,181
Excess of revenues over (under) expenditures	<u>\$ 15,063</u>	<u>\$ 15,063</u>	(30,320)	<u>\$ (45,383)</u>
FUND BALANCE , beginning of year			<u>2,088,535</u>	
FUND BALANCE , end of year			<u>\$ 2,058,215</u>	

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

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 367,324	\$ 337,096	\$ 502,823	\$ 495,489
Interest	1,119,952	1,079,816	1,125,219	1,048,403
Changes of benefit terms	(9,731)	2,091	(1,854,686)	-
Difference between expected and actual experience	63,846	(251,569)	54,919	-
Changes of assumptions	-	-	790,245	-
Benefit payments including employee refunds	(665,451)	(696,263)	(657,682)	(575,223)
Net change in total pension liability	875,940	471,171	(39,162)	968,669
Total pension liability beginning	14,148,458	13,677,287	13,716,449	12,747,780
Total pension liability ending	<u>\$ 15,024,398</u>	<u>\$ 14,148,458</u>	<u>\$ 13,677,287</u>	<u>\$ 13,716,449</u>
Plan fiduciary net position				
Contributions-employer	\$ 248,714	\$ 258,411	\$ 1,215,567	\$ 203,339
Contributions-employee	248,038	257,166	416,946	498,207
Net investment income	1,444,479	1,135,253	(174,811)	544,848
Benefit payments including employee refunds	(665,451)	(696,263)	(657,682)	(575,223)
Administrative expense	(22,862)	(22,401)	(21,520)	(20,098)
Net change in plan fiduciary net position	1,252,918	932,166	778,500	651,073
Plan fiduciary net position beginning	10,936,244	10,004,078	9,225,578	8,574,505
Plan fiduciary net position ending	<u>\$ 12,189,162</u>	<u>\$ 10,936,244</u>	<u>\$ 10,004,078</u>	<u>\$ 9,225,578</u>
Employer net pension liability	<u>\$ 2,835,236</u>	<u>\$ 3,212,214</u>	<u>\$ 3,673,209</u>	<u>\$ 4,490,871</u>
Plan fiduciary net position as a percentage of the total pension liability	81.13%	77.30%	73.14%	67.26%
Covered employee payroll	\$ 2,698,925	\$ 2,475,005	\$ 2,359,565	\$ 2,325,150
Employer's net pension liability as a percentage of covered employee payroll	105.05%	129.79%	155.67%	193.14%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarial Determined Contributions	\$ 282,582	\$ 248,714	\$ 258,411	\$ 215,567	\$ 203,339
Contributions in relation to the actuarially determined contribution	<u>282,582</u>	<u>248,714</u>	<u>258,411</u>	<u>215,567</u>	<u>203,339</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,828,986	\$ 2,698,925	\$ 2,475,005	\$ 2,359,565	\$ 2,325,150
Contributions as a percentage of covered employee payroll	10%	9%	10%	9%	9%

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

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

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

Notes to schedule:

Benefit changes - None

Changes in assumptions - None

Notes to the Schedule of Employer Contributions

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

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST 10 YEARS**

	2018	2017
Total OPEB liability:		
Service cost	\$ 224,566	\$ 239,038
Interest	1,291,315	1,237,804
Changes of benefit terms	-	-
Difference between expected and actual experience	(5,519,610)	(325,249)
Changes of assumptions	2,379,358	-
Benefit payments including employee refunds	(386,561)	(382,435)
Other	(9)	-
	(2,010,941)	769,158
Net change in total OPEB liability		
Total OPEB liability beginning	18,130,669	17,361,511
Total OPEB liability ending	\$ 16,119,728	\$ 18,130,669
Plan fiduciary net position:		
Contributions-employer	\$ 724,561	\$ 1,057,435
Contributions-nonemployer	6,000	5,900
Net investment income (loss)	(573,523)	1,190,113
Benefit payments including employee refunds	(386,561)	(382,435)
Administrative expense	-	-
	(229,523)	1,871,013
Net change in plan fiduciary net position		
Plan fiduciary net position beginning	14,149,177	12,278,164
Plan fiduciary net position ending	\$ 13,919,654	\$ 14,149,177
Employer net OPEB liability	\$ 2,200,074	\$ 3,981,492
Plan fiduciary net position as a percentage of the total OPEB liability	86.35%	78.04%
Covered employee payroll	\$ 8,616,985	\$ 8,294,632
Employer's net OPEB liability as a percentage of covered employee payroll	25.53%	48.00%

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
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE LAST 10 YEARS**

	2018	2017
Actuarial Determined Contributions	\$ 564,940	\$ 590,971
Contributions in relation to the actuarially determined contribution	730,561	1,063,335
Contribution deficiency (excess)	\$ (165,621)	\$ (472,364)
Covered Employee Payroll	\$ 8,616,985	\$ 8,294,632
Contributions as a percentage of covered employee payroll	8.48%	12.82%

Note - Contributions relate to contributions made by the Township and the Library

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
 OTHER POSTEMPLOYMENT BENEFIT PLAN
 SCHEDULE OF INVESTMENT RETURNS
 FOR THE LAST 10 YEARS**

	2018	2017
Annual money-weighted rate of return, net of investment expense	(4.1)	9.7

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

**CHARTER TOWNSHIP OF DELTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Notes to the Schedule of Changes in the Township’s Net OPEB Liability and Related Ratios

Benefit changes - There was no benefit changes.

Changes of assumptions - Assumption changes since prior valuation:

- Terminated vest participant utilization increased from a graded approach to 100%
- Mortality table updated to 2018 tables
- Healthcare trend (inflation) updated to reflect uniform assumptions under PA 202
- Expected return (and discount rate) capped at 7.0% as required by PA 202
- Wage inflation increased from 3.0% to 3.75% as required for reporting under PA 202
- Amortization period increased from 13 years to 30 years to reflect average PA 202

Notes to the Schedule of the Township’s Contributions

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, 2 years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	30 years
Asset valuation method	Market value
Inflation	2%
Healthcare cost trend rates	Pre 65 - 8.5% graded 0.25% to 4.50% per annum Medicare eligible-7.0% graded 0.25% to 4.50% per annum
Salary increases	3.75%, average, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Retirement age	Experience based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014, Headcount weighted, annuitant and non-annuitant, sex-distinct mortality table with MP 2018 improvement table

ADDITIONAL SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
ASSETS:		
Cash	\$ 9,070,459	\$ 9,619,965
Investments	10,857,146	11,636,927
Receivables:		
Accounts	815,664	235,592
Taxes	4,458,908	3,615,029
Special assessments	9,154	16,880
Interest	39,890	49,295
Due from other funds	142,424	74,471
Due from other governmental units	236	-
Prepaid items	13,309	18,252
	\$ 25,407,190	\$ 25,266,411
TOTAL ASSETS	\$ 25,407,190	\$ 25,266,411
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 238,883	\$ 321,733
Customer deposits payable	118,502	300,066
Accrued salaries and related items	364,516	354,887
	721,901	976,686
TOTAL LIABILITIES	721,901	976,686
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue - property taxes	7,935,540	7,472,999
	7,935,540	7,472,999
FUND BALANCE:		
Nonspendable:		
Prepaid items	13,309	18,252
Restricted:		
Budget stabilization	450,000	450,000
Assigned:		
Compensated absences	860,759	1,052,948
Roads	1,100,000	1,100,000
Retiree health insurance	100,000	100,000
Non-motorized transportation	700,000	700,000
Economic development	500,000	500,000
Capital improvements	3,590,000	3,650,000
County drains	400,000	400,000
Unassigned	9,035,681	8,845,526
	16,749,749	16,816,726
TOTAL FUND BALANCE	16,749,749	16,816,726
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 25,407,190	\$ 25,266,411

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
REVENUES:		
Taxes	\$ 8,499,699	\$ 8,593,587
Licenses and permits	3,260,411	1,483,817
Charges for services	887,369	2,399,502
Investment income - net	338,723	178,066
Rental income	76,320	80,808
Local contributions	337,692	459,387
Other	606,690	655,184
State shared revenue	2,841,225	2,770,576
State and federal grants	421,363	98,798
Total revenues	17,269,492	16,719,725
EXPENDITURES:		
Current:		
General government:		
Legislative - trustees	88,510	86,151
Manager	352,148	324,273
Assessing	542,266	558,321
Clerk	546,083	501,244
Treasurer	243,444	236,329
Computer	250,743	261,348
Township hall and grounds	411,481	397,504
General service administration	590,038	627,825
Cemetery	185,993	181,640
Total general government	3,210,706	3,174,635
Public safety:		
Law enforcement - police	3,179,790	3,127,141
Fire	2,731,768	2,579,236
Emergency operations center	17,974	18,200
Protective inspection	665,502	647,404
Total public safety	6,595,034	6,371,981

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
EXPENDITURES (Concluded):		
Current:		
Public works:		
Recycling	\$ 104,625	\$ 83,966
Drains	44,923	50,941
Streets and highways	206,585	573,907
Engineering	395,059	413,553
Street lighting	648,258	575,819
Total public works	1,399,450	1,698,186
Health and welfare:		
Paramedics	-	2,927,354
Community and economic development:		
Planning	277,747	316,910
Economic development	105,770	102,211
Total community and economic development	383,517	419,121
Culture and recreation:		
Parks and recreation	5,428,984	1,750,754
Debt service	267,997	271,976
Total expenditures	17,285,688	16,614,007
OTHER FINANCING SOURCES (USES):		
Transfers in	95,719	1,514,245
Transfers out	(146,500)	(146,500)
Total other financing sources (uses)	(50,781)	1,367,745
Net change in fund balance	(66,977)	1,473,463
FUND BALANCE:		
Beginning of year	16,816,726	15,343,263
End of year	\$ 16,749,749	\$ 16,816,726

**CHARTER TOWNSHIP OF DELTA
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2018**

	<u>Carrier Creek</u>	<u>Watson & Watson and Branches</u>	<u>Gettysburg</u>	<u>Burrell</u>	<u>Total</u>
2019	\$ 80,199	\$ 22,850	\$ 29,435	\$ 13,086	\$ 145,570
2020	77,036	22,000	28,532	12,696	140,264
2021	75,297	21,162	27,657	12,314	136,430
2022	73,590	20,300	26,727	11,915	132,532
2023	71,867	19,450	25,824	11,525	128,666
2024	70,144	18,600	24,922	11,134	124,800
2025	68,416	17,751	24,036	10,748	120,951
2026	-	-	23,116	10,354	33,470
2027	-	-	22,213	9,969	32,182
2028	-	-	21,311	391	21,702
2029	-	-	20,416	-	20,416
2030	-	-	19,505	-	19,505
2031	-	-	18,604	-	18,604
	<u>516,549</u>	<u>142,113</u>	<u>312,298</u>	<u>104,132</u>	<u>1,075,092</u>
Less interest	<u>49,665</u>	<u>23,815</u>	<u>82,197</u>	<u>21,479</u>	<u>177,156</u>
	<u><u>\$ 466,884</u></u>	<u><u>\$ 118,298</u></u>	<u><u>\$ 230,101</u></u>	<u><u>\$ 82,653</u></u>	<u><u>\$ 897,936</u></u>

Note: Drains at large consists of drains installed by Eaton County Drain Commission in which the State of Michigan, homeowner, Delta Township, and the Eaton County Drain Commission share the cost of installment. Delta Township is assessed yearly for their share of the cost plus interest on the outstanding balance. Interest rates charged to the different projects range from 3.25% to 5.25%.

**CHARTER TOWNSHIP OF DELTA
SCHEDULE OF NOTE PAYABLE
DECEMBER 31, 2018**

2019	\$ 120,000
2020	<u>120,000</u>
	<u><u>\$ 240,000</u></u>

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

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
ASSETS:		
Cash	\$ 980,403	\$ 942,422
Investments	1,173,647	1,140,140
Prepaid	-	1,193
Receivables:		
Taxes	1,464,066	1,378,264
Interest	4,281	4,780
TOTAL ASSETS	<u><u>\$ 3,622,397</u></u>	<u><u>\$ 3,466,799</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 34,978	\$ -
Due to other funds	65,138	-
TOTAL LIABILITIES	<u>100,116</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES:		
Unavailable revenue - property taxes	<u>1,464,066</u>	<u>1,378,264</u>
FUND BALANCE:		
Nonspendable - prepaid items	-	1,193
Restricted	<u>2,058,215</u>	<u>2,087,342</u>
TOTAL FUND BALANCE	<u>2,058,215</u>	<u>2,088,535</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE	<u><u>\$ 3,622,397</u></u>	<u><u>\$ 3,466,799</u></u>

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
REVENUES:		
Taxes and special assessments	\$ 1,377,862	\$ 1,322,049
State and federal grants	133,839	-
Charges for services	1,484,700	-
Investment income - net	39,488	25,215
Total revenues	3,035,889	1,347,264
EXPENDITURES:		
Current:		
Health and welfare	3,066,209	85,000
Excess of revenues (expenditures)	(30,320)	1,262,264
OTHER FINANCING SOURCES (USES):		
Transfers out	-	(1,377,534)
Net change in fund balance	(30,320)	(115,270)
FUND BALANCE:		
Beginning of year	2,088,535	2,203,805
End of year	\$ 2,058,215	\$ 2,088,535

**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, 2018**

	<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	\$ 863,169	\$ 33,214	\$ 149,498	\$ 1,045,881
Investments	1,033,306	-	178,965	1,212,271
Interest receivable	3,769	-	653	4,422
TOTAL ASSETS	<u>\$ 1,900,244</u>	<u>\$ 33,214</u>	<u>\$ 329,116</u>	<u>\$ 2,262,574</u>
FUND BALANCES				
FUND BALANCES:				
Restricted	\$ -	\$ -	\$ 329,116	\$ 329,116
Assigned	1,900,244	33,214	-	1,933,458
TOTAL FUND BALANCES	<u>\$ 1,900,244</u>	<u>\$ 33,214</u>	<u>\$ 329,116</u>	<u>\$ 2,262,574</u>

**CHARTER TOWNSHIP OF DELTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018**

	<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	\$ 28,456	\$ 1,370	\$ 5,219	\$ 35,045
Rental income	-	401,400	-	401,400
Other	-	-	12,512	12,512
Total local sources	<u>28,456</u>	<u>402,770</u>	<u>17,731</u>	<u>448,957</u>
EXPENDITURES:				
Debt service:				
Principal repayment	-	180,000	-	180,000
Interest expense	-	222,901	-	222,901
Total expenditures	<u>-</u>	<u>402,901</u>	<u>-</u>	<u>402,901</u>
EXCESS OF REVENUES (EXPENDITURES)	<u>28,456</u>	<u>(131)</u>	<u>17,731</u>	<u>46,056</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	146,500	-	-	146,500
Transfers out	<u>(90,500)</u>	<u>-</u>	<u>(5,219)</u>	<u>(95,719)</u>
Total other financing sources (uses)	<u>56,000</u>	<u>-</u>	<u>(5,219)</u>	<u>50,781</u>
Net change in fund balances	84,456	(131)	12,512	96,837
FUND BALANCES:				
Beginning of year	<u>1,815,788</u>	<u>33,345</u>	<u>316,604</u>	<u>2,165,737</u>
End of year	<u>\$ 1,900,244</u>	<u>\$ 33,214</u>	<u>\$ 329,116</u>	<u>\$ 2,262,574</u>

**CHARTER TOWNSHIP OF DELTA
CAPITAL PROJECT FUND
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
ASSETS:		
Cash	\$ 863,169	\$ 819,818
Investments	1,033,306	991,812
Interest receivable	3,769	4,158
TOTAL ASSETS	\$ 1,900,244	\$ 1,815,788
FUND BALANCE		
FUND BALANCE:		
Assigned	\$ 1,900,244	\$ 1,815,788

**CHARTER TOWNSHIP OF DELTA
CAPITAL PROJECT FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
REVENUES:		
Investment income - net	\$ 28,456	\$ 15,957
OTHER FINANCING SOURCES (USES):		
Transfers in	146,500	146,500
Transfers out	(90,500)	(133,948)
Total other financing sources (uses)	56,000	12,552
Net change in fund balance	84,456	28,509
FUND BALANCE:		
Beginning of year	1,815,788	1,787,279
End of year	\$ 1,900,244	\$ 1,815,788

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017**

	ASSETS	<u>2018</u>	<u>2017</u>
ASSETS:			
Cash		<u>\$ 33,214</u>	<u>\$ 33,345</u>
	FUND BALANCE		
FUND BALANCE:			
Assigned		<u>\$ 33,214</u>	<u>\$ 33,345</u>

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
REVENUE:		
Rental income - Delta Township District Library	\$ 401,400	\$ 393,000
Investment income - net	1,370	637
Total revenue	402,770	393,637
EXPENDITURES:		
Principal payments on debt	180,000	150,000
Interest and fiscal charges	222,901	244,250
Total expenditures	402,901	394,250
Net change in fund balances	(131)	(613)
FUND BALANCE:		
Beginning of year	33,345	33,958
End of year	\$ 33,214	\$ 33,345

CHARTER TOWNSHIP OF DELTA
2016 GENERAL OBLIGATION LIMITED TAX LIBRARY REFUNDING BONDS
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2018

<u>Interest rate</u>	<u>Due April 1</u>	<u>Principal</u>	<u>Interest</u>		<u>Total payment requirements</u>
			<u>April 1</u>	<u>October 1</u>	
4.000%	2019	\$ 180,000	\$ 108,900	\$ 105,300	\$ 394,200
4.000%	2020	180,000	105,300	101,700	387,000
4.000%	2021	180,000	101,700	98,100	379,800
4.000%	2022	180,000	98,100	94,500	372,600
4.000%	2023	175,000	94,500	91,000	360,500
4.000%	2024	175,000	91,000	87,500	353,500
4.000%	2025	175,000	87,500	84,000	346,500
4.000%	2026	175,000	84,000	80,500	339,500
4.000%	2027	270,000	80,500	75,100	425,600
4.000%	2028	270,000	75,100	69,700	414,800
4.000%	2029	265,000	69,700	64,400	399,100
4.000%	2030	365,000	64,400	57,100	486,500
4.000%	2031	360,000	57,100	49,900	467,000
4.000%	2032	360,000	49,900	42,700	452,600
4.000%	2033	355,000	42,700	35,600	433,300
4.000%	2034	450,000	35,600	26,600	512,200
4.000%	2035	445,000	26,600	17,700	489,300
4.000%	2036	445,000	17,700	8,800	471,500
4.000%	2037	440,000	8,800	-	448,800
		<u>\$ 5,445,000</u>	<u>\$ 1,299,100</u>	<u>\$ 1,190,200</u>	<u>\$ 7,934,300</u>

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

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

ASSETS	
CURRENT ASSETS:	
Cash	\$ 2,967,548
Investments	3,575,700
Receivables:	
Customer accounts	443,353
Interest	16,303
Special assessment - current	4,413
Special assessment - interest	387
Other	6,496
TOTAL CURRENT ASSETS	<u>7,014,200</u>
NONCURRENT ASSETS:	
Investments - replacement account	1,659,572
Deferred charges:	
Tap in charges - deferred	14,955
Capital assets not being depreciated	1,078,724
Property, plant, and equipment, net of accumulated depreciation	<u>24,411,608</u>
TOTAL NONCURRENT ASSETS	<u>27,164,859</u>
TOTAL ASSETS	<u>34,179,059</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other postemployment benefits related items	<u>782,621</u>

Due to the adoption of GASB 75, only a single year statement is presented.

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 211,265
Customer deposits payable	63,090
Current portion of long-term liabilities	22,233
Current portion of compensated absences	232,684
Due to other funds	56,653
	<hr/>
TOTAL CURRENT LIABILITIES	585,925

LONG-TERM LIABILITIES, net of current portion:

Compensated absences	132,459
Other long-term debt	133,395
Net other postemployment benefits liability	529,940
	<hr/>
TOTAL LONG-TERM LIABILITIES	795,794

TOTAL LIABILITIES

1,381,719

DEFERRED INFLOWS OF RESOURCES

Other postemployment benefits related items	1,135,668
	<hr/>

NET POSITION:

Net investment in capital assets	24,255,980
Unrestricted	8,188,313
	<hr/>

TOTAL NET POSITION

\$ 32,444,293

Due to the adoption of GASB 75, only a single year statement is presented.

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2018**

OPERATING REVENUES:	
Charges for services	\$ 4,228,344
Capital charges	449,688
Forfeited discounts	48,598
Other	<u>119,589</u>
Total operating revenues	<u>4,846,219</u>
OPERATING EXPENSES:	
Costs of sales and services	3,947,627
Depreciation	<u>1,049,678</u>
Total operating expenses	<u>4,997,305</u>
Operating loss	<u>(151,086)</u>
NON-OPERATING REVENUES (EXPENSES):	
Contributions - infrastructure	113,282
Investment income - net	123,700
Interest and fiscal charges	<u>(5,780)</u>
Total non-operating revenues - net	<u>231,202</u>
Change in net position	80,116
NET POSITION:	
Beginning of year, as restated	<u>32,364,177</u>
End of year	<u><u>\$ 32,444,293</u></u>

Due to the adoption of GASB 75, only a single year statement is presented.

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

INCREASE (DECREASE) IN CASH:

Cash flows from operating activities:	
Operating loss	\$ (151,086)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	1,049,678
Gain on disposal of fixed assets	(5,808)
Receivables	(7,052)
Due to/from other funds - net	2,387
Accounts payable	82,967
Other postemployment benefit liability	(72,571)
Accrued compensated absences	20,462
Total adjustments	<u>1,070,063</u>
Net cash provided by operating activities	<u>918,977</u>
Cash flows from non-capital financing activities:	
Main and tap in charges	<u>5,405</u>
Cash flows for capital and related financing activities:	
Principal repayments on debt	(22,234)
Net interest paid on bonds	(5,780)
Payments for capital acquisitions	(244,840)
Issuance from special assessments	11,986
Interest received from special assessments	1,963
Proceeds from the sale of fixed assets	5,808
Net cash used by capital and related financing activities	<u>(253,097)</u>
Cash flows from investing activities:	
Interest received from investments	122,578
Purchases of investments	(429,834)
Net cash used by investing activities	<u>(307,256)</u>
NET INCREASE IN CASH	<u>364,029</u>
CASH:	
Beginning of year	<u>2,603,519</u>
End of year	<u><u>\$ 2,967,548</u></u>

Due to the adoption of GASB 75, only a single year statement is presented.

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULE OF COSTS OF SALES AND SERVICES
YEAR ENDED DECEMBER 31, 2018**

Salaries and wages	\$ 1,460,230
Payroll taxes	108,482
Employee fringe benefits	448,918
Pension expense	167,045
Office supplies	4,901
Chemicals	276,273
Supplies	34,624
Maintenance of plant	22,306
Maintenance of equipment	219,359
Accounting and auditing	169,469
Administrative fees	100,000
Contracted services	353,611
Engineering	5,298
Collection fees	767
Telephone	19,946
Transportation	32,790
Insurance	95,525
Utilities	408,821
Miscellaneous	19,262
	<u>\$ 3,947,627</u>

Due to the adoption of GASB 75, only a single year statement is presented.

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2018**

<u>Year</u>	<u>Carrier Creek</u>
2019	\$ 28,963
2020	29,236
2021	28,085
2022	26,902
2023	25,734
2024	24,567
2025	<u>23,402</u>
	186,889
Less interest	<u>31,261</u>
	<u><u>\$ 155,628</u></u>

NOTE: Drains at large consists of drains installed by Eaton County Drain Commission in which the State of Michigan, homeowners, Delta Township, and the Eaton County Drain Commission share the cost of installment. Delta Township is assessed yearly for their share of the cost plus interest on the outstanding balance. The interest rate charged to the Sewer Fund's share of the Carrier Creek project is 3.25%.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

ASSETS

CURRENT ASSETS:

Cash	\$ 1,773,988
Investments	4,785,934
Receivables:	
Customer accounts	407,474
Interest	17,457
Special assessment - current	5,360
Special assessment - interest	449
Other	26,744
Current portion of long-term receivable	45,014
	7,062,420

TOTAL CURRENT ASSETS

NONCURRENT ASSETS:

Investments - replacement account	2,223,929
Deferred charges:	
Water tap charges - deferred	10,728
Special assessments - deferred	6,180
Long-term receivable	46,373
Capital assets not being depreciated	488,845
Property, plant and equipment, less accumulated depreciation	35,022,306

TOTAL NONCURRENT ASSETS

TOTAL ASSETS

DEFERRED OUTFLOWS OF RESOURCES

Other postemployment benefits related items	293,483
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Due to the adoption of GASB 75, only a single year statement is presented.

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 185,718
Customer deposits payable	13,480
Accrued interest	28,167
Unearned revenue	28,568
Current portion of long-term liabilities	1,180,000
Current portion of compensated absences	44,275
Due to other funds	20,633

TOTAL CURRENT LIABILITIES 1,500,841

LONG-TERM LIABILITIES, net of current portion:

Compensated absences	29,890
Bonds payable	5,010,000
Net other postemployment benefits liability	198,727
Unamortized bond premiums (discount) - net	(12,717)

TOTAL LONG-TERM LIABILITIES 5,225,900

TOTAL LIABILITIES 6,726,741

DEFERRED INFLOWS OF RESOURCES

Other postemployment benefits related items	425,876
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NET POSITION:

Net investment in capital assets	28,845,023
Unrestricted	9,156,624

TOTAL NET POSITION \$ 38,001,647

Due to the adoption of GASB 75, only a single year statement is presented.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2018**

OPERATING REVENUES:

Charges for services	\$ 5,776,262
Capital charges	104,495
Hydrant rental	145,670
Forfeited discounts	61,353
Other service charges	125,857
Other	<u>14,918</u>
Total operating revenues	<u>6,228,555</u>

OPERATING EXPENSES:

Costs of sales and services	3,986,252
Depreciation	<u>1,102,635</u>
Total operating expenses	<u>5,088,887</u>
Operating income	<u>1,139,668</u>

NON-OPERATING REVENUES (EXPENSES):

Contributions - infrastructure	2,065,678
Investment income - net	143,050
Interest and fiscal charges	(158,645)
Amortization of bond discount	(3,122)
Amortization of bond premium	<u>4,568</u>
Total non-operating revenues (expenses) - net	<u>2,051,529</u>
Change in net position	3,191,197

NET POSITION:

Beginning of year, as restated	<u>34,810,450</u>
End of year	<u><u>\$ 38,001,647</u></u>

Due to the adoption of GASB 75, only a single year statement is presented.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

INCREASE (DECREASE) IN CASH:

Cash flows from operating activities:	
Operating income	<u>\$ 1,139,668</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	1,102,635
Receivables	35,071
Due to/from other funds - net	428
Accounts payable	9,513
Accrued compensated absences	(2,273)
Customer deposits	900
Other postemployment benefit liability	(27,214)
Unearned revenue	(3,378)
Total adjustments	<u>1,115,682</u>
Net cash provided by operating activities	<u>2,255,350</u>
Cash flows from non-capital financing activities:	
Main and tap in charges	<u>3,653</u>
Cash flows from capital and related financing activities:	
Principal repayments on debt	(1,170,000)
Net interest paid on bonds	(161,174)
Payments for capital acquisitions	(105,072)
Proceeds from special assessments	14,238
Interest received from special assessments	3,348
Net cash used by capital and related financing activities	<u>(1,418,660)</u>
Cash flows from investing activities:	
Interest received from investments	140,287
Proceeds (purchases) of investments	(549,034)
Net cash used by investing activities	<u>(408,747)</u>
NET INCREASE IN CASH	<u>431,596</u>
CASH:	
Beginning of year	<u>1,342,392</u>
End of year	<u><u>\$ 1,773,988</u></u>

Due to the adoption of GASB 75, only a single year statement is presented.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF COSTS OF SALES AND SERVICES
YEAR ENDED DECEMBER 31, 2018**

Salaries and wages	\$ 550,012
Payroll taxes	41,098
Employee fringe benefits	142,166
Pension expense	62,296
Office supplies	4,607
Supplies	116,056
Water purchases	2,413,751
Maintenance of plant	56,420
Maintenance of equipment	61,671
Transportation	22,564
Administrative	100,000
Accounting and auditing	169,469
Contracted services	84,495
Telephone	12,683
Insurance	32,900
Utilities	92,831
Miscellaneous	23,233
	<u>\$ 3,986,252</u>

Due to the adoption of GASB 75, only a single year statement is presented.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2018**

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%	2019	\$ 140,000	\$ 4,500	\$ 4,500	\$ 149,000
3.00%	2020	160,000	2,400	2,400	164,800
		<u>\$ 300,000</u>	<u>\$ 6,900</u>	<u>\$ 6,900</u>	<u>\$ 313,800</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, 2018**

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%	2019	\$ 215,000	\$ 6,637	\$ 6,638	\$ 228,275
3.25%	2020	210,000	3,412	3,413	216,825
		<u>\$ 425,000</u>	<u>\$ 10,049</u>	<u>\$ 10,051</u>	<u>\$ 445,100</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, 2018**

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
2019	2.00%	\$ 400,000	\$ 21,000	\$ 17,000	\$ 38,000	\$ 438,000
2020	2.00%	400,000	17,000	13,000	30,000	430,000
2021	2.00%	400,000	13,000	9,000	22,000	422,000
2022	2.00%	450,000	9,000	4,500	13,500	463,500
2023	2.00%	450,000	4,500	-	4,500	454,500
		<u>\$ 2,100,000</u>	<u>\$ 64,500</u>	<u>\$ 43,500</u>	<u>\$ 108,000</u>	<u>\$ 2,208,000</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, 2018**

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
2019	2.31%	\$ 425,000	\$ 38,866	\$ 33,957	\$ 72,823	\$ 497,823
2020	2.31%	470,000	33,957	28,529	62,486	532,486
2021	2.31%	460,000	28,529	23,215	51,744	511,744
2022	2.31%	505,000	23,215	17,383	40,598	545,598
2023	2.31%	495,000	17,383	11,665	29,048	524,048
2024	2.31%	485,000	11,665	6,064	17,729	502,729
2025	2.31%	525,000	6,064	-	6,064	531,064
		<u>\$ 3,365,000</u>	<u>\$ 159,679</u>	<u>\$ 120,813</u>	<u>\$ 280,492</u>	<u>\$ 3,645,492</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, 2018
(with comparative totals for December 31, 2017)**

	<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>2018</u>	<u>2017</u>
ASSETS:					
Cash	\$ -	\$ -	\$ 2,032,312	\$ 2,032,312	\$ 2,340,921
Investments	19,199,798	13,919,654	2,432,894	35,552,346	36,394,769
Taxes receivable - delinquent	-	-	421,373	421,373	479,458
Interest receivable	-	-	8,875	8,875	11,872
TOTAL ASSETS	<u><u>\$ 19,199,798</u></u>	<u><u>\$ 13,919,654</u></u>	<u><u>\$ 4,895,454</u></u>	<u><u>\$ 38,014,906</u></u>	<u><u>\$ 39,227,020</u></u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Undistributed tax collections:					
Current	\$ -	\$ -	\$ 4,467,072	\$ 4,467,072	\$ 5,177,122
Delinquent and other	-	-	428,382	428,382	487,165
TOTAL LIABILITIES	-	-	4,895,454	4,895,454	5,664,287
FUND BALANCES:					
Restricted for pension and other post employment benefits	19,199,798	13,919,654	-	33,119,452	33,562,733
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 19,199,798</u></u>	<u><u>\$ 13,919,654</u></u>	<u><u>\$ 4,895,454</u></u>	<u><u>\$ 38,014,906</u></u>	<u><u>\$ 39,227,020</u></u>

**CHARTER TOWNSHIP OF DELTA
AGENCY FUND
TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2018**

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
ASSETS				
Cash	\$ 2,340,921	\$ -	\$ 308,609	\$ 2,032,312
Investments	2,832,036	81,978,630	82,377,772	2,432,894
Taxes receivable delinquent	479,458	184,811	242,896	421,373
Interest receivable	11,872	-	2,997	8,875
TOTAL ASSETS	<u>\$ 5,664,287</u>	<u>\$ 82,163,441</u>	<u>\$ 82,932,274</u>	<u>\$ 4,895,454</u>
LIABILITIES				
Undistributed tax collections:				
Current	\$ 5,177,122	\$ 81,956,005	\$ 82,666,055	\$ 4,467,072
Delinquent and other	487,165	207,436	266,219	428,382
TOTAL LIABILITIES	<u>\$ 5,664,287</u>	<u>\$ 82,163,441</u>	<u>\$ 82,932,274</u>	<u>\$ 4,895,454</u>