

CHARTER TOWNSHIP OF DELHI

Holt, Michigan



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

YEAR ENDED DECEMBER 31, 2012

**CHARTER TOWNSHIP OF DELHI
 REPORT ON FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Charter Township of Delhi
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 Delhi, State of Michigan as of and for the year ended December 31, 2012, which collectively comprise the Township's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Charter Township of Delhi, as of December 31, 2012, 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 15 to the financial statements, the Charter Township of Delhi implemented Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, and Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to that 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 budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information - Additional Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Delhi's financial statements taken as a whole. 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 financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The additional supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information - Statistical Section

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2013, on our consideration of Charter Township of Delhi and Charter Township of Delhi's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter Township of Delhi and Charter Township of Delhi's internal control over financial reporting and compliance.

Manes Costeiran PC

April 15, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Delhi Charter Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2012.

Financial Highlights

- The primary government assets of the Township exceeded its liabilities and deferred outflows at the close of the most recent fiscal year by \$49,674,289 (*net position*). Of this amount, \$7,063,144 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township's governmental activities net position increased by \$1,326,683.
- The Township's business-type activity net position decreased by \$1,049,667.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$6,082,892, an increase of \$1,406,686 in comparison with the prior year. Approximately 86% of this total amount, or \$5,204,441, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current year, unassigned fund balance for the General Fund was \$5,236,188 or 81 percent of total general fund expenditures and other financing uses.
- The primary government total bonded debt increased by a net \$4,349,865 during the current fiscal year; \$5,293,462 in new bonded debt was issued and \$943,597 of existing debt was retired. The Township issued new revenue bonds in the Sewer Fund for the Lift Station D project of \$5,293,462.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the Township's assets, liabilities and deferred inflows, with the difference 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 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., earned but unused vacation leave).

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, community and economic development, and recreation and culture. The business-type activities of the Township include sewer operations.

The government wide financial statements include not only the Township itself (known as the *primary government*), but also two legally separate authorities - the Downtown Development Authority and the Brownfield Redevelopment Authority - for which the Township is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government wide financial statements can be found on pages 26 - 27 of this report.

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

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

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

The Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, and Police Fund, which are the Township's three major governmental funds. Data from the other two 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 and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 29 - 32 of this report.

Proprietary funds. There are two types of proprietary funds - enterprise and internal service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government wide financial statements. The Township has an enterprise fund to account for its sanitary sewer operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Township's various functions. The primary government of the Township does not use internal service funds at this time.

Proprietary funds provide the same type of information as the government wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 34 - 38 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 40 - 41 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements. The notes to the financial statements can be found on pages 42 - 71 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and additional supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 79 - 100 of this report.

Government wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Delhi Charter Township, assets exceeded liabilities and deferred inflows of resources by \$49,674,289 at the close of the most recent year.

By far the largest portion of the Township's net position (81 percent) reflects its investment in capital assets (e.g. infrastructure, land, buildings, equipment, and vehicles net of accumulated depreciation), less any related debt used to acquire those assets that are 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.

Charter Township of Delhi's Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 11,867,633	\$ 10,650,745	\$ 4,455,411	\$ 4,378,773	\$ 16,323,044	\$ 15,029,518
Capital assets, net	12,187,251	12,472,600	52,830,033	50,170,866	65,017,284	62,643,466
Total assets	<u>24,054,884</u>	<u>23,123,345</u>	<u>57,285,444</u>	<u>54,549,639</u>	<u>81,340,328</u>	<u>77,672,984</u>
Current liabilities	704,283	824,162	900,742	758,410	1,605,025	1,582,572
Noncurrent liabilities	3,249,368	3,373,661	21,904,458	18,261,318	25,153,826	21,634,979
Total liabilities	<u>3,953,651</u>	<u>4,197,823</u>	<u>22,805,200</u>	<u>19,019,728</u>	<u>26,758,851</u>	<u>23,217,551</u>
Def. Inflows of Resources	<u>4,907,188</u>	<u>5,058,160</u>	<u>-</u>	<u>-</u>	<u>4,907,188</u>	<u>5,058,160</u>
Net position:						
Net investment in capital assets	9,338,276	9,499,227	30,925,575	31,872,403	40,263,851	41,371,630
Restricted	360,521	321,446	1,986,773	2,131,149	2,347,294	2,452,595
Unrestricted	<u>5,495,248</u>	<u>4,046,689</u>	<u>1,567,896</u>	<u>1,526,359</u>	<u>7,063,144</u>	<u>5,573,048</u>
Total Net Position	<u>\$ 15,194,045</u>	<u>\$ 13,867,362</u>	<u>\$ 34,480,244</u>	<u>\$ 35,529,911</u>	<u>\$ 49,674,289</u>	<u>\$ 49,397,273</u>

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

Primary government net position increased by \$277,016 during the current fiscal year. This was a combination of net position increasing by \$1,326,683 in Governmental Activities and decreasing by \$1,049,667 in the Business-type Activities.

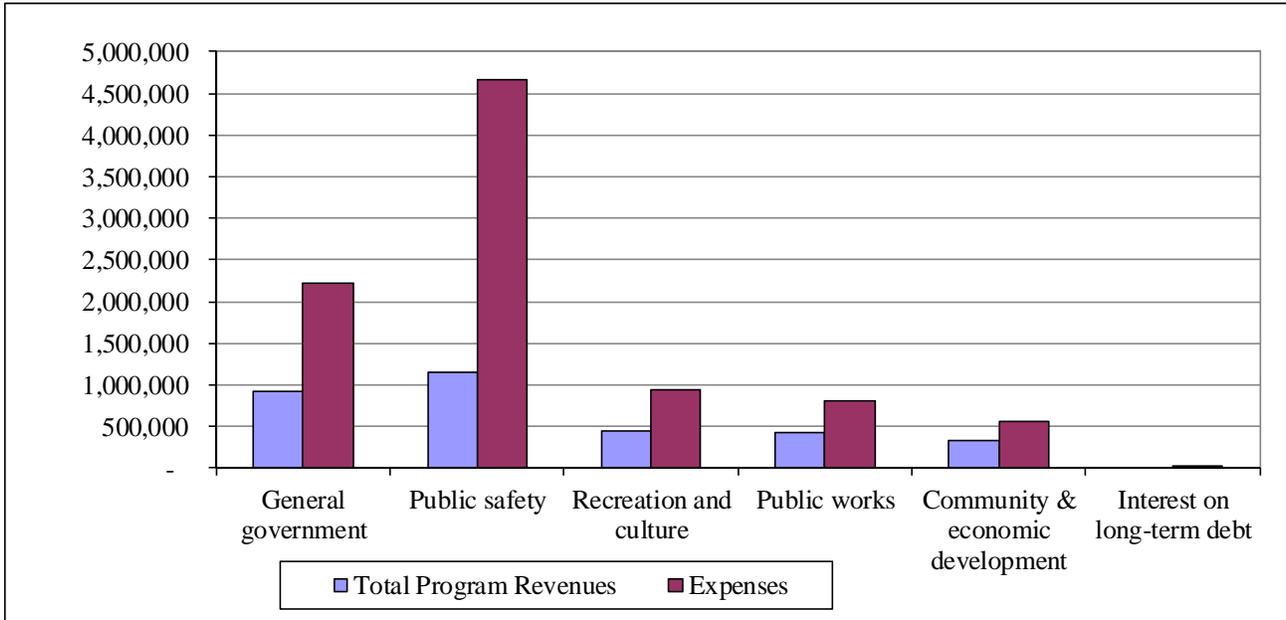
Charter Township of Delhi's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue:						
Program revenues:						
Charges for services	\$ 2,581,660	\$ 2,578,222	\$ 5,282,019	\$ 5,116,198	\$ 7,863,679	\$ 7,694,420
Operating grants and contributions	478,110	422,216	-	10,069	478,110	432,285
Capital grants and contributions	217,544	109,207	-	31,475	217,544	140,682
General revenues:						
Property taxes	5,131,573	5,393,489	-	-	5,131,573	5,393,489
State shared revenue	1,913,989	1,888,513	-	-	1,913,989	1,888,513
Unrestricted grants and contributions	226,239	324,964	-	55,050	226,239	380,014
Other	9,694	16,439	15,264	24,339	24,958	40,778
Total revenues	10,558,809	10,733,050	5,297,283	5,237,131	15,856,092	15,970,181
Expenses:						
General government	2,219,150	2,087,161	-	-	2,219,150	2,087,161
Public safety	4,667,246	4,430,295	-	-	4,667,246	4,430,295
Public works	816,169	702,532	-	-	816,169	702,532
Recreation and culture	944,672	935,756	-	-	944,672	935,756
Interest on long-term debt	27,004	44,563	-	-	27,004	44,563
Sewer	-	-	6,346,950	6,161,026	6,346,950	6,161,026
Community & economic development	557,885	613,856	-	-	557,885	613,856
Total expenses	9,232,126	8,814,163	6,346,950	6,161,026	15,579,076	14,975,189
Increase (decrease) in net position	1,326,683	1,918,887	(1,049,667)	(923,895)	277,016	994,992
Net position -beginning of year	13,867,362	11,948,475	35,529,911	36,453,806	49,397,273	48,402,281
Net position - end of year	\$ 15,194,045	\$ 13,867,362	\$ 34,480,244	\$ 35,529,911	\$ 49,674,289	\$ 49,397,273

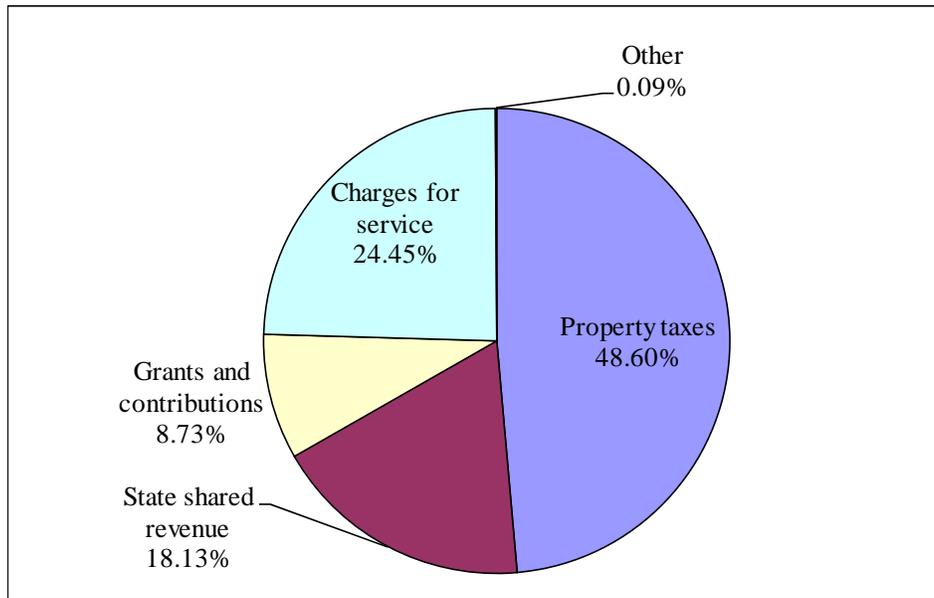
Governmental activities. Governmental activities increased the Township's net position by \$1,326,683 during 2012. Key elements of this net increase are:

- An increase in State revenue sharing and the remainder of the State grant for construction of the Valhalla Park pavilion.
- A one-time reduction of over \$101,000 for a drain assessment payment.
- Capital outlay purchases of fiber optic connection, window treatment improvements, and vehicles were delayed until 2013.

Expenses and Program Revenues - Governmental Activities for the year ended December 31, 2012

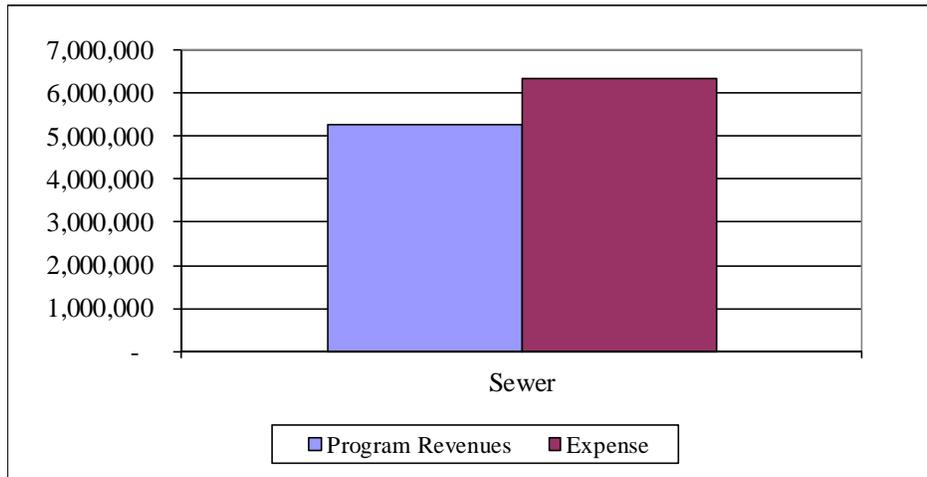


Revenues by Source - Governmental Activities for the year ended December 31, 2012



Business - type activities. Business - type activities decreased the Township’s net position by \$1,049,667 during 2012, due to the basic service charge rates not being enough to cover all the operating and nonoperating costs, including the cost of depreciation.

Expenses and Program Revenues - Business - type Activities for the year ended December 31, 2012



Revenues by Source - Business type Activities

Almost 100% of business type activities revenue comes from charges for services related to sewer operations.

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 balances of \$6,082,892, an increase of \$1,406,686 in comparison with the prior year. Almost 86 percent of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *nonspendable*, *restricted*, or *committed* to indicate that it is not available for general spending because it has already been established as nonspendable, such as for prepaids, or is restricted/committed for specific activities.

The General Fund is the chief operating fund of the Township. At the end of the current year, unassigned fund balance of the general fund was \$5,236,188 while total fund balance was \$5,383,510. 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 and other financing uses. Unassigned fund balance represents 81 percent of total general fund expenditures and other financing uses while total fund balance is 84 percent of total general fund expenditures and other financing uses.

The fund balance in the Township's General Fund increased by \$1,406,342 during the current year. Overall, compared to 2011, expenditures, including transfers out, increased \$615,327 and revenues and other financing sources decreased by \$158,538. Key factors for this are:

- Decline in property values and Michigan Tax Tribunal decisions resulted in a decrease in tax revenue of approximately \$145,000.
- Grants and revenue sharing increased by approximately \$111,000.
- There was no sale of fixed assets, compared to \$100,089 in 2011.
- The general governmental departments spent \$36,098 more than originally budgeted. Decreases in most departments were offset by increases in the elections and assessing departments. There were more elections in 2012. The assessing department replaced a part time position with a full time position, and had increased legal fees due to Michigan Tax Tribunal cases.
- The other functions department increased by \$328,048, due to increased transfers to the Police and Fire Funds and refunds of previous years' tax revenues as the result of Michigan Tax Tribunal judgments.
- Parks and Recreation expenditures increased by \$175,269, due to the completion of the Valhalla park pavilion.

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

Total net position of the Sewer Fund at the end of the year amounted to \$34,480,244; a decrease for the year of \$1,049,667. 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

During the year there was a net increase of \$340,075 (5%) in appropriations (including operating transfers out) between the original and final amended budget. The completion of a new pavilion at Valhalla Park, a street improvement, and tax adjustments to the County resulted in \$447,780 of increases. Decreases in the budgets of other departments offset the majority of those increases. Other increases and decreases worth noting were:

- An increase of \$22,000 for repairing a house for the Neighborhood Stabilization Program.
- An increase of \$22,500 for Assessing Department legal fees needed to assist in Michigan Tax Tribunal cases.
- Increased transfer out of \$33,990 to the Police Fund, as the Township began funding the school resource officer at 100% in August of 2012, instead splitting the cost with Holt Public Schools.
- Decrease in capital outlay due to delaying expenditures, as mentioned previously.
- In community and economic development a house was purchased as part of the Neighborhood Stabilization Program, with the expectation that it would be sold in 2012. The closing was in 2013, thus the expenditures were capitalized.

Additionally, budgeted revenues (including other financing sources) increased by approximately \$390,700 as follows:

- An increase of \$406,800 in intergovernmental revenue due to the increase in revenue sharing and grants.
- An increase of \$36,800 in other revenue due to new street and sidewalk special assessments.
- The increases were offset by approximately \$21,000 decrease in current property taxes, due not only to current decline of property values, but also from Michigan Tax Tribunal judgments which required refunding of taxes collected in the current and previous years.

Fire Fund and Police Fund

These two funds account for a voter approved millage, which partially covers the costs of providing fire and police services to the Township. These funds had total revenues of \$1,348,642 and \$1,160,187 respectively, and \$1,825,444 and \$2,308,841 in expenditures respectively. The Fire and Police Funds had restricted property tax revenues of \$1,069,684 in each fund. Total revenues in these funds were not sufficient to fully fund fire and police operations, so therefore, the General Fund had to transfer \$476,802 and \$1,148,654 respectively into the Fire and Police funds to cover the remaining operating expenditures.

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, 2012, amounted to \$65,017,284 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, park and recreation facilities, machinery and equipment and construction in progress. The total net increase in the Township's investment in capital assets for the current fiscal year was less than 4 percent due to the Lift Station D project construction.

Major capital asset acquisitions during the fiscal year included the following:

- 2012 costs for the completion of the Valhalla Park pavilion were \$246,240.
- In the Sewer Fund, \$5,251,328 was added to Construction in Progress for the Lift Station D project.

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

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land/Monuments	\$ 2,010,991	\$ 2,010,991	\$ 806,335	\$ 806,335	\$ 2,817,326	\$ 2,817,326
Infrastructure	708,548	813,665	25,555,030	26,606,807	26,263,578	27,420,472
Flowage rights	2,346,786	2,313,906	-	-	2,346,786	2,313,906
Buildings and improvements	4,804,183	4,591,728	17,687,026	18,558,087	22,491,209	23,149,815
Land improvements	1,221,759	1,375,242	375,892	408,031	1,597,651	1,783,273
Machinery and equipment	355,356	396,047	136,857	173,547	492,213	569,594
Furniture and office equipment	24,198	35,976	10,226	16,349	34,424	52,325
Computer equipment and programs	17,587	46,326	10,913	22,846	28,500	69,172
Vehicles	424,377	589,527	182,249	246,464	606,626	835,991
Construction in progress	273,466	299,192	8,065,505	3,332,400	8,338,971	3,631,592
Total	\$ 12,187,251	\$ 12,472,600	\$ 52,830,033	\$ 50,170,866	\$ 65,017,284	\$ 62,643,466

Additional information on the Township's capital assets can be found in note 4 on pages 58 - 60 of this report.

Long - term debt. At the end of the current fiscal year, the primary government of the Township had total debt outstanding of \$25,513,826.

Delhi Charter Township's Outstanding Debt

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 653,514	\$ 711,789	\$ 5,871,126	\$ 6,316,448	\$ 6,524,640	\$ 7,028,237
Revenue bonds	-	-	16,033,332	11,179,870	16,033,332	11,179,870
Other long-term debt	2,595,854	2,661,872	-	765,000	2,595,854	3,426,872
Total	\$ 3,249,368	\$ 3,373,661	\$ 21,904,458	\$ 18,261,318	\$ 25,153,826	\$ 21,634,979

The Township's total bonded debt increased by a net of \$4,349,865 (24 percent), up to \$22,557,973 during 2012. Payments of \$943,597 were made that reduced the bonded debt. However, \$5,293,462 additional bonds were added as a result of the Township's participation in a State Revolving Fund low interest loan program.

The Township has an "AA-" rating from Standard & Poor's. This is one of the highest ratings and reflects a strong capacity to repay the debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the Township is \$71,302,823, which is significantly in excess of the Township's and Downtown Development Authority's outstanding general obligation debt of \$18,250,045.

Additional information on the Township's long-term debt can be found in note 6 on pages 61 - 65 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2013 fiscal year:

- The emphasis on reducing costs while providing quality services to our citizens continued to be a major consideration in the 2013 budget development.
- Contain health care costs by continuation of the Township's high deductible health plan with the phasing down of employer contributions to employees' health savings accounts (H.S.A.) while encouraging employee contributions into their HSAs.
- Minimize capital purchases and infrastructure investments based upon need.
- Continue to assess staffing needs whenever a vacancy occurs, while continuing to cross train staff for organizational effectiveness & efficiency.
- Throughout its 25 year history the Downtown Development Authority has been able to support many improvements. Their revenue is declining, thus the Township will no longer receive its support and will need to absorb some of the operational expenditures. This will invariably result in future decreases in fund balance.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$5,236,188. The Township has projected revenues to exceed expenditures in 2013 by \$312,350 thereby potentially increasing unreserved fund balance to \$5,548,538. Our goal is to maintain a fund balance averaging between three and six months of operating expenditures.

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, 2074 Aurelius Road, Holt, MI 48842.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT WIDE FINANCIAL STATEMENTS

**CHARTER TOWNSHIP OF DELHI
STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	Primary government			Component units	
	Governmental activities	Business-type activities	Total	Downtown Development Authority	Brownfield Redevelopment Authority
ASSETS:					
Cash and cash equivalents	\$ 4,839,237	\$ 61,575	\$ 4,900,812	\$ 1,453,533	\$ 10,451
Investments	866,425	226,801	1,093,226	474	-
Receivables	6,013,626	2,089,708	8,103,334	2,719,477	145,727
Property held for resale	60,542	-	60,542	-	-
Prepays and other assets	87,803	35,177	122,980	30,851	-
Restricted assets:					
Cash and cash equivalents	-	1,329,331	1,329,331	-	-
Investments	-	657,442	657,442	-	-
Unamortized bond discount	-	55,377	55,377	-	-
Capital assets not being depreciated	2,284,457	8,871,840	11,156,297	4,889,564	-
Capital assets being depreciated, net	9,902,794	43,958,193	53,860,987	5,502,944	-
TOTAL ASSETS	24,054,884	57,285,444	81,340,328	14,596,843	156,178
LIABILITIES:					
Accounts payable and accrued expenses	703,493	900,742	1,604,235	1,672,427	30
Unearned revenue	790	-	790	-	-
Long-term liabilities:					
Due within one year	349,071	1,237,496	1,586,567	1,079,969	-
Due in more than one year	2,900,297	20,666,962	23,567,259	8,459,464	-
TOTAL LIABILITIES	3,953,651	22,805,200	26,758,851	11,211,860	30
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	4,907,188	-	4,907,188	1,630,229	145,641
NET POSITION:					
Net investment in capital assets	9,338,276	30,925,575	40,263,851	862,564	-
Restricted for fire equipment, training and apparatus	330,172	-	330,172	-	-
Restricted for neighborhood stabilization plan	30,349	-	30,349	-	-
Restricted for debt service	-	1,045,473	1,045,473	-	-
Restricted for replacement	-	941,300	941,300	-	-
Unrestricted	5,495,248	1,567,896	7,063,144	892,190	10,507
TOTAL NET POSITION	\$ 15,194,045	\$ 34,480,244	\$ 49,674,289	\$ 1,754,754	\$ 10,507

The notes to the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF DELHI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net position					
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government		Component units		
					Governmental activities	Business-type activities	Total	Downtown Development Authority	Brownfield Redevelopment Authority
Primary government:									
Governmental activities:									
General government	\$ 2,219,150	\$ 929,505	\$ -	\$ -	\$ (1,289,645)	\$ -	\$ (1,289,645)	\$ -	\$ -
Public safety	4,667,246	867,842	282,206	-	(3,517,198)	-	(3,517,198)	-	-
Public works	816,169	333,912	-	88,885	(393,372)	-	(393,372)	-	-
Community development	557,885	322,069	-	-	(235,816)	-	(235,816)	-	-
Recreation and culture	944,672	128,332	195,904	128,659	(491,777)	-	(491,777)	-	-
Interest on long-term debt	27,004	-	-	-	(27,004)	-	(27,004)	-	-
Total governmental activities	<u>9,232,126</u>	<u>2,581,660</u>	<u>478,110</u>	<u>217,544</u>	<u>(5,954,812)</u>	<u>-</u>	<u>(5,954,812)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Sewer	6,346,950	5,282,019	-	-	-	(1,064,931)	(1,064,931)	-	-
Total primary government	<u>\$ 15,579,076</u>	<u>\$ 7,863,679</u>	<u>\$ 478,110</u>	<u>\$ 217,544</u>	<u>-</u>	<u>(1,064,931)</u>	<u>(7,019,743)</u>	<u>-</u>	<u>-</u>
Component units:									
Brownfield redevelopment	\$ 202,411	\$ -	\$ -	\$ -	-	-	-	-	(202,411)
Downtown development	1,703,424	27,765	-	-	-	-	-	(1,675,659)	-
Total component units	<u>\$ 1,905,835</u>	<u>\$ 27,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,675,659)</u>	<u>(202,411)</u>
General revenues:									
Taxes:									
Property taxes, levied for general purposes					2,992,205	-	2,992,205	2,119,945	177,588
Property taxes, levied for fire					1,069,684	-	1,069,684	-	-
Property taxes, levied for police					1,069,684	-	1,069,684	-	-
State sources					1,913,989	-	1,913,989	-	-
Unrestricted grants and contributions					226,239	-	226,239	-	-
Interest					9,694	15,264	24,958	4,849	-
Other					-	-	-	20,931	-
Total general revenues					<u>7,281,495</u>	<u>15,264</u>	<u>7,296,759</u>	<u>2,145,725</u>	<u>177,588</u>
Change in net position					1,326,683	(1,049,667)	277,016	470,066	(24,823)
Net position, beginning of year (as restated)					13,867,362	35,529,911	49,397,273	1,284,688	35,330
Net position end of year					<u>\$ 15,194,045</u>	<u>\$ 34,480,244</u>	<u>\$ 49,674,289</u>	<u>\$ 1,754,754</u>	<u>\$ 10,507</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**CHARTER TOWNSHIP OF DELHI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General	Special revenue funds		Total nonmajor funds	Total governmental funds
		Fire fund	Police fund		
ASSETS:					
Cash and cash equivalents	\$ 4,189,364	\$ 118,598	\$ 30,448	\$ 500,827	\$ 4,839,237
Investments	663,104	-	-	203,321	866,425
Receivables:					
Taxes	2,789,318	1,002,128	1,002,128	347,440	5,141,014
Special assessments	113,288	-	-	19,416	132,704
Other	447,728	5,626	2,624	4	455,982
Due from component unit	283,926	-	-	-	283,926
Property held for resale	60,542	-	-	-	60,542
Prepays	46,431	31,747	-	1,500	79,678
TOTAL ASSETS	\$ 8,593,701	\$ 1,158,099	\$ 1,035,200	\$ 1,072,508	\$ 11,859,508
LIABILITIES:					
Accounts payable	\$ 470,294	\$ 70,239	\$ 5,481	\$ 10,470	\$ 556,484
Accrued liabilities	81,794	58,141	-	-	139,935
Unearned revenue	790	-	-	-	790
TOTAL LIABILITIES	552,878	128,380	5,481	10,470	697,209
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	2,504,510	1,029,719	1,029,719	343,240	4,907,188
Unavailable revenue - ambulance fees	39,515	-	-	-	39,515
Unavailable revenue - special assessments	113,288	-	-	19,416	132,704
TOTAL DEFERRED INFLOWS OF RESOURCES	2,657,313	1,029,719	1,029,719	362,656	5,079,407
FUND BALANCES:					
Nonspendable:					
Property held for resale	60,542	-	-	-	60,542
Prepays	46,431	31,747	-	1,500	79,678
Restricted:					
For fire equipment, training and apparatus	-	-	-	330,172	330,172
For neighborhood stabilization plan	30,349	-	-	-	30,349
Committed:					
For debt service	-	-	-	307,040	307,040
For water improvement	-	-	-	60,670	60,670
For disaster contingency fund	10,000	-	-	-	10,000
Unassigned	5,236,188	(31,747)	-	-	5,204,441
TOTAL FUND BALANCES	5,383,510	-	-	699,382	6,082,892
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,593,701	\$ 1,158,099	\$ 1,035,200	\$ 1,072,508	\$ 11,859,508

The notes to the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF DELHI
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS
TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE
STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2012**

Total governmental fund balances \$ 6,082,892

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets not being depreciated	\$ 2,284,457	
Capital assets being depreciated, net	<u>9,902,794</u>	
		12,187,251

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by unearned revenues in the government funds, and thus are not included in fund balance:

Unavailable revenue expected to be collected after March 1, 2013	172,219
--	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

General obligation debt	(2,858,784)
Bond discount, net of accumulated amortization	8,125
Compensated absences	(390,584)
Accrued interest	<u>(7,074)</u>

Net position of governmental activities \$ 15,194,045

The notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF DELHI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	<u>General</u>	<u>Special revenue funds</u>		<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
		<u>Fire fund</u>	<u>Police fund</u>		
REVENUES:					
Taxes	\$2,638,206	\$1,069,684	\$1,069,684	\$ 353,999	\$ 5,131,573
Special assessments	353,961	-	-	14,699	368,660
Intergovernmental	2,286,342	85,776	-	500	2,372,618
Licenses and permits	181,376	-	-	-	181,376
Charges for services	1,896,094	-	31,689	14,750	1,942,533
Interest	8,421	-	-	1,273	9,694
Other	481,970	193,182	58,814	-	733,966
Total revenue	<u>7,846,370</u>	<u>1,348,642</u>	<u>1,160,187</u>	<u>385,221</u>	<u>10,740,420</u>
EXPENDITURES:					
Current:					
General government	2,022,682	-	-	-	2,022,682
Public safety	-	1,825,444	2,308,841	304,434	4,438,719
Public works	682,325	-	-	4,295	686,620
Community and economic development	553,021	-	-	-	553,021
Recreation and culture	746,417	-	-	-	746,417
Other	386,527	-	-	-	386,527
Debt service:					
Principal	125,490	-	-	58,275	183,765
Interest	8,725	-	-	17,873	26,598
Capital outlay	289,385	-	-	-	289,385
Total expenditures	<u>4,814,572</u>	<u>1,825,444</u>	<u>2,308,841</u>	<u>384,877</u>	<u>9,333,734</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,031,798</u>	<u>(476,802)</u>	<u>(1,148,654)</u>	<u>344</u>	<u>1,406,686</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	476,802	1,148,654	-	1,625,456
Transfers out	(1,625,456)	-	-	-	(1,625,456)
Total other financing sources (uses)	<u>(1,625,456)</u>	<u>476,802</u>	<u>1,148,654</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,406,342	-	-	344	1,406,686
FUND BALANCES:					
Beginning of year	3,977,168	-	-	699,038	4,676,206
End of year	<u>\$5,383,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 699,382</u>	<u>\$ 6,082,892</u>

The notes to the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF DELHI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

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

Net change in fund balances - total governmental funds	\$ 1,406,686
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	521,289
Depreciation expense	(794,936)
Realized loss on disposal of capital assets	(11,702)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities):	
Proceeds from issuance of bonds	(101,250)
Reductions of principal on long-term debt	218,430
Amortization of bond discounts	(813)
Increase in OPEB payable	(4,099)
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 special assessments due in the future	(90,760)
Accrued revenue end of the year - primarily special assessments due in the future	172,219
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:	
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	7,481
Accrued interest payable end of the year	(7,074)
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	401,796
Accrued compensated absences end of the year	(390,584)
Change in net position of governmental activities	\$ 1,326,683

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUND

**CHARTER TOWNSHIP OF DELHI
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 DECEMBER 31, 2012**

	Business-type activities- Enterprise fund
LIABILITIES AND NET POSITION	Sewer fund
CURRENT LIABILITIES:	
Accounts payable	\$ 512,506
Accrued liabilities	173,881
Interest payable	139,219
Retainage payable	75,136
Current portion of long-term debt	1,237,496
TOTAL CURRENT LIABILITIES	2,138,238
LONG-TERM LIABILITIES , net of current portion:	
Due in more than one year	20,666,962
TOTAL LIABILITIES	22,805,200
NET POSITION:	
Net investment in capital assets	30,925,575
Restricted for:	
Replacement	941,300
Debt service	1,045,473
Unrestricted	1,567,896
TOTAL NET POSITION	\$ 34,480,244

The notes to the financial statements are an integral part of this statement.

LIABILITIES AND NET POSITION	Business-type activities- Enterprise fund
	Sewer fund
CURRENT LIABILITIES:	
Accounts payable	\$ 512,506
Accrued liabilities	173,881
Interest payable	139,219
Retainage payable	75,136
Current portion of long-term debt	<u>1,237,496</u>
TOTAL CURRENT LIABILITIES	<u>2,138,238</u>
LONG-TERM LIABILITIES , net of current portion:	
Due in more than one year	<u>20,666,962</u>
TOTAL LIABILITIES	<u>22,805,200</u>
NET POSITION:	
Net investment in capital assets	30,925,575
Restricted for:	
Replacement	941,300
Debt service	1,045,473
Unrestricted	<u>1,567,896</u>
TOTAL NET POSITION	<u><u>\$ 34,480,244</u></u>

The notes to the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF DELHI
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2012**

	Business-type activities- Enterprise fund
	Sewer fund
OPERATING REVENUES:	
Charges for services	\$ 5,061,459
Permits and fees	53,400
Other operating revenue	156,063
Total operating revenues	5,270,922
OPERATING EXPENSES:	
Costs of sales and services	3,569,203
Depreciation	2,282,607
Total operating expenses	5,851,810
Operating loss	(580,888)
NON-OPERATING REVENUES (EXPENSES):	
Interest and rentals	26,361
Amortization of bond discount	(30,858)
Interest expense	(464,282)
Total non-operating revenues (expenses)	(468,779)
Change in net position	(1,049,667)
NET POSITION:	
Beginning of year (as restated)	35,529,911
End of year	\$ 34,480,244

The notes to the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF DELHI
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2012**

	<u>Business-type activities- Enterprise fund</u>
	<u>Sewer fund</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	
Cash flows from operating activities:	
Cash received from customers	\$ 4,710,076
Cash payments to suppliers for goods and services	(1,579,312)
Cash payments to employees for services	<u>(1,333,884)</u>
Net cash provided by operating activities	<u>1,796,880</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(5,459,997)
Proceeds from bonds	5,293,462
Interest payments	(439,314)
Principal payments	<u>(1,650,322)</u>
Net cash used by capital and related financing activities	<u>(2,256,171)</u>
Cash flows from investing activities:	
Proceeds from maturities of investments	198,355
Interest and rental earnings	<u>26,361</u>
Net cash used by investing activities	<u>224,716</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(234,575)
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>1,625,481</u>
End of year	<u><u>\$ 1,390,906</u></u>

The notes to the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF DELHI
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS (Concluded)
 YEAR ENDED DECEMBER 31, 2012**

	Business-type activities- Enterprise fund
	Sewer fund
RECONCILIATION OF NET OPERATING REVENUES (EXPENSE) TO NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating loss	\$ (580,888)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation and amortization	2,282,607
Loss on disposal of equipment	518,223
(Increase) decrease in assets:	
Special assessments receivable	(11,833)
Other receivables	(549,013)
Prepaid expenses	20,420
Increase (decrease) in liabilities:	
Accounts payable	143,859
Accrued expenses	16,987
Retainage payable	(43,482)
Total adjustments	2,377,768
Net cash provided by operating activities	\$ 1,796,880

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS

**CHARTER TOWNSHIP OF DELHI
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	Other post employment benefit trust fund	Private Purpose Trust	
ASSETS	Retiree health benefits	Cemetery	Agency funds
ASSETS:			
Cash and cash equivalents	\$ 1,121,230	\$ 75,895	\$ 14,385,040
Accounts receivable	-	-	6,061
Taxes receivable	-	-	15,073,577
	1,121,230	75,895	29,464,678
LIABILITIES AND NET POSITION			
LIABILITIES:			
Due to other governments	-	-	29,142,595
Undistributed receipts	-	-	322,083
	-	-	29,464,678
NET POSITION:			
Restricted - funds held in trust for individuals	\$ 1,121,230	\$ 75,895	\$ -

The notes to the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF DELHI
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2012**

	Other post employment benefit trust fund	Private Purpose Trust
	Retiree health benefits	Cemetery
ADDITIONS:		
Contributions	\$ 382,978	\$ -
Investment - net	9	-
	382,987	-
Total additions	382,987	-
DEDUCTIONS:		
Distributions	382,978	
Cemetery perpetual care	-	240
	382,978	240
Total deductions	382,978	240
Change in net position	9	(240)
NET POSITION:		
Beginning of year	1,121,221	76,135
End of year	\$ 1,121,230	\$ 75,895

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**CHARTER TOWNSHIP OF DELHI
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 Delhi (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 Delhi 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 (sewers), 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 units 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 Downtown Development Authority of Charter Township of Delhi is organized pursuant to Charter Township of Delhi Ordinance No. 80 and Act 197 of the Public Acts of 1975 of the State of Michigan, as amended. The primary purpose of the Authority is to provide for the ongoing maintenance, promotion, security and continued operation of the downtown district. A tax increment financing district was established to finance these activities. The members of the Board of Directors of the Authority are appointed by the Township Board. No separate audit report is issued for this Authority.

The Delhi Township Brownfield Redevelopment Authority is organized pursuant to Section 13(1) of the State of Michigan’s Brownfield Redevelopment Financing Act (Public Act 381 of 1996, as amended by Public Act 145 of 2000). The primary purpose of the Authority is to clean up environmentally challenged properties in the Township and prepare them for desirable and productive re-uses. Tax increment financing will be used to finance these activities. The members of the Board of Directors of the Authority are appointed by the Township Board. No separate audit report is issued for this Authority.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Reporting Entity (Concluded)

The Downtown Development Authority and the Brownfield Redevelopment Authority are considered component units of Charter Township of Delhi because the Township appoints the Authorities' Board members and has the ability to significantly influence the operations of the Authorities.

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. The Downtown Development Authority of the Charter Township of Delhi is considered to be a major component unit, while the Brownfield Redevelopment Authority is not, nevertheless they are 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. Possible exceptions to this general rule are charges for services between the sewer fund and other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - Fund Financial Statements

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

The government reports the following major governmental funds:

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

The *fire fund* is a special revenue fund established to provide for the safety of the citizens of the Township by reducing the impact of community emergencies through education, prevention and service.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *police fund* is a special revenue fund established to provide for the safety and welfare of the residents of the Township through a contract with the Ingham County Sheriff's Office.

The government reports the following major proprietary funds:

Sewer enterprise fund (Sewer Disposal System). This fund accounts for the activities of the Township's sewage disposal and sewage treatment systems that are financed primarily by user charges for those services.

Additionally, the government reports the following nonmajor fund types:

Special revenue funds - The *special revenue funds* account for revenue sources that are legally restricted for specific purpose (not including expendable trusts or major capital projects). The Township's nonmajor special revenue funds include the water improvement and the fire equipment, training and apparatus funds.

Internal service fund - The *internal service fund* consists of the brownfield local site remediation fund, which is a revolving fund that was set up to support the cleanup and redevelopment efforts of the Brownfield Redevelopment Authority. The Brownfield Redevelopment Authority is a discretely presented component unit and is further described above.

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.

Additionally, the government reports as fiduciary funds, the post-employment benefit trust fund, the private purpose trust fund, and two agency funds.

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

The *private purpose trust fund* accounts for the principal received and related interest of the cemetery.

The *agency funds* are the tax collection fund and the trust and agency fund. The tax collection fund collects and distributes taxes to other governments and the trust and agency fund holds funds like escrows and retainage for others.

CHARTER TOWNSHIP OF DELHI
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. 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 DELHI
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 and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Budgetary Information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

The appropriate budget is prepared by fund and department. The Township's manager may make transfers of appropriations within a department not to exceed \$10,000. Amounts over \$10,000 requires approval of the board. 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 department 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, 2012. The Township does not consider the amendments to be significant. Violations, if any, are noted in the required supplementary information sections.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash, Cash Equivalents and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents. Investments include instruments allowed by state statute subsequently described. Investments are carried at fair value.

The Township utilizes various pooled cash accounts for approximately 10 funds. The Township's pool cash consists of a common checking account.

The Township's pooled cash accounts are utilized by the General Fund, Special Revenue Funds, the Sewer Fund, Trust and Agency Funds, and the component unit funds. Each funds' portion of these pooled accounts is included in the cash and cash equivalent caption in the applicable balance sheet/statement of net position.

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

Investments are stated at fair value. Securities traded on a national or international exchange are value at the last reported sales price at current exchange rates. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at cost.

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."

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Receivables and Payables (Concluded)

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. No other significant allowances are deemed necessary.

3. Prepaids

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. Restricted Assets

Certain proceeds of enterprise funds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, Michigan law, or township ordinance.

5. Capital Assets

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Capital Assets (Concluded)

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

Assets	Years
Sewage mains, outfall lines and infrastructure	40
Buildings	40
Building improvements	20
Land improvements	15
Machinery and equipment	5-10
Computer equipment	3-10
Furniture and office equipment	10
Vehicles	5-7

6. Pension and Other Postemployment Benefit Costs

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

7. 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 element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has no items that qualify for reporting in this category.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Deferred Outflows/Inflows of Resources (Concluded)

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 types of items, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. The Township reports unavailable revenues from property taxes, special assessments, and ambulance fees. These amounts are unavailable and recognized as an inflow of resources in the period that the amounts become available.

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 DELHI
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, if any, 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 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 15% 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 15% of expenditures, the General Fund budget for the following year will be adjusted to restore fund balance to the 15% level.

11. Comparative Data/Reclassifications

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

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 are primarily related to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property taxes

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

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 2012, the Township levied \$4.3094 per \$1,000 for general governmental purposes and \$0.5000 per \$1,000 for fire equipment, and \$1.5000 per \$1,000 for Police services, and \$1.5000 per \$1,000 for Fire and Emergency Medical Services on the December 1, 2011 levy (recognized as revenue in 2012) for a total of \$7.8094 per \$1,000.

The Downtown Development and Brownfield Redevelopment Authorities, which are component units, also receive property tax revenue from the December 1 tax levy. These tax revenues are recognized in the fiscal year following the December 1 levy date.

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 and partial sick leave 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. The liability for compensated absences for the proprietary fund financial statements is included in accrued liabilities and is considered current since it is anticipated the accumulated paid time off will be used during the subsequent year.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

H. Revenues and Expenditures/Expenses (Concluded)

4. Long - term Obligations

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

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

5. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund is charges to customers for sales and services. The fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund 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 DELHI
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

As of December 31, 2012, 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>
Stifel Nicholas Money Market	\$ 264	0.0027	N/A	0.0%
Federal National Mortgage Association	100,229	3.6909	AA+	2.6%
Federal National Mortgage Association	120,625	3.9096	AA+	3.2%
Federal National Mortgage Association	105,164	2.2977	AA+	2.8%
PNC Bank Money Market	100,693	0.0027	N/A	2.7%
MBIA CLASS Pooled Investments	103,806	0.0027	N/A	2.7%
Comerica Securities - Clare Public Schools	120,336	2.3247	AA2 - Moody	3.2%
Dart Money Market	2,685,608	0.0027	N/A	71.0%
Citizens Bank Money Market	126,547	0.0027	N/A	3.3%
Govt Loan Trust Zero Cpn	107,741	0.2457	Aaa - Moody	2.8%
Comerica Securities - CD	101,836	0.4536	N/A	2.7%
Financing Corp CPN FICO Strips	55,670	0.8505	N/A	1.5%
Federal Nat'l Mtg Assn. Debenture Zero Cpn	<u>56,295</u>	1.5147	Aaa - Moody	1.5%
Total fair value	<u>\$ 3,784,814</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>0.7650</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 MBIA. MBIA is an external pooled investment fund of "qualified" investments for Michigan townships. MBIA is not regulated nor is it registered with the SEC. MBIA reports as of December 31, 2012, 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).

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

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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.

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, 2012, \$2,435,608 of the Township's bank balance of \$21,423,607 was exposed to custodial credit risk because it was uninsured. Certificate of deposits and money market accounts are included in the above totals. The book balance reported as deposits on the financial statements as of December 31, 2012 was \$20,119,990.

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

Summary of deposit and investments balances. The following is a reconciliation of deposit and investment balances as of December 31, 2012:

Deposits (including deposits in transit at year end)	\$ 20,119,990
Investments	3,784,814
Cash on hand	1,400
	<u>\$ 23,906,204</u>
Cash and cash equivalents:	
Township wide - unrestricted	\$ 4,900,812
Township wide - restricted	1,329,331
Component units	1,463,984
Cemetery fund (a private purpose trust)	75,895
Agency funds (fiduciary funds)	14,385,040
Investments:	
Township wide - unrestricted	1,093,226
Township wide - restricted	657,442
Component units	474
	<u>\$ 23,906,204</u>

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

NOTE 2 - DEPOSITS AND INVESTMENTS (Concluded)

Pooling of cash. The Township utilizes various pooled cash accounts for approximately 10 funds. The Township's pooled cash accounts consist of a common checking account. The Township's financial statements reflect certain cash and cash equivalents with a negative balance. This amount does not represent actual bank overdraft, rather it merely reflects that this fund has disbursed amounts from the Township's common check account in excess of the amount recorded as an asset. In total, the bank account has a positive balance.

Cash disbursed in excess of amounts recorded as assets as of December 31, 2012, are as follows:

Fund	Negative pooled cash	Nonpooled cash and cash equivalents	Financial statements
Trust and Agency Fund	\$ (9,426)	\$ 8,272	\$ (1,154)

NOTE 3 - RECEIVABLES

Receivables at December 31, 2012 consist of the following:

Governmental Activities

General	\$ 415,233
Special Assessment	131,704
Ambulance	39,515
Due from DDA	283,926
Due from current tax	5,141,014
Other	2,234
	<u>\$ 6,013,626</u>

Business-type Activities

Service	\$ 945,229
General	717,301
Due from current tax	394,239
Special assessment	28,735
Other	4,204
	<u>\$ 2,089,708</u>

Downtown Development Authority

Due from Township	\$ 2,718,774
General	703
	<u>\$ 2,719,477</u>

Brownfield Redevelopment Authority

Due from Township	\$ 145,727
	<u>\$ 145,727</u>

CHARTER TOWNSHIP OF DELHI
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

The capital assets are as follows:

	Balance December 31, 2011	Restatement and Reclassifications	Additions	Deletions	Balance December 31, 2012
Primary government:					
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,995,991	\$ -	\$ -	\$ -	\$ 1,995,991
Monuments	15,000	-	-	-	15,000
Construction in process	299,192	(136,900)	111,174	-	273,466
Total capital assets, not being depreciated	<u>2,310,183</u>	<u>(136,900)</u>	<u>111,174</u>	<u>-</u>	<u>2,284,457</u>
Capital assets, being depreciated:					
Buildings and improvements	7,377,325	136,900	261,083	-	7,775,308
Land improvements and sidewalks	2,639,458	-	-	-	2,639,458
Machinery and equipment	1,174,027	-	47,782	50,353	1,171,456
Furniture and office equipment	568,806	-	-	-	568,806
Flowage rights	2,503,850	-	101,250	-	2,605,100
Infrastructure (road improvements)	1,959,083	-	-	-	1,959,083
Computer equipment and programs	354,893	-	-	9,368	345,525
Vehicles	2,160,866	-	-	-	2,160,866
Total capital assets, being depreciated	<u>18,738,308</u>	<u>136,900</u>	<u>410,115</u>	<u>59,721</u>	<u>19,225,602</u>
Less accumulated depreciation for:					
Buildings and improvements	2,785,597	-	185,528	-	2,971,125
Land improvements and sidewalks	1,264,216	-	153,483	-	1,417,699
Machinery and equipment	777,980	-	76,771	38,651	816,100
Furniture and office equipment	532,830	-	11,778	-	544,608
Flowage rights	189,944	-	68,370	-	258,314
Infrastructure (road improvements)	1,145,418	-	105,117	-	1,250,535
Computer equipment and programs	308,567	-	28,739	9,368	327,938
Vehicles	1,571,339	-	165,150	-	1,736,489
Total accumulated depreciation	<u>8,575,891</u>	<u>-</u>	<u>794,936</u>	<u>48,019</u>	<u>9,322,808</u>
Total capital assets, being depreciated, net	<u>10,162,417</u>	<u>136,900</u>	<u>(384,821)</u>	<u>11,702</u>	<u>9,902,794</u>
Total	<u>\$ 12,472,600</u>	<u>\$ -</u>	<u>\$ (273,647)</u>	<u>\$ 11,702</u>	<u>\$12,187,251</u>

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

NOTE 4 - CAPITAL ASSETS (Continued)

	Balance December 31, 2011	Restatement and Reclassifications	Additions	Deletions	Balance December 31, 2012
Primary government:					
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 806,335	\$ -	\$ -	\$ -	\$ 806,335
Construction in process	3,332,400	-	5,251,328	518,223	8,065,505
Total capital assets, not being depreciated	4,138,735	-	5,251,328	518,223	8,871,840
Capital assets, being depreciated:					
Sewage disposal plant and equipment	29,927,003	-	201,884	-	30,128,887
Sewer mains	42,068,659	-	-	-	42,068,659
Outfall lines	1,141,390	-	-	-	1,141,390
Land improvements	482,092	-	-	-	482,092
Furniture and office equipment	127,055	-	-	-	127,055
Computer equipment	359,619	-	-	6,576	353,043
Vehicles	982,148	-	-	463	981,685
Machinery and equipment	704,542	-	6,785	-	711,327
Maintenance facility	1,430,686	-	-	-	1,430,686
Total capital assets, being depreciated	77,223,194	-	208,669	7,039	77,424,824
Less accumulated depreciation for:					
Sewage disposal plant and equipment	12,443,436	-	1,036,716	-	13,480,152
Sewer mains	16,214,193	-	1,027,939	-	17,242,132
Outfall lines	389,049	-	23,838	-	412,887
Land improvements	74,061	-	32,139	-	106,200
Furniture and office equipment	110,706	-	6,123	-	116,829
Computer equipment	336,773	-	11,933	6,576	342,130
Vehicles	735,684	-	64,215	463	799,436
Machinery and equipment	530,995	-	43,475	-	574,470
Maintenance facility	356,166	-	36,229	-	392,395
Total accumulated depreciation	31,191,063	-	2,282,607	7,039	33,466,631
Total capital assets, being depreciated, net	46,032,131	-	(2,073,938)	-	43,958,193
Total	\$ 50,170,866	\$ -	\$ 3,177,390	\$ 518,223	\$ 52,830,033

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

NOTE 4 - CAPITAL ASSETS (Concluded)

	Balance December 31, 2011	Restatement and Reclassifications	Additions	Deletions	Balance December 31, 2012
Component unit:					
Downtown Development Authority:					
Capital assets, not being depreciated:					
Land	\$ 4,889,564	\$ -	\$ -	\$ -	\$ 4,889,564
Total capital assets, not being depreciated	4,889,564	-	-	-	4,889,564
Capital assets, being depreciated:					
Buildings	1,051,920	-	-	-	1,051,920
Land improvements	6,447,926	-	-	-	6,447,926
Infrastructure (road improvements)	1,294,495	-	-	-	1,294,495
Computer	2,500	-	-	-	2,500
Machinery and equipment	43,613	-	11,298	-	54,911
Furniture and office equipment	76,020	-	-	-	76,020
Total capital assets, being depreciated	8,916,474	-	11,298	-	8,927,772
Less accumulated depreciation for:					
Buildings	190,053	-	26,520	-	216,573
Land improvements	1,615,793	-	356,036	-	1,971,829
Infrastructure (road improvements)	1,046,903	-	86,755	-	1,133,658
Computer	833	-	833	-	1,666
Machinery and equipment	31,982	-	5,679	-	37,661
Furniture and office equipment	55,839	-	7,602	-	63,441
Total accumulated depreciation	2,941,403	-	483,425	-	3,424,828
Total capital assets, being depreciated, net	5,975,071	-	(472,127)	-	5,502,944
Total	\$ 10,864,635	\$ -	\$ (472,127)	\$ -	\$ 10,392,508

Depreciation expense was charged to functions/programs of the primary government at December 31, 2012 as follows:

Governmental activities:	
General government	\$ 170,569
Public safety	232,249
Public works	173,487
Community development	4,548
Recreation and culture	214,083
Total governmental activities	\$ 794,936
Business type activities:	
Sewer	\$ 2,282,607
Component unit:	
Downtown Development Authority	\$ 483,425

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

NOTE 5 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund transfers for the year ended December 31, 2012 is as follows:

	Transfer in		Total transfers out
	Fire Fund	Police Fund	
Transfer out:			
General Fund	\$ 476,802	\$ 1,148,654	\$ 1,625,456

Transfers are used to move funds for purchase of capital outlay and to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

NOTE 6 - LONG-TERM DEBT

General Obligation Bonds

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

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 5 to 30 year serial bonds.

\$721,779, 2011 Refunding Bonds, due in annual installments of \$59,107 to \$74,925 through 2022, interest at 1.35% to 3.65%. The Township issued bonds totaling \$4,335,000 of which 16.65% (\$721,779) was for water improvement (governmental activities) and 83.35% (\$3,613,221) was for sanitary sewer (business type activities).

\$ 653,514

Other Long-term Debt

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

Purpose	Amount	Fiscal year obligations extend through	Interest Rate
Governmental activities	\$ 1,961,961	2029	Imputed at 4%

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

NOTE 6 - LONG-TERM DEBT (Continued)

Installment Purchase Agreement

The Township has entered into an installment purchase agreement to purchase property. This obligation is summarized as follows:

<u>Purpose</u>	<u>Amount</u>	<u>Fiscal year Due</u>	<u>Interest Rate</u>
Governmental activities	\$ 233,500	2019	3.49%

Enterprise Fund

General Obligation Bonds Payable:

\$2,500,000, 2003 Sanitary Sewer general obligation bonds, due in annual installments of \$110,000 to \$195,000 through 2024, interest at 3.70% to 4.75%.	\$ 1,780,000
\$3,613,221, 2011 Refunding Bonds (Sanitary Sewer general obligation bonds), due in annual installments of \$295,893 to \$375,075 through 2022, interest at 1.35% to 3.65%. The Township issued one bond issue for \$4,335,000 of which 83.35% (\$3,613,221) was for sanitary sewer (business type activities) and 16.65% (\$721,779) was for water improvement (governmental activities).	3,271,487
\$1,000,000, 2008 DDA general obligation bonds, due in annual installments of \$51,603 to \$87,675 through 2024, interest at 3.50% to 4.125%. The Township issued one bond issue for \$9,980,000, of which \$1,000,000 was for sanitary sewer and \$8,980,000 was for downtown development (DDA component unit).	819,639
	\$ 5,871,126

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

NOTE 6 - LONG-TERM DEBT (Continued)

State Revolving Loan Fund Revenue Bonds

\$9,850,000, 2007 Sanitary Sewer revenue bonds, draws to December 31, 2011 of \$9,850,000, interest payable at 1.625%. Interest payments due semi-annually. Principal payments ranging from \$450,000 to \$570,000 due annually through 2028.	\$ 8,125,000
\$8,400,000, 2010 Sanitary Sewer revenue bonds, draws to December 31, 2012, interest paid semi-annually at 2.5%. Principal payments ranging from \$330,000 to \$525,000 due starting in 2013, payable through 2032.	<u>7,908,332</u>
	<u><u>\$ 16,033,332</u></u>

Downtown Development Authority (Component Unit)

The long-term debt balance of the Downtown Development Authority consists of the following:

\$990,000, 2003 general obligation bonds to finance Downtown Development Authority costs of constructing a building, due in annual installments of \$70,000 to \$85,000 through 2018, interest at 3.90% to 4.50%.	\$ 460,000
\$2,540,000, 2010 Downtown Development refunding bonds for the purpose of refunding 1997 general obligations bonds, due in annual installments of \$505,000 to \$525,000 through 2015, interest at 1.30% to 2.05%.	1,545,000
\$8,980,000, 2008 DDA general obligation bonds, due in annual installments for \$463,397 to \$787,325 through 2024, interest at 3.500% to 4.125%. The Township issued one bond issue for \$9,980,000, of which \$1,000,000 was for sanitary sewer and \$8,980,000 was for downtown development (DDA component unit).	<u>7,360,360</u>
	<u><u>\$ 9,365,360</u></u>
Land Contract	
\$225,000, Land contract due in semi-annual installments of \$23,446 through 2016, interest at 6%.	<u><u>\$ 164,584</u></u>

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

NOTE 6 - LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term debt during the year ended December 31, 2012:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 711,789	\$ -	\$ 58,275	\$ 653,514	\$ 59,107
General assessment payable	1,987,532	101,250	126,821	1,961,961	126,821
Installment purchase agreement	266,834	-	33,334	233,500	33,334
OPEB payable	5,710	4,099	-	9,809	9,809
Compensated absences	401,796	-	11,212	390,584	120,000
	<u>\$ 3,373,661</u>	<u>\$ 105,349</u>	<u>\$ 229,642</u>	<u>\$ 3,249,368</u>	<u>\$ 349,071</u>
Business-type activities:					
General obligation bonds	\$ 6,316,448	\$ -	\$ 445,322	\$ 5,871,126	\$ 457,496
Revenue bonds	11,179,870	5,293,462	440,000	16,033,332	780,000
Notes payable	765,000	-	765,000	-	-
	<u>\$ 18,261,318</u>	<u>\$ 5,293,462</u>	<u>\$ 1,650,322</u>	<u>\$ 21,904,458</u>	<u>\$ 1,237,496</u>
Component unit:					
General obligation bonds	\$ 10,366,763	\$ -	\$ 1,001,403	\$ 9,365,360	\$ 1,038,397
Land contract	200,000	-	35,416	164,584	37,572
Compensated absences	21,093	-	11,604	9,489	4,000
	<u>\$ 10,587,856</u>	<u>\$ -</u>	<u>\$ 1,048,423</u>	<u>\$ 9,539,433</u>	<u>\$ 1,079,969</u>
	<u>\$ 32,222,835</u>	<u>\$ 5,398,811</u>	<u>\$ 2,928,387</u>	<u>\$ 34,693,259</u>	<u>\$ 2,666,536</u>

The annual requirements to amortize all long-term debt outstanding, exclusive of compensated absences and OPEB payable as of December 31, 2012, are as follows:

Year ending December 31	Governmental activities		Business-type activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 219,262	\$ 126,363	\$ 1,237,496	\$ 512,838	\$ 1,075,969	\$ 342,597
2014	220,927	117,800	1,263,336	492,501	1,110,752	314,086
2015	221,759	109,063	1,300,008	465,088	1,150,675	281,265
2016	222,593	100,158	1,327,683	435,916	664,743	251,130
2017	223,424	91,081	1,359,355	404,942	642,375	224,107
2018 - 2022	1,047,260	315,963	7,346,906	1,487,195	3,346,774	725,623
2023 - 2027	506,621	123,327	5,486,343	602,234	1,538,656	95,947
2028 - 2032	187,129	14,316	2,583,331	113,637	-	-
	<u>\$ 2,848,975</u>	<u>\$ 998,071</u>	<u>\$ 21,904,458</u>	<u>\$ 4,514,351</u>	<u>\$ 9,529,944</u>	<u>\$ 2,234,755</u>

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

NOTE 6 - LONG-TERM DEBT (Concluded)

Advance refunding

In prior years the Township defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, the refunded bonds are considered to be defeased and the trust fund assets and related liabilities have been removed from the statement of net position. During the year ended December 31, 2012, \$5,590,000 of bonds outstanding from a prior advance refunding was considered defeased.

NOTE 7 - CONTRIBUTED CAPITAL

Contributed capital currently exists only in the enterprise fund. This capital has been used along with other Township resources to purchase or construct the sewer system currently in use or still in construction within the Township. There were no contributions for 2012 from customers, sub-dividers and component units. Currently, accounting principles generally accepted in the United States of America call for capital contributions to be recorded as revenue.

NOTE 8 - PENSION PLANS

The Township provides pension benefits for all of its full-time employees through a defined contribution plan called the Defined Contribution Pension Plan for Governmental Employees. The Plan is administered by an outside party. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon completion of three months of service. The Township contributes an amount equal to 10% of the employee's base annual compensation.

The Township's contribution for each employee (and interest attributable to these contributions) is fully vested after two years' service. Township contributions and attributable interest forfeited by employees who leave employment prior to full vesting are used to reduce the Township's current period contribution requirements.

Plan provisions and contribution requirements are established and may be amended by the Township Board.

The Township's total payroll in 2012 was \$4,133,419. Contributions were calculated using the base salary amount of \$3,065,835. The Township made the required 10% contribution total \$306,584.

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

NOTE 9 - DEFERRED COMPENSATION PLANS

The Township offers two deferred compensation plans created in accordance with Internal Revenue Code Section 457; one designed for full-time employees, and the second available only to part-time employees. The plans permit employees to defer a portion of their salary until future years. For the Plan covering part-time employees, the Township contributes 3% of gross pay to the plan on behalf of all participating employees. The Township made contributions to the plans totaling \$6,131. The deferred compensation is only available to the employees upon retirement, termination, becoming permanently disabled, or death.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

In addition to benefits described in Note 8 and 9, the Township provides both health and life insurance benefits for retired employees (the “Plan”). The Plan provides other post-employment benefits (OPEB) for all of its full time employees through a single-employer defined benefit plan. Based on the plan, the Township is required to have an actuarial calculation every three years. The information provided is the results of the most recent actuarial valuation with a measurement date of August 31, 2010.

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

Funding Policy. The contribution requirements of plan members and the Township are established and may be amended by the Township. Retirees receiving benefits contribute to the cost of the premiums based on the number of years of service. The Township’s share of costs ranges from 75% to 100% of the monthly premiums, based on years of service. The Township will provide 100% of life insurance. 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 Township contributed \$101,218 for their portion of shared costs with retiree’s premiums. At August 31, 2010, the date of the latest actuarial valuation, participants in the Plan consisted of:

Retirees and beneficiaries receiving benefits	15
Active employees	61
Total	76

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

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

Funding progress. For the year ended December 31, 2012 the Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of August 31, 2010. 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 \$382,978 in the year ended December 31, 2012 which represents 98.9 % of the annual required contribution. No amounts were contributed on behalf of the Downtown Development Authority. The value of the Plan's assets at the end of December 31, 2012 was \$1,121,230.

Annual required contribution (recommended)	\$ 387,077
Amounts contributed:	
Payments of current expenses	(382,978)
Increase in net OPEB obligation	4,099
OPEB obligation:	
Beginning of year	5,710
End of year	\$ 9,809

The outstanding balance is recorded as long-term liabilities due within one year.

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

Year ending December 31,	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
2010	\$ 364,802	98.4%	\$ 5,710
2011	394,290	100.0%	5,710
2012	387,077	98.9%	9,809

The funding progress of the Plan as of the most recent valuation date of August 31, 2010, is as follows:

Actuarial accrued liability (AAL)	\$ 3,647,677
Actuarial value of plan assets - 8/31/2010	532,747
Unfunded actuarial accrued liability (UAAL)	\$ 3,114,930
Funded ratio (actuarial value of plan assets/AAL)	14.6%
Covered payroll (active plan members)	\$ 4,030,000
UAAL as a percentage of covered payroll	77.3%

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

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Concluded)

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

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

In the August 31, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include an 8 percent investment rate of return and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten years. Both rates include a 4.5 percent inflation assumption. The actuarial value of the assets was determined using the fair market value at the time of measurement. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at August 31, 2010 was thirty years.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Township and its component units 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 units carry commercial insurance to cover any losses that may result from the above described activities. No settlements have incurred in excess of coverage in 2012 or any of the prior three years.

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

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by federal and state grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

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

NOTE 12 - NATURE AND PURPOSE OF RESTRICTIONS OF NET POSITION

Restrictions in the enterprise fund represent amounts set aside for debt retirement and capital improvement. The amount of the restriction is based on the excess of restricted investments over related liabilities.

NOTE 13 - 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, 2012 building department revenues were \$137,311 and expenditures were \$263,521.

NOTE 14 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The government issued bonds and notes payable to finance certain improvements to its sewer system. Because the Sewer Fund, which accounts entirely for the government's sewer activities, is a segment and is reported as a major fund in the fund financial statements, segment disclosures herein are not required.

NOTE 15 - NEW ACCOUNTING STANDARDS

For the year end December 31, 2012 the Township implemented the following new pronouncements:

GASB Statement 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Summary:

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure

GASB Statements 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and 65 Items previously reported as Assets and Liabilities

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

NOTE 15 - NEW ACCOUNTING STANDARDS (Concluded)

Summary:

These Statements provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB Statement 65 also states that bond issuance costs should be expensed in the year which they are incurred. As a result, the remaining unamortized bond issuance costs were written off as of January 1, 2012. The restatement of the beginning net positions are as follows:

	<u>Governmental activities</u>	<u>Sewer fund</u>	<u>Total</u>
Net position as previously stated, December 31, 2011	\$ 13,874,580	\$ 35,567,056	\$ 49,441,636
Adoption of GASB 65	<u>(7,218)</u>	<u>(37,145)</u>	<u>(44,363)</u>
Net position as restated, December 31, 2011	<u><u>\$ 13,867,362</u></u>	<u><u>\$ 35,529,911</u></u>	<u><u>\$ 49,397,273</u></u>

NOTE 16 - SUBSEQUENT EVENT

In April, subsequent to year end the Township issued \$1,200,000 in capital improvements bonds for the purpose of funding the north trail connector project.

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

NOTE 17 - UPCOMING ACCOUNTING PRONOUNCEMENT

GASB statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued by the GASB in June 2012 and will be effective for the Township's 2015 fiscal year. The Statement requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

REQUIRED SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF DELHI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012**

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Taxes	\$ 2,660,300	\$ 2,644,080	\$ 2,638,206	\$ (5,874)
Special assessments	331,000	355,130	353,961	(1,169)
Intergovernmental	1,804,160	2,211,020	2,286,342	75,322
Licenses and permits	168,500	175,320	181,376	6,056
Charges for services	1,802,840	1,855,060	1,896,094	41,034
Interest	20,000	4,000	8,421	4,421
Other	477,650	479,390	481,970	2,580
Total revenues	<u>7,264,450</u>	<u>7,724,000</u>	<u>7,846,370</u>	<u>122,370</u>
EXPENDITURES:				
Current:				
General government:				
Legislative - Board of Trustees	101,360	101,530	98,899	2,631
Manager	312,030	315,430	314,568	862
Accounting	197,300	157,670	146,475	11,195
Clerk	237,740	234,890	232,416	2,474
Information technology	293,180	288,340	261,615	26,725
Treasurer	246,860	237,230	229,778	7,452
Assessing	278,920	311,720	301,808	9,912
Elections	84,220	88,580	87,559	1,021
Building and grounds	282,810	265,460	246,246	19,214
Cemetery	108,210	108,730	103,318	5,412
Total general government	<u>2,142,630</u>	<u>2,109,580</u>	<u>2,022,682</u>	<u>86,898</u>

CHARTER TOWNSHIP OF DELHI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (Concluded)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
EXPENDITURES (Concluded):				
Current (Concluded):				
Recreation and culture:				
Parks administration	\$ 176,960	\$ 166,040	\$ 162,963	\$ 3,077
Parks	384,720	417,940	405,744	12,196
Recreation	186,135	188,880	177,710	11,170
Total recreation and culture	<u>747,815</u>	<u>772,860</u>	<u>746,417</u>	<u>26,443</u>
Public works	<u>884,180</u>	<u>923,680</u>	<u>682,325</u>	<u>241,355</u>
Community and economic development	<u>614,870</u>	<u>638,880</u>	<u>553,021</u>	<u>85,859</u>
Other	<u>357,720</u>	<u>457,820</u>	<u>386,527</u>	<u>71,293</u>
Debt service:				
Principal	33,340	33,340	125,490	(92,150)
Interest	8,730	8,730	8,725	5
Debt service	<u>42,070</u>	<u>42,070</u>	<u>134,215</u>	<u>(92,145)</u>
Capital outlay	<u>227,810</u>	<u>401,030</u>	<u>289,385</u>	<u>111,645</u>
Total expenditures	<u>5,017,095</u>	<u>5,345,920</u>	<u>4,814,572</u>	<u>531,348</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,247,355</u>	<u>2,378,080</u>	<u>3,031,798</u>	<u>653,718</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital asset	68,850	-	-	-
Transfers in (out)	(1,696,690)	(1,707,940)	(1,625,456)	82,484
Total other financing sources (uses)	<u>(1,627,840)</u>	<u>(1,707,940)</u>	<u>(1,625,456)</u>	<u>82,484</u>
Net change in fund balance	619,515	670,140	1,406,342	736,202
FUND BALANCE:				
Beginning of year	<u>3,977,168</u>	<u>3,977,168</u>	<u>3,977,168</u>	-
End of year	<u>\$ 4,596,683</u>	<u>\$ 4,647,308</u>	<u>\$ 5,383,510</u>	<u>\$ 736,202</u>

**CHARTER TOWNSHIP OF DELHI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FIRE FUND SPECIAL REVENUE
YEAR ENDED DECEMBER 31, 2012**

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Taxes	\$ 1,081,550	\$ 1,065,660	\$ 1,069,684	\$ 4,024
Intergovernmental	-	70,500	85,776	15,276
Other revenue	178,580	184,680	193,182	8,502
Total revenues	<u>1,260,130</u>	<u>1,320,840</u>	<u>1,348,642</u>	<u>27,802</u>
EXPENDITURES:				
Current:				
Public safety	<u>1,828,750</u>	<u>1,866,720</u>	<u>1,825,444</u>	<u>41,276</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(568,620)</u>	<u>(545,880)</u>	<u>(476,802)</u>	<u>69,078</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>568,620</u>	<u>545,880</u>	<u>476,802</u>	<u>(69,078)</u>
Net change in fund balance	-	-	-	-
FUND BALANCE:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CHARTER TOWNSHIP OF DELHI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
POLICE FUND SPECIAL REVENUE
YEAR ENDED DECEMBER 31, 2012**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
REVENUES:				
Taxes	\$ 1,081,550	\$ 1,065,660	\$ 1,069,684	\$ 4,024
Charges for services	54,780	31,680	31,689	9
Other revenue	51,000	56,000	58,814	2,814
Total revenues	<u>1,187,330</u>	<u>1,153,340</u>	<u>1,160,187</u>	<u>6,847</u>
EXPENDITURES:				
Current:				
Public safety	<u>2,315,400</u>	<u>2,315,400</u>	<u>2,308,841</u>	<u>6,559</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,128,070)</u>	<u>(1,162,060)</u>	<u>(1,148,654)</u>	<u>13,406</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>1,128,070</u>	<u>1,162,060</u>	<u>1,148,654</u>	<u>(13,406)</u>
Net change in fund balance	-	-	-	-
FUND BALANCE:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CHARTER TOWNSHIP OF DELHI
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH PLAN SCHEDULE OF FUNDING PROGRESS
AND SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2012**

The historical information required to be disclosed, beginning as of March 31, 2008, is as follows:

	(1)	(2)	(3)	(4)	(5)	
Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL) (2) - (1)	Funded ratio (1)/(2)	Annual covered payroll	UAAL as a % of payroll [(2)-(1)]/(5)
3/31/08	\$ -	\$ 3,627,845	\$ 3,627,845	0.0%	\$ 4,019,000	90.3%
8/31/10	532,747	3,647,677	3,114,930	14.6%	4,030,000	77.3%

Schedule of employer contributions

Year ended	Actual valuation date	Annual required contribution	Actual contribution	Percentage contributed	Net OPEB obligation (asset)
12/31/2010	March 31, 2008	\$ 364,802	\$ 359,092	98.4%	\$ 5,710
12/31/2011	August 31, 2010	394,290	394,290	100.0%	5,710
12/31/2012	August 31, 2010	387,077	382,978	98.9%	9,809

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

Actuarial cost method	Individual entry age
Amortization method	Level percent open
Amortization period (perpetual)	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
Valuation health care cost trend rate	9% in 2011, grading to 4.5% in 2018

ADDITIONAL SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF DELHI
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2012
(with comparative totals for December 31, 2011)**

	Water improvement fund	Fire equipment, training and apparatus fund	Totals	
			2012	2011
ASSETS:				
Cash and cash equivalents	\$ 150,992	\$ 349,835	\$ 500,827	\$ 494,147
Investments	203,321	-	203,321	202,246
Accounts receivable	-	4	4	8
Taxes receivable	13,397	334,043	347,440	368,911
Special assessments receivable	19,416	-	19,416	28,194
Prepays	-	1,500	1,500	-
TOTAL ASSETS	\$ 387,126	\$ 685,382	\$ 1,072,508	\$ 1,093,506
LIABILITIES:				
Accounts payable	\$ -	\$ 10,470	\$ 10,470	\$ 3,410
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	-	343,240	343,240	362,864
Unavailable revenue - special assessments	19,416	-	19,416	28,194
TOTAL DEFERRED INFLOWS OF RESOURCES	19,416	343,240	362,656	391,058
FUND BALANCES:				
Nonspendable:				
Prepays	-	1,500	1,500	-
Restricted:				
Fire equipment, training and apparatus	-	330,172	330,172	281,401
Committed:				
For debt service	307,040	-	307,040	383,106
For water improvement	60,670	-	60,670	34,531
TOTAL FUND BALANCES	367,710	331,672	699,382	699,038
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 387,126	\$ 685,382	\$ 1,072,508	\$ 1,093,506

**CHARTER TOWNSHIP OF DELHI
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2012
(with comparative totals for the year ended December 31, 2011)**

	Water improvement fund	Fire equipment, training and apparatus fund	Totals	
			2012	2011
REVENUES:				
Taxes	\$ -	\$ 353,999	\$ 353,999	\$ 375,939
Special assessments	14,699	-	14,699	15,308
Charges for services	14,750	-	14,750	27,800
Interest	1,067	206	1,273	1,484
Intergovernmental	-	500	500	71,547
Other revenue	-	-	-	360
Total revenues	30,516	354,705	385,221	492,438
EXPENDITURES:				
Current:				
Public safety	-	304,434	304,434	265,748
Public works	4,295	-	4,295	5,569
Debt service:				
Principal	58,275	-	58,275	56,611
Interest	17,873	-	17,873	55,804
Capital outlay	-	-	-	131,341
Total expenditures	80,443	304,434	384,877	515,073
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	(49,927)	50,271	344	(22,635)
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	-	-	721,779
Payment to escrow agent	-	-	-	(687,645)
Total other financing sources (uses)	-	-	-	34,134
Net change in fund balances	(49,927)	50,271	344	11,499
FUND BALANCES:				
Beginning of year	417,637	281,401	699,038	687,539
End of year	\$ 367,710	\$ 331,672	\$ 699,382	\$ 699,038

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**CHARTER TOWNSHIP OF DELHI
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2012**

	Water Improvement Fund			Fire Equipment, Training and Apparatus Fund		
	Final budget	Actual	Variance with final budget	Final budget	Actual	Variance with final budget
REVENUES:						
Taxes	\$ -	\$ -	\$ -	354,370	\$ 353,999	\$ (371)
Special assessments	14,200	14,699	499	-	-	-
Charges for services	12,500	14,750	2,250	-	-	-
Interest	800	1,067	267	200	206	6
Intergovernmental	-	-	-	500	500	-
Total revenues	27,500	30,516	3,016	355,070	354,705	(365)
EXPENDITURES:						
Current:						
Public safety	-	-	-	317,830	304,434	13,396
Public works	5,050	4,295	755	-	-	-
Debt service:						
Principal	58,280	58,275	5	-	-	-
Interest	18,300	17,873	427	-	-	-
Total expenditures	81,630	80,443	1,187	317,830	304,434	13,396

	<u>Water Improvement Fund</u>			<u>Fire Equipment, Training and Apparatus Fund</u>		
	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (54,130)	\$ (49,927)	\$ 4,203	\$ 37,240	\$ 50,271	\$ 13,031
FUND BALANCES:						
Beginning of year	<u>417,637</u>	<u>417,637</u>	<u>-</u>	<u>281,401</u>	<u>281,401</u>	<u>-</u>
End of year	<u><u>\$ 363,507</u></u>	<u><u>\$ 367,710</u></u>	<u><u>\$ 4,203</u></u>	<u><u>\$ 318,641</u></u>	<u><u>\$ 331,672</u></u>	<u><u>\$ 13,031</u></u>

CHARTER TOWNSHIP OF DELHI
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2012
(with comparative totals for December 31, 2011)

	Trust and Agency	Tax collection fund	Totals	
			2012	2011
ASSETS:				
Cash and cash equivalents	\$ (1,154)	\$ 14,386,194	\$ 14,385,040	\$ 15,947,154
Accounts receivable	6,061	-	6,061	154
Taxes receivable	317,176	14,756,401	15,073,577	14,880,951
TOTAL ASSETS	\$ 322,083	\$ 29,142,595	\$ 29,464,678	\$ 30,828,259
LIABILITIES:				
Due to other governments	\$ -	\$ 29,142,595	\$ 29,142,595	30,488,940
Undistributed receipts	322,083	-	322,083	339,319
TOTAL LIABILITIES	\$ 322,083	\$ 29,142,595	\$ 29,464,678	\$ 30,828,259

CHARTER TOWNSHIP OF DELHI
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Trust and Agency				
Assets:				
Cash and cash equivalents	\$ 51,381	\$ 2,139,656	\$ 2,192,191	\$ (1,154)
Accounts receivable	154	326,302	320,395	6,061
Taxes receivable	287,784	159,822	130,430	317,176
	<u>\$ 339,319</u>	<u>\$ 2,625,780</u>	<u>\$ 2,643,016</u>	<u>\$ 322,083</u>
Liabilities:				
Undistributed receipts	\$ 339,319	\$ 2,627,304	\$ 2,644,540	\$ 322,083
Current Tax				
Assets:				
Cash and cash equivalents	\$ 15,895,773	\$ 36,570,618	\$ 38,080,197	\$ 14,386,194
Taxes receivable	14,593,167	38,315,613	38,152,379	14,756,401
	<u>\$ 30,488,940</u>	<u>\$ 74,886,231</u>	<u>\$ 76,232,576</u>	<u>\$ 29,142,595</u>
Liabilities:				
Due to other governments	\$ 30,488,940	\$ 43,196,554	\$ 44,542,899	\$ 29,142,595
Totals				
Assets:				
Cash and cash equivalents	\$ 15,947,154	\$ 38,710,274	\$ 40,272,388	\$ 14,385,040
Accounts receivable	154	326,302	320,395	6,061
Taxes receivable	14,880,951	38,475,435	38,282,809	15,073,577
	<u>\$ 30,828,259</u>	<u>\$ 77,512,011</u>	<u>\$ 78,875,592</u>	<u>\$ 29,464,678</u>
Liabilities:				
Undistributed receipts	\$ 339,319	\$ 2,627,304	\$ 2,644,540	\$ 322,083
Due to other governments	30,488,940	43,196,554	44,542,899	29,142,595
	<u>\$ 30,828,259</u>	<u>\$ 45,823,858</u>	<u>\$ 47,187,439</u>	<u>\$ 29,464,678</u>

**CHARTER TOWNSHIP OF DELHI
BROWNFIELD REDEVELOPMENT AUTHORITY COMPONENT UNIT
GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	<u>Brownfield redevelopment authority</u>			<u>Internal service fund</u>
	<u>Governmental fund balance sheet</u>	<u>Adjustments</u>	<u>Statement of net position</u>	<u>Local site remediation fund</u>
			<u>Statement of net position</u>	<u>Statement of net position</u>
ASSETS:				
Cash and cash equivalents	\$ 10,451	\$ -	\$ 10,451	\$ -
Taxes receivable	8,902	-	8,902	136,825
Total assets	<u>\$ 19,353</u>	<u>-</u>	<u>19,353</u>	<u>136,825</u>
LIABILITIES:				
Accounts payable	\$ 30	-	30	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	8,816	-	8,816	136,825
FUND BALANCES:				
Unassigned	10,507	(10,507)	-	-
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,353</u>			
NET POSITION:				
Unrestricted		10,507	10,507	-
Total net position		<u>\$ 10,507</u>	<u>\$ 10,507</u>	<u>\$ -</u>

**CHARTER TOWNSHIP OF DELHI
BROWNFIELD REDEVELOPMENT AUTHORITY COMPONENT UNIT
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

	<u>Brownfield redevelopment authority</u>			<u>Internal service fund</u>
	<u>Governmental fund</u>			<u>Local site remediation fund</u>
	<u>statement of revenues, expenditures and changes in fund balance</u>	<u>Adjustments</u>	<u>Statement of activities</u>	<u>Statement of activities</u>
REVENUES:				
Property taxes	\$ 177,588	\$ -	\$ 177,588	\$ -
EXPENDITURES/EXPENSES:				
Community and economic development	202,411	-	202,411	-
Changes in fund balances / net position	(24,823)	-	(24,823)	-
FUND BALANCES/NET POSITION:				
Beginning of year	35,330	-	35,330	-
End of year	<u>\$ 10,507</u>	<u>\$ -</u>	<u>\$ 10,507</u>	<u>\$ -</u>

**CHARTER TOWNSHIP OF DELHI
DOWNTOWN DEVELOPMENT AUTHORITY COMPONENT UNIT
GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	<u>Governmental funds balance sheet</u>					
	Downtown Development General Operating	2008 Bond Debt Retirement	2010 Refunding Bonds	Total	Adjustments	Statement of Net Position
ASSETS:						
Cash and cash equivalents	\$ 1,453,533	\$ -	\$ -	\$ 1,453,533	\$ -	\$ 1,453,533
Investments	474	-	-	474	-	474
Taxes receivable	2,718,774	-	-	2,718,774	-	2,718,774
Other receivables	703	-	-	703	-	703
Prepays	1,763	-	-	1,763	29,088	30,851
Capital assets not being depreciated	-	-	-	-	4,889,564	4,889,564
Capital assets being depreciated	-	-	-	-	5,502,944	5,502,944
TOTAL ASSETS	\$ 4,175,247	\$ -	\$ -	\$ 4,175,247	10,421,596	14,596,843
LIABILITIES:						
Accounts payable	\$ 104,542	\$ -	\$ -	\$ 104,542	-	104,542
Accrued liabilities	6,483	-	-	6,483	-	6,483
Interest payable	-	-	-	-	54,615	54,615
Due to other governments	1,222,861	-	-	1,222,861	-	1,222,861
Due to primary government	283,926	-	-	283,926	-	283,926
Long-term liabilities:						
Due within one year	-	-	-	-	1,079,969	1,079,969
Due in more than one year	-	-	-	-	8,459,464	8,459,464
TOTAL LIABILITIES	1,617,812	-	-	1,617,812	9,594,048	11,211,860

Governmental funds balance sheet

	Downtown Development General Operating	2008 Bond Debt Retirement	2010 Refunding Bonds	Total	Adjustments	Statement of Net Position
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	\$ 1,630,229	\$ -	\$ -	\$ 1,630,229	\$ -	\$ 1,630,229
FUND BALANCES:						
Nonspendable:						
Prepays	1,763	-	-	1,763	(1,763)	-
Unassigned	925,443	-	-	925,443	(925,443)	-
TOTAL FUND BALANCES	927,206	-	-	927,206	(927,206)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,175,247	\$ -	\$ -	\$ 4,175,247		
NET POSITION:						
Net investments in capital assets					862,564	862,564
Unrestricted					892,190	892,190
Total net position					\$ 1,754,754	\$ 1,754,754

**CHARTER TOWNSHIP OF DELHI
DOWNTOWN DEVELOPMENT AUTHORITY COMPONENT UNIT
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE / STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

	Governmental funds revenues, expenditures and changes in fund balances					
	Downtown Development General Operating	2008 Bond Debt Retirement	2010 Refunding Bonds	Total	Adjustments	Statement of Activities
REVENUES:						
Property taxes	\$ 2,226,781	\$ -	\$ -	\$ 2,226,781	\$ -	\$ 2,226,781
Other	20,931	-	6,187	27,118	-	27,118
Interest and rents	26,427	-	-	26,427	-	26,427
Total revenues	2,274,139	-	6,187	2,280,326	-	2,280,326
EXPENDITURES/EXPENSES:						
Current:						
Community and economic development	985,280	-	-	985,280	483,425	1,468,705
Debt service:						
Principal	100,416	436,403	500,000	1,036,819	(1,036,819)	-
Interest	33,527	307,585	28,435	369,547	(27,992)	341,555
Capital outlay	11,298	-	-	11,298	(11,298)	-
Total expenditures/expenses	1,130,521	743,988	528,435	2,402,944	(592,684)	1,810,260
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	1,143,618	(743,988)	(522,248)	(122,618)	592,684	470,066

**Governmental funds revenues, expenditures
and changes in fund balances**

	Downtown Development General Operating	2008 Bond Debt Retirement	2010 Refunding Bonds	Total	Adjustments	Statement of Activities
OTHER FINANCING SOURCES (USES):						
Transfers in	\$ -	\$ 743,988	\$ 522,248	\$ 1,266,236	\$ (1,266,236)	\$ -
Transfers out	(1,266,236)	-	-	(1,266,236)	1,266,236	-
Total other financing sources (uses)	(1,266,236)	743,988	522,248	-	-	-
Net change in fund balances/net position	(122,618)	-	-	(122,618)	592,684	470,066
FUND BALANCES/NET POSITION:						
Beginning of year	1,049,824	-	-	1,049,824	234,864	1,284,688
End of year	<u>\$ 927,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 927,206</u>	<u>\$ 827,548</u>	<u>\$ 1,754,754</u>

**CHARTER TOWNSHIP OF DELHI
GENERAL FUND
BALANCE SHEETS
DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and cash equivalents	\$ 4,189,364	\$ 2,894,505
Investments	663,104	659,162
Receivables:		
Taxes	2,789,318	2,923,376
Special assessments	113,288	62,386
Other	447,728	398,929
Due from component unit	283,926	309,536
Property held for resale	60,542	-
Prepays	46,431	52,906
TOTAL ASSETS	<u><u>\$ 8,593,701</u></u>	<u><u>\$ 7,300,800</u></u>
LIABILITIES:		
Accounts payable	\$ 470,294	\$ 302,808
Accrued liabilities	81,794	73,051
Unearned revenue	790	66,795
TOTAL LIABILITIES	<u>552,878</u>	<u>442,654</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue - property taxes	2,504,510	2,635,672
Unavailable revenue - ambulance fees	39,515	182,920
Unavailable revenue - special assessments	113,288	62,386
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,657,313</u>	<u>2,880,978</u>
FUND BALANCE:		
Nonspendable:		
Property held for sale	60,542	-
Prepays	46,431	52,906
Restricted:		
For neighborhood stabilization plan	40,045	40,045
Committed:		
Disaster contingency fund	10,000	10,000
Unassigned	5,226,492	3,874,217
TOTAL FUND BALANCE	<u>5,383,510</u>	<u>3,977,168</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 8,593,701</u></u>	<u><u>\$ 7,300,800</u></u>

**CHARTER TOWNSHIP OF DELHI
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
REVENUES:		
Taxes	\$ 2,638,206	\$ 2,763,858
Special assessments	353,961	342,283
Intergovernmental	2,286,342	2,166,758
Licenses and permits	181,376	226,356
Charges for services	1,896,094	1,885,919
Interest	8,421	15,267
Other	481,970	504,378
	7,846,370	7,904,819
Total revenues		
EXPENDITURES:		
Current:		
General government:		
Legislative - Board of Trustees	98,899	97,806
Manager	314,568	326,919
Accounting	146,475	193,754
Clerk	232,416	229,238
Information technology	261,615	236,205
Treasurer	229,778	225,555
Assessing	301,808	256,048
Elections	87,559	14,288
Building and grounds	246,246	277,827
Cemetery	103,318	101,521
	2,022,682	1,959,161
Total general government		

**CHARTER TOWNSHIP OF DELHI
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (Concluded)
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
EXPENDITURES (Concluded):		
Current (Concluded):		
Public works	\$ 682,325	\$ 491,153
Community and economic development	553,021	608,433
Recreation and culture	746,417	712,694
Other	386,527	321,261
Debt service	134,215	164,980
Capital outlay	289,385	178,718
Total expenditures	4,814,572	4,436,400
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,031,798	3,468,419
OTHER FINANCING SOURCES (USES):		
Proceeds from sale of capital asset	-	100,089
Transfers out	(1,625,456)	(1,388,301)
Total other financing sources (uses)	(1,625,456)	(1,288,212)
Net change in fund balance	1,406,342	2,180,207
FUND BALANCE:		
Beginning of year	3,977,168	1,796,961
End of year	\$ 5,383,510	\$ 3,977,168

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**CHARTER TOWNSHIP OF DELHI
SEWER FUND
STATEMENTS OF NET POSITION
DECEMBER 31, 2012 AND 2011**

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 61,575	\$ 147,958
Investments	226,801	428,972
Special assessments receivable	422,974	411,141
Other receivables	1,666,734	1,117,721
Prepays	35,177	55,597
TOTAL CURRENT ASSETS	2,413,261	2,161,389
NONCURRENT ASSETS:		
Restricted cash, cash equivalents and investments:		
Debt service cash and cash equivalents	1,045,473	648,034
Replacement cash and cash equivalents	283,858	829,489
Replacement investments	657,442	653,626
Unamortized bond discounts	55,377	86,235
Property, plant and equipment not being depreciated	8,871,840	4,138,735
Property, plant and equipment net of accumulated depreciation	43,958,193	46,032,131
TOTAL NONCURRENT ASSETS	54,872,183	52,388,250
TOTAL ASSETS	57,285,444	54,549,639

LIABILITIES AND NET POSITION	<u>2012</u>	<u>2011</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 512,506	\$ 368,647
Accrued liabilities	173,881	156,894
Interest payable	139,219	114,251
Retainage payable	75,136	118,618
Current portion of long-term debt	<u>1,237,496</u>	<u>1,650,322</u>
TOTAL CURRENT LIABILITIES	2,138,238	2,408,732
LONG-TERM LIABILITIES , net of current portion:		
Due in more than one year	<u>20,666,962</u>	<u>16,610,996</u>
TOTAL LIABILITIES	<u>22,805,200</u>	<u>19,019,728</u>
NET POSITION:		
Net investment in capital assets	30,925,575	31,909,548
Restricted for:		
Replacement	941,300	1,483,115
Debt service	1,045,473	648,034
Unrestricted	<u>1,567,896</u>	<u>1,489,214</u>
TOTAL NET POSITION	<u>\$ 34,480,244</u>	<u>\$ 35,529,911</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 57,285,444</u>	<u>\$ 54,549,639</u>

**CHARTER TOWNSHIP OF DELHI
SEWER FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
OPERATING REVENUES:		
Charges for services	\$ 5,061,459	\$ 4,963,327
Permits and fees	53,400	143,221
Other operating revenue	156,063	62,288
Total operating revenues	5,270,922	5,168,836
OPERATING EXPENSES:		
Costs of sales and services	3,569,203	3,256,447
Depreciation	2,282,607	2,298,326
Total operating expenses	5,851,810	5,554,773
Operating loss	(580,888)	(385,937)
NON-OPERATING REVENUES (EXPENSES):		
Interest and rentals	26,361	36,820
Amortization of bond discount	(30,858)	(71,540)
Interest expense	(464,282)	(534,713)
Total non-operating revenues - net	(468,779)	(569,433)
Net loss before capital contributions and transfers	(1,049,667)	(955,370)
CAPITAL CONTRIBUTIONS	-	31,475
Change in net position	(1,049,667)	(923,895)
NET POSITION:		
Beginning of year (as restated)	35,529,911	36,453,806
End of year	\$ 34,480,244	\$ 35,529,911

**CHARTER TOWNSHIP OF DELHI
SEWER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Cash received from customers	\$ 4,710,076	\$ 5,014,812
Cash payments to suppliers for goods and services	(1,579,312)	(1,651,560)
Cash payments to employees for services	(1,333,884)	(1,292,441)
Net cash provided by operating activities	1,796,880	2,070,811
Cash flows from capital and related financing activities:		
Purchase of capital assets	(5,459,997)	(2,072,976)
Proceeds from bonds	5,293,462	5,143,172
Interest payments	(439,314)	(638,335)
Principal payments	(1,650,322)	(5,221,144)
Net cash used by capital and related financing activities	(2,256,171)	(2,789,283)
Cash flows from investing activities:		
Proceeds (purchases) from maturities of investments	198,355	(106,556)
Interest and rental earnings	26,361	36,820
Net cash provided (used) by investing activities	224,716	(69,736)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(234,575)	(788,208)
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,625,481	2,413,689
End of year	\$ 1,390,906	\$ 1,625,481
Statement of net position classification of cash and cash equivalents:		
Cash and cash equivalents	\$ 61,575	\$ 147,958
Restricted cash and cash equivalents	1,329,331	1,477,523
	\$ 1,390,906	\$ 1,625,481
Noncash activities:		
Noncash capital contributions	\$ -	\$ 31,475

**CHARTER TOWNSHIP OF DELHI
SEWER FUND
STATEMENTS OF CASH FLOWS (Concluded)
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
RECONCILIATION OF NET OPERATING REVENUES (EXPENSE) TO NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (580,888)	\$ (385,937)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation and amortization	2,282,607	2,298,326
Loss on disposal of fixed assets	518,223	4,494
(Increase) decrease in assets:		
Special assessments receivable	(11,833)	27,897
Other receivables	(549,013)	(181,921)
Prepaid expenses	20,420	(39,355)
Other assets	-	(16,692)
Increase (decrease) in liabilities:		
Accounts payable	143,859	226,805
Accrued expenses	16,987	19,076
Retainage payable	(43,482)	118,618
Deposits payable	-	(500)
Total adjustments	2,377,768	2,456,748
Net cash provided by operating activities	\$ 1,796,880	\$ 2,070,811

**CHARTER TOWNSHIP OF DELHI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012**

Federal grantor/pass-through grantor/ program title	Federal CFDA number	Pass through grantor's number	Current year expenditures
U.S. Environmental Protection Agency:			
Passed through Michigan DEQ			
State Revolving Fund Grants			
Clean Water Revolving Fund	66.458	5403-01	<u>\$ 568,956</u>
U.S. Department of Homeland Security:			
Assistance to Firefighters Grant:			
FY 2010 AFG	97.044	EMW-2010-FO-04517	500
FY 2010 SAFER		EMW-2010-FF-00079	<u>85,776</u>
Total Passed through U.S. Department of Homeland Security			<u>86,276</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 655,232</u></u>

CHARTER TOWNSHIP OF DELHI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

1. Basis of presentation - The accompanying schedule of expenditures of federal awards includes the grant activity of the Charter Township of Delhi and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133 and reconciles with the amounts presented in the preparation of the financial statements.
2. State Revolving Fund Grant (CFDA 66.458) was audited as major programs representing 87% of federal awards.
3. The threshold for distinguishing Type A and Type B programs was \$300,000.
4. Expenditures on the schedule have been reconciled financial reports submitted to the grantors listed on the schedule of expenditures of federal awards.
5. Federal expenditures are reported as revenue in the following governmental funds and an increase to bonded debt in the enterprise funds in the financial statements:

Sewer fund	\$ 568,956
Fire fund	85,776
Other nonmajor governmental funds	500
	\$ 655,232

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees
Charter Township of Delhi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Charter Township of Delhi, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Charter Township of Delhi's basic financial statements, and have issued our report thereon dated April 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Charter Township of Delhi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Charter Township of Delhi's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Charter Township of Delhi's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter Township of Delhi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Manes Costeiran PC

April 15, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Trustees
Charter Township of Delhi

Report on Compliance for Each Major Federal Program

We have audited Charter Township of Delhi's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Charter Township of Delhi's major federal programs for the year ended December 31, 2012. Charter Township of Delhi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Charter Township of Delhi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Charter Township of Delhi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Charter Township of Delhi's compliance.

Opinion on Each Major Federal Program

In our opinion, Charter Township of Delhi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Charter Township of Delhi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Charter Township of Delhi's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Charter Township of Delhi's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Manes Costeiran PC

April 15, 2013

**CHARTER TOWNSHIP OF DELHI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

➤ Material weakness(es) identified ? Yes X No

➤ Significant deficiency(ies) identified that are not considered to be material weakness(es) ? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

➤ Material weakness(es) identified: Yes X No

➤ Significant deficiency(ies) identified that are not considered to be material weakness(es) ? Yes X None reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Sections 510(a) of Circular A-133? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
66.458	State Revolving Fund Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes X No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Question Costs

None

**CHARTER TOWNSHIP OF DELHI
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2012**

There were no prior audit findings required to be reported on this schedule for the year ended December 31, 2011.

**STATISTICAL SECTION
(UNAUDITED)**

**CHARTER TOWNSHIP OF DELHI
DESCRIPTION OF STATISTICAL SECTION**

This part of Delhi Township's financial statements presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health.

The statistical section is organized into the following main categories:

Financial Trends

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Township's most significant local revenue source, the property tax.

Debt Capacity

These schedules contain information to help the reader assess the affordability of the Township's current levels of outstanding debt, and the Township's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the Township provides.

Sources: Unless otherwise noted, the information in these schedules is derived from the Report on the Financial Statements for the relevant year. The Township implemented GASB 34 in 2003. Schedules presenting government wide information include information beginning in that year.

**CHARTER TOWNSHIP OF DELHI
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Schedule 1
Unaudited

	Fiscal Year Ended									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Governmental activities:										
Net investment in capital assets	\$ 4,097,858	\$ 2,747,773	\$ 2,904,787	\$ 4,180,266	\$ 4,298,842	\$ 5,141,128	\$ 8,580,733	\$ 9,359,465	\$ 9,506,445	\$ 9,338,276
Restricted	934,921	1,340,368	1,676,748	1,586,782	1,845,176	82,188	59,126	5,624	321,446	360,521
Unrestricted	4,626,633	4,428,042	4,136,777	3,404,342	3,388,481	4,039,122	2,655,541	2,590,604	4,046,689	5,495,248
Total governmental activities net assets	\$ 9,659,412	\$ 8,516,183	\$ 8,718,312	\$ 9,171,390	\$ 9,532,499	\$ 9,262,438	\$ 11,295,400	\$ 11,955,693	\$ 13,874,580	\$ 15,194,045
Business-type activities:										
Net investment in capital assets	\$ 22,554,025	\$ 27,311,338	\$ 30,568,426	\$ 30,873,207	\$ 32,052,918	\$ 33,175,333	\$ 32,927,591	\$ 32,029,945	\$ 31,909,548	\$ 30,925,575
Restricted	2,341,490	3,440,595	3,275,154	3,244,209	3,439,345	2,618,428	2,841,822	2,001,776	2,131,149	1,986,773
Unrestricted	8,498,052	4,750,275	3,865,016	4,322,440	3,376,243	2,799,900	1,824,266	2,459,230	1,526,359	1,567,896
Total business-type activities net assets	\$ 33,393,567	\$ 35,502,208	\$ 37,708,596	\$ 38,439,856	\$ 38,868,506	\$ 38,593,661	\$ 37,593,679	\$ 36,490,951	\$ 35,567,056	\$ 34,480,244
Primary government:										
Net investment in capital assets	\$ 26,651,883	\$ 30,059,111	\$ 33,473,213	\$ 35,053,473	\$ 36,351,760	\$ 38,316,461	\$ 41,508,324	\$ 41,389,410	\$ 41,415,993	\$ 40,263,851
Restricted	3,276,411	4,780,963	4,951,902	4,830,991	5,284,521	2,700,616	2,900,948	2,007,400	2,452,595	2,347,294
Unrestricted	13,124,685	9,178,317	8,001,793	7,726,782	6,764,724	6,839,022	4,479,807	5,049,834	5,573,048	7,063,144
Total primary government net assets	\$ 43,052,979	\$ 44,018,391	\$ 46,426,908	\$ 47,611,246	\$ 48,401,005	\$ 47,856,099	\$ 48,889,079	\$ 48,446,644	\$ 49,441,636	\$ 49,674,289

* The Governmental beginning net position was decreased by \$7,218 and the business-type beginning net position was reduced by \$37,145 due to implementation of GASB 65, which removed bond issuance costs from the amortization schedules.

**CHARTER TOWNSHIP OF DELHI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Schedule 2
Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General governmental	\$ 2,348,086	\$ 2,028,273	\$ 1,887,124	\$ 1,984,846	\$ 2,310,105	\$ 2,327,244	\$ 2,162,616	\$ 2,286,907	\$ 2,087,161	\$ 2,219,150
Public safety	3,796,061	3,743,943	3,629,755	3,890,919	4,083,262	4,346,453	4,503,054	4,309,039	4,430,295	4,667,246
Public works	905,791	567,311	420,645	488,254	467,234	797,885	1,214,437	633,727	702,533	816,169
Community development	-	341,779	-	-	-	-	-	652,920	613,856	557,885
Recreation & culture	614,243	670,705	741,668	770,980	823,026	847,934	918,737	952,510	935,756	944,672
Other governmental activities	-	218,691	209,611	237,858	16,410	-	-	-	-	-
Interest on long-term debt	219,529	171,866	139,856	115,218	103,955	91,009	76,276	60,120	44,561	27,004
Total governmental activities	<u>7,883,710</u>	<u>7,742,568</u>	<u>7,028,659</u>	<u>7,488,075</u>	<u>7,803,992</u>	<u>8,410,525</u>	<u>8,875,120</u>	<u>8,895,223</u>	<u>8,814,162</u>	<u>9,232,126</u>
Business-type activities:										
Sewer	4,444,272	5,124,559	5,304,487	5,423,789	5,493,927	5,700,904	6,114,406	6,209,025	6,161,026	6,346,950
Community development	-	-	545,424	599,503	698,192	686,645	661,871	-	-	-
Total business-type activities	<u>4,444,272</u>	<u>5,124,559</u>	<u>5,849,911</u>	<u>6,023,292</u>	<u>6,192,119</u>	<u>6,387,549</u>	<u>6,776,277</u>	<u>6,209,025</u>	<u>6,161,026</u>	<u>6,346,950</u>
Total primary government expenses	<u>\$ 12,327,982</u>	<u>\$ 12,867,127</u>	<u>\$ 12,878,570</u>	<u>\$ 13,511,367</u>	<u>\$ 13,996,111</u>	<u>\$ 14,798,074</u>	<u>\$ 15,651,397</u>	<u>\$ 15,104,248</u>	<u>\$ 14,975,188</u>	<u>\$ 15,579,076</u>
Program revenues										
Charges for services:										
General government	\$ 377,398	\$ 596,127	\$ 617,892	\$ 711,788	\$ 813,504	\$ 892,589	\$ 902,289	\$ 907,325	\$ 946,334	\$ 929,505
Public safety	580,478	945,328	504,341	546,463	590,840	677,948	648,678	739,988	800,662	867,842
Public works	635,989	-	-	-	-	-	-	345,410	346,808	333,912
Community development	-	29,880	-	-	-	-	-	351,602	380,862	322,069
Recreation and culture	109,214	108,695	127,318	115,240	152,570	134,870	133,835	109,304	103,555	128,332
Operating grants and contributions	59,833	506,673	459,807	608,514	217,929	155,846	97,136	168,765	422,216	478,110
Capital grants and contributions	-	306,076	(3,396)	114,693	258,803	421,038	3,396,484	271,422	109,207	217,544
Total governmental activities program revenues	<u>1,762,912</u>	<u>2,492,779</u>	<u>1,705,962</u>	<u>2,096,698</u>	<u>2,033,646</u>	<u>2,282,291</u>	<u>5,178,422</u>	<u>2,893,816</u>	<u>3,109,644</u>	<u>3,277,314</u>
Business-type activities:										
Charges for services:										
Sewer	5,335,388	5,401,343	5,678,173	5,404,117	5,010,784	4,802,468	4,866,048	5,042,106	5,116,198	5,282,019
Community development	-	-	601,664	460,926	412,815	280,151	322,203	-	-	-
Operating grants and contributions	-	161,079	250,731	388,458	493,867	389,390	309,131	30,109	10,069	-
Capital grants and contributions	253,957	901,587	1,550,284	253,243	322,539	401,403	145,768	46,604	31,475	-
Total business-type activities program revenues	<u>5,589,345</u>	<u>6,464,009</u>	<u>8,080,852</u>	<u>6,506,744</u>	<u>6,240,005</u>	<u>5,873,412</u>	<u>5,643,150</u>	<u>5,118,819</u>	<u>5,157,742</u>	<u>5,282,019</u>
Total primary government program revenues	<u>\$ 7,352,257</u>	<u>\$ 8,956,788</u>	<u>\$ 9,786,814</u>	<u>\$ 8,603,442</u>	<u>\$ 8,273,651</u>	<u>\$ 8,155,703</u>	<u>\$ 10,821,572</u>	<u>\$ 8,012,635</u>	<u>\$ 8,267,386</u>	<u>\$ 8,559,333</u>
Net (Expense)/Revenue										
Governmental activities	\$ (6,120,798)	\$ (5,249,789)	\$ (5,322,697)	\$ (5,391,377)	\$ (5,770,346)	\$ (6,128,234)	\$ (3,696,698)	\$ (6,001,407)	\$ (5,704,518)	\$ (5,954,812)
Business-type activities	1,145,073	1,339,450	2,230,941	483,452	47,886	(514,137)	(1,133,127)	(1,090,206)	(1,003,284)	(1,064,931)
Total primary government net expense	<u>\$ (4,975,725)</u>	<u>\$ (3,910,339)</u>	<u>\$ (3,091,756)</u>	<u>\$ (4,907,925)</u>	<u>\$ (5,722,460)</u>	<u>\$ (6,642,371)</u>	<u>\$ (4,829,825)</u>	<u>\$ (7,091,613)</u>	<u>\$ (6,707,802)</u>	<u>\$ (7,019,743)</u>

**CHARTER TOWNSHIP OF DELHI
CHANGES IN NET POSITION (Concluded)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Schedule 2
Unaudited

General Revenues and Other Changes in Net Position

Governmental activities:

Property taxes	\$ 3,034,627	\$ 2,837,256	\$ 3,083,557	\$ 3,325,504	\$ 3,482,728	\$ 3,631,229	\$ 3,726,355	\$ 3,642,755	\$ 5,393,489	\$ 5,131,573
State shared revenues	1,956,061	1,846,592	1,845,018	1,798,179	1,765,856	1,762,721	1,553,811	1,474,950	1,888,513	1,913,989
Grants & contributions not restricted to specific programs	546,427	564,271	313,785	311,693	536,536	545,943	505,290	558,432	324,964	226,239
Unrestricted investment earnings	100,474	114,606	147,015	273,927	306,428	179,694	77,351	36,518	16,439	9,694
Gain (loss) on sale of capital assets	6,160	331,980	110,928	10,945	162,393	(26,128)	-	-	-	-
Intra-entity transfer	383,529	-	-	(5,017)	(122,486)	(235,286)	(133,145)	49,224	-	-
Transfers	443,172	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>6,470,450</u>	<u>5,694,705</u>	<u>5,500,303</u>	<u>5,715,231</u>	<u>6,131,455</u>	<u>5,858,173</u>	<u>5,729,662</u>	<u>5,761,879</u>	<u>7,623,405</u>	<u>7,281,495</u>

Business-type activities:

Investment earnings	198,152	-	-	-	-	-	-	-	24,339	15,264
Other	261,823	-	-	-	-	-	-	-	-	-
Intra-entity transfer	-	-	-	5,017	122,486	235,286	133,145	(49,224)	-	-
Transfers	(443,172)	-	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	242,789	258,278	4,006	-	36,702	55,050	-
Total business-type activities	<u>16,803</u>	<u>-</u>	<u>-</u>	<u>247,806</u>	<u>380,764</u>	<u>239,292</u>	<u>133,145</u>	<u>(12,522)</u>	<u>79,389</u>	<u>15,264</u>
Total primary government	<u>\$ 6,487,253</u>	<u>\$ 5,694,705</u>	<u>\$ 5,500,303</u>	<u>\$ 5,963,037</u>	<u>\$ 6,512,219</u>	<u>\$ 6,097,465</u>	<u>\$ 5,862,807</u>	<u>\$ 5,749,357</u>	<u>\$ 7,702,794</u>	<u>\$ 7,296,759</u>

Change in Net Position

Governmental activities	\$ 349,652	\$ 444,916	\$ 177,606	\$ 323,854	\$ 361,109	\$ (270,061)	\$ 2,032,964	\$ (239,528)	\$ 1,918,887	\$ 1,326,683
Business-type activities	<u>1,161,876</u>	<u>1,339,450</u>	<u>2,230,941</u>	<u>731,258</u>	<u>428,650</u>	<u>(274,845)</u>	<u>(999,982)</u>	<u>(1,102,728)</u>	<u>(923,895)</u>	<u>(1,049,667)</u>
Total primary government	<u>\$ 1,511,528</u>	<u>\$ 1,784,366</u>	<u>\$ 2,408,547</u>	<u>\$ 1,055,112</u>	<u>\$ 789,759</u>	<u>\$ (544,906)</u>	<u>\$ 1,032,982</u>	<u>\$ (1,342,256)</u>	<u>\$ 994,992</u>	<u>\$ 277,016</u>

The Community Development activity became an enterprise fund in 2005 and was reclassified back to the General Fund in 2010.

CHARTER TOWNSHIP OF DELHI
FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Schedule 3
Unaudited

	2003	2004*	2005	2006	2007	2008	2009	2010	2011**	2012
General Fund:										
Reserved	\$ 665,254	\$ 22,249	\$ 17,181	\$ 16,879	\$ 131,422	\$ 43,263	\$ 118,449	\$ 29,070	\$ -	\$ -
Unreserved	3,336,559	3,594,274	3,478,017	2,810,035	2,757,433	2,542,428	1,949,051	1,767,891	-	-
Nonspendable	-	-	-	-	-	-	-	-	52,906	106,973
Restricted	-	-	-	-	-	-	-	-	40,045	30,349
Committed	-	-	-	-	-	-	-	-	10,000	10,000
Unassigned	-	-	-	-	-	-	-	-	3,874,217	5,236,188
Total general fund	<u>\$4,001,813</u>	<u>\$3,616,523</u>	<u>\$3,495,198</u>	<u>\$2,826,914</u>	<u>\$2,888,855</u>	<u>\$2,585,691</u>	<u>\$2,067,500</u>	<u>\$1,796,961</u>	<u>\$3,977,168</u>	<u>\$5,383,510</u>
All other Governmental Funds:										
Reserved	\$ 391,894	\$ 2,702	\$ 2,322	\$ 1,697	\$ 26,276	\$ 4,672	\$ 14,603	\$ 50	\$ -	\$ -
Unreserved, report in:										
Special revenue funds	1,322,000	620,877	1,047,526	1,423,826	1,693,348	981,313	734,765	687,489	-	-
Debt service funds	-	716,789	626,900	161,259	125,552	82,187	59,126	5,624	-	-
Nonspendable in special revenue funds	-	-	-	-	-	-	-	-	39,266	33,247
Restricted in special revenue funds	-	-	-	-	-	-	-	-	281,401	330,172
Committed in special revenue funds	-	-	-	-	-	-	-	-	417,637	367,710
Unassigned in special revenue funds	-	-	-	-	-	-	-	-	(39,266)	(31,747)
Total all other governmental funds	<u>\$1,713,894</u>	<u>\$1,340,368</u>	<u>\$1,676,748</u>	<u>\$1,586,782</u>	<u>\$1,845,176</u>	<u>\$1,068,172</u>	<u>\$ 808,494</u>	<u>\$ 693,163</u>	<u>\$ 699,038</u>	<u>\$ 699,382</u>

* Beginning fund balance was decreased by \$46,084 due to a restatement.

** New fund balance categories

CHARTER TOWNSHIP OF DELHI
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Schedule 4
Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$ 2,949,759	\$ 2,837,256	\$ 3,083,557	\$ 3,325,504	\$ 3,482,728	\$ 3,631,229	\$ 3,726,355	\$ 3,642,755	\$ 5,393,489	\$ 5,131,573
Special assessments	99,388	332,282	283,497	302,707	309,267	413,635	345,481	353,122	357,591	368,660
Intergovernmental	2,009,211	2,233,400	1,948,687	1,896,685	2,054,131	2,034,967	1,832,749	1,939,042	2,275,689	2,372,618
Licenses and permits	635,989	470,630	16,262	17,215	16,969	15,965	16,526	206,255	226,356	181,376
Charges for services	1,021,182	1,209,400	1,233,289	1,387,884	1,612,695	1,656,817	1,644,706	1,852,940	1,936,354	1,942,533
Interest	85,582	123,919	196,732	354,870	395,285	227,839	89,122	39,751	16,751	9,694
Other	996,282	933,347	876,789	880,588	651,883	771,323	699,737	715,166	739,263	733,966
Total revenues	<u>7,797,393</u>	<u>8,140,234</u>	<u>7,638,813</u>	<u>8,165,453</u>	<u>8,522,958</u>	<u>8,751,775</u>	<u>8,354,676</u>	<u>8,749,031</u>	<u>10,945,493</u>	<u>10,740,420</u>
Expenditures:										
General government	1,837,345	2,089,764	1,959,882	2,098,720	2,145,159	2,157,101	2,018,484	2,104,089	1,959,161	2,022,682
Public safety	3,626,658	3,521,507	3,479,152	3,679,179	3,881,356	4,102,659	4,191,856	3,951,764	4,165,152	4,438,719
Engineering	130,891	141,751	60,529	-	-	-	-	-	-	-
Public works	763,795	415,552	350,107	488,254	467,234	787,877	542,762	536,245	496,722	686,620
Community development	-	339,990	-	-	-	-	-	588,014	608,433	553,021
Recreation and culture	546,032	615,878	622,949	630,761	694,297	706,826	767,951	725,571	712,694	746,417
Other	205,754	218,691	209,611	230,413	204,589	333,332	323,535	348,663	321,261	386,527
Debt service:										
Principal	358,486	406,210	498,208	500,462	504,763	521,389	553,967	705,239	241,897	183,765
Interest	223,270	187,401	134,391	113,902	100,592	87,808	73,415	57,262	66,755	26,598
Capital outlay	619,059	1,690,847	219,857	1,201,701	255,292	902,863	531,272	167,278	321,559	289,385
Total expenditures	<u>8,311,290</u>	<u>9,627,591</u>	<u>7,534,686</u>	<u>8,943,392</u>	<u>8,253,282</u>	<u>9,599,855</u>	<u>9,003,242</u>	<u>9,184,125</u>	<u>8,893,634</u>	<u>9,333,734</u>
Excess of revenues over (under) expenditures	<u>(513,897)</u>	<u>(1,487,357)</u>	<u>104,127</u>	<u>(777,939)</u>	<u>269,676</u>	<u>(848,080)</u>	<u>(648,566)</u>	<u>(435,094)</u>	<u>2,051,859</u>	<u>1,406,686</u>
Other Financing Sources (Uses):										
Proceeds from long-term debt	-	500,000	-	-	-	-	-	-	-	-
Issuance of refunding debt	-	2,365,000	-	-	-	-	-	-	721,779	-
Payment to refunded bond escrow agent	-	(2,353,080)	-	-	-	-	-	-	(687,645)	-
Proceeds from sale of capital assets	8,178	250,476	110,928	24,710	173,145	3,200	3,840	-	100,089	-
Bond premium	-	12,229	-	-	-	-	-	-	-	-
Inter-entirety transfers in	383,529	-	-	-	-	-	-	-	-	-
Transfers in	504,540	604,397	621,903	794,517	592,477	595,388	692,348	84,243	1,388,301	1,625,456
Transfers out	(504,540)	(604,397)	(621,903)	(799,534)	(714,963)	(830,674)	(825,493)	(35,019)	(1,388,301)	(1,625,456)
Total other financing sources (uses)	<u>391,707</u>	<u>774,625</u>	<u>110,928</u>	<u>19,693</u>	<u>50,659</u>	<u>(232,086)</u>	<u>(129,305)</u>	<u>49,224</u>	<u>134,223</u>	<u>-</u>
Net change in fund balances	<u>\$ (122,190)</u>	<u>\$ (712,732)</u>	<u>\$ 215,055</u>	<u>\$ (758,246)</u>	<u>\$ 320,335</u>	<u>\$ (1,080,166)</u>	<u>\$ (777,871)</u>	<u>\$ (385,870)</u>	<u>\$ 2,186,082</u>	<u>\$ 1,406,686</u>
Debt service as a percentage of noncapital expenditures	7.6%	7.5%	8.6%	7.9%	7.6%	7.0%	7.4%	8.5%	10.8%	2.3%

**CHARTER TOWNSHIP OF DELHI
ASSESSED VALUE AND TAXABLE VALUE OF PROPERTY
LAST TEN FISCAL YEARS**

Schedule 5
Unaudited

Fiscal Year Ended December 31	Agricultural Property	Commercial Property	Industrial Property	Residential Property	Developmental Property	Personal Property	Total Taxable Value	Total Direct Tax Rate	Assessed Value	Taxable Value as a Percentage of Assessed Value
2003	\$ 2,318,418	\$ 86,532,326	\$ 13,766,815	\$ 442,823,750	\$ -	\$ 40,306,800	\$ 585,748,109	5.5253	\$ 678,378,800	86.35%
2004	2,331,465	99,636,533	14,109,294	481,682,386	-	40,517,100	638,276,778	5.3370	740,946,400	86.14%
2005	2,590,787	111,556,779	15,460,638	525,702,625	-	45,210,400	700,521,229	5.3262	811,331,950	86.34%
2006	2,218,367	114,964,632	15,051,118	572,239,358	-	46,827,750	751,301,225	5.3282	867,761,750	86.58%
2007	2,468,072	121,108,641	14,121,340	606,104,452	-	46,577,255	790,379,760	5.3064	890,124,785	88.79%
2008	2,514,938	126,663,528	16,032,179	615,416,841	-	52,132,300	812,759,786	5.3455	903,051,000	90.00%
2009	2,575,559	129,201,749	15,211,328	592,190,424	-	45,226,200	784,405,260	5.4039	835,843,650	93.85%
2010	2,504,049	123,516,681	13,641,928	549,152,400	-	48,597,700	737,412,758	7.8094	771,940,775	95.53%
2011	2,525,723	118,189,772	22,133,866	531,477,428	-	39,901,800	714,228,589	7.8094	739,999,851	96.52%
2012	2,573,066	118,370,473	24,493,165	497,480,929	-	49,847,700	692,765,333	7.8094	713,338,371	97.12%

Personal Property by Category

	Commercial	Industrial	Utility
2003	n/a	n/a	n/a
2004	n/a	n/a	n/a
2005	34,880,700	910,100	9,419,600
2006	36,125,750	916,950	9,785,050
2007	36,017,505	715,400	9,844,350
2008	25,205,100	16,380,500	10,546,700
2009	23,557,300	11,015,500	10,653,400
2010	22,660,900	14,787,900	11,148,900
2011	20,533,200	11,240,900	8,127,700
2012	21,060,600	17,414,800	11,372,300

Source: Township Assessing Department

**CHARTER TOWNSHIP OF DELHI
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER \$1,000 OF ASSESSED VALUATION)**

Schedule 6
Unaudited

Fiscal Year Ended December 31	Delhi Charter Township						Overlapping Rates						Total Direct & Overlapping Rates	
	Operating Millage	Fire/EMS Millage	Police Millage	Fire Equip & Training Millage	Debt Service Millage	Total Township Millage	Ingham County Operating Millage	Ingham Intermediate School Millage	Lansing Community College Millage	State Education Tax	Holt School District Operating Millage	Debt Service Millage		Total School Millage
2003	4.3940	0.0000	0.0000	0.4942	0.6371	5.5253	12.2489	6.0553	3.8544	5.0000	0.0000	10.0000	10.0000	42.6839
2004	4.3403	0.0000	0.0000	0.4881	0.5086	5.3370	12.2038	6.0291	3.8375	6.0000	0.0000	10.0000	10.0000	43.4074
2005	4.3094	0.0000	0.0000	0.4846	0.5322	5.3262	12.2566	5.9911	3.8112	6.0000	0.0000	10.0000	10.0000	43.3851
2006	4.3094	0.0000	0.0000	0.4846	0.5342	5.3282	13.1731	5.9881	3.8072	6.0000	0.0000	10.0000	10.0000	44.2966
2007	4.3094	0.0000	0.0000	0.4846	0.5124	5.3064	13.1538	5.9881	3.8072	6.0000	0.0000	10.0000	10.0000	44.2555
2008	4.3094	0.0000	0.0000	0.4846	0.5515	5.3455	14.1009	5.9881	3.8072	6.0000	0.0000	10.0000	10.0000	45.2417
2009	4.3094	0.0000	0.0000	0.5000	0.5945	5.4039	14.0811	5.9881	3.8072	6.0000	0.0000	10.0000	10.0000	45.2803
2010	4.3094	1.5000	1.5000	0.5000	0.0000	7.8094	14.0739	5.9881	3.8072	6.0000	0.0000	10.0000	10.0000	47.6786
2011	4.3094	1.5000	1.5000	0.5000	0.0000	7.8094	14.1133	5.9881	3.8072	6.0000	0.0000	10.0000	10.0000	47.7180
2012	4.3094	1.5000	1.5000	0.5000	0.0000	7.8094	14.7533	5.9881	3.8072	6.0000	0.0000	10.0000	10.0000	48.3580

Non-homestead school operating millage

2003	17.4674
2004	17.3171
2005	17.3171
2006	17.3171
2007	17.3171
2008	17.3171
2009	17.3171
2010	17.3171
2011	17.3171
2012	17.3171

Source: Township Assessing Department

**CHARTER TOWNSHIP OF DELHI
TOP TEN PRINCIPAL TAXPAYERS
CURRENT AND TEN YEARS AGO**

Schedule 7
Unaudited

Taxpayer	2012			2003		
	Taxable Value	Rank	Percentage of Total Twp. Taxable Value	Taxable Value	Rank	Percentage of Total Twp. Taxable Value
RSDC of Michigan, LLC	\$ 12,031,300	1	1.7%	\$ 32,427,300	1	5.1%
Consumers Energy	11,172,519	2	1.6%	8,421,021	3	1.3%
Dart Container Corp of MI	7,867,420	3	1.1%	4,105,104	6	0.7%
Woodland Lakes Investment Group	6,160,600	4	0.9%			
Parker Hannifin Corp	5,472,300	5	0.8%	5,159,300	4	0.8%
DTN Enterprises LLC	4,038,067	6	0.6%			
Bondarenko Ltd LLC	3,697,524	7	0.5%	4,386,346	5	0.7%
Theroux Development Co.	3,680,271	8	0.5%	3,058,972	9	0.5%
Comcast of Michigan, LLC	3,176,180	9	0.5%			
Aspen Lakes Estates II LLC	2,475,500	10	0.4%			0.0%
Stealth Engineering				3,127,100	8	0.5%
Tailor Steel				11,425,500	2	1.8%
Magna Interior Systems				3,236,300	7	0.5%
CPSM Holding Corp				2,595,706	10	0.4%

Source: Township Assessing Department

**CHARTER TOWNSHIP OF DELHI
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Schedule 8
Unaudited

<u>Fiscal Year Ended</u>	<u>Total Tax Levy</u>	<u>Collected with the Fiscal Year of the Levy</u>		<u>Collections in Subsequent</u>	<u>Total Collections to Date</u>	
<u>December 31</u>	<u>Fiscal Year</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Years</u>	<u>Amount</u>	<u>Percentage of Levy</u>
2003	\$ 3,039,438	\$ 2,986,631	98.3%	\$ 51,339	\$ 3,037,969	99.95%
2004	3,360,749	3,340,283	99.4%	16,250	3,356,533	99.87%
2005	3,539,253	3,520,466	99.5%	17,695	3,538,161	99.97%
2006	3,843,446	3,829,154	99.6%	11,663	3,840,817	99.93%
2007	4,308,253	4,297,110	99.7%	9,720	4,306,830	99.97%
2008	4,436,174	4,422,146	99.7%	9,405	4,431,552	99.90%
2009	4,336,310	4,325,485	99.8%	5,741	4,331,226	99.88%
2010	5,872,671	5,852,639	99.7%	8,058	5,860,697	99.80%
2011	5,663,616	5,643,714	99.6%	6,690	5,650,403	99.77%
2012	5,614,077	5,594,097	99.6%	-	5,594,097	99.64%

Ingham County reimburses the Township for all delinquent real property tax.

Source: Township Tax and Delinquent Personal Property Tax programs

**CHARTER TOWNSHIP OF DELHI
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Schedule 9
Unaudited

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita*
	General Obligation Bonds	Special Assessment Bonds	General Assessment Payable	Installment Purchase Agreement	General Obligation Bonds	Special Assessment Bonds	Revenue Bonds	Notes Payable			
2003	\$ 3,572,325	\$ 409,143	\$ 378,823	\$ -	\$ 8,172,675	\$ 1,268,857	\$ -	\$ 5,932,374	\$ 19,734,197	3.30%	\$ 829
2004	3,339,025	317,750	357,306	500,000	7,940,975	1,031,250	-	5,248,259	18,734,565	2.93%	750
2005	2,984,060	229,357	335,789	466,667	7,620,940	793,643	-	4,535,000	16,965,456	2.56%	671
2006	2,597,430	160,964	194,410	433,379	7,287,570	596,036	-	3,985,000	15,254,789	2.22%	593
2007	2,178,303	120,771	182,265	400,088	6,931,697	435,229	1,280,410	3,405,000	14,933,763	2.11%	576
2008	1,732,511	90,578	170,108	366,834	7,557,490	314,422	7,687,569	2,800,000	20,719,512	2.95%	795
2009	1,254,220	60,386	157,959	333,501	7,123,696	209,614	9,305,624	2,160,000	20,605,000	2.85%	790
2010	734,266	30,193	2,109,291	300,168	6,669,563	104,807	10,084,919	1,480,000	21,513,207	3.00%	834
2011	711,789	-	1,987,532	266,834	6,316,448	-	11,179,870	765,000	21,227,473	3.08%	829
2012	653,514	-	1,961,961	233,500	5,871,128	-	16,033,333	-	24,753,436	3.36%	959

* Based on population estimates.

See Schedule 14 for Demographic and Economic Statistics for personal income and population data.

CHARTER TOWNSHIP OF DELHI
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Schedule 10
Unaudited

Fiscal Year	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES			Total Primary Government	Total Bonded Debt as a Percentage of Taxable Value ¹	Total Governmental Activities G.O. Debt Per Capita ²	Per Capita Income
	General Obligation Bonds	Special Assessment Bonds	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds				
2003	\$ 3,572,325	\$ 409,143	\$ 8,172,675	\$ -	\$ 1,268,857	\$ 13,423,000	2.29%	\$ 150	\$ 25,101
2004	3,339,025	317,750	7,940,975	-	1,031,250	12,629,000	1.98%	133.68	25,640
2005	2,984,060	229,357	7,620,940	-	793,643	11,628,000	1.66%	118.05	26,179
2006	2,597,430	160,964	7,287,570	-	596,036	10,642,000	1.42%	100.90	26,717
2007	2,178,303	120,771	6,931,698	1,280,410	435,229	10,946,411	1.38%	84.02	27,256
2008	1,732,511	90,578	7,557,490	7,687,569	314,421	17,382,569	2.14%	66.46	26,935
2009	1,254,221	60,385	7,123,696	9,305,624	209,614	17,953,540	2.29%	48.09	27,768
2010	734,266	30,193	6,669,564	10,084,919	104,807	17,623,749	2.39%	28.38	27,768
2011	711,789	-	6,316,448	11,179,870	-	18,208,107	2.55%	27.79	26,912
2012	653,514	-	5,871,128	16,033,333	-	22,557,975	3.26%	25.31	28,540

GOVERNMENTAL ACTIVITIES
GENERAL BONDED DEBT

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Total	General Bonded Debt as a Percentage of Taxable Value ¹	General Bonded Debt Per Capita ²
2003	\$ 3,572,325	\$ 409,143	\$ 3,981,468	0.68%	\$ 167
2004	3,339,025	317,750	3,656,775	0.57%	146.41
2005	2,984,060	229,357	3,213,417	0.46%	127.12
2006	2,597,430	160,964	2,758,394	0.37%	107.15
2007	2,178,303	120,771	2,299,074	0.29%	88.68
2008	1,732,511	90,578	1,823,089	0.22%	69.93
2009	1,254,221	60,385	1,314,606	0.17%	50.41
2010	734,266	30,193	764,459	0.10%	29.54
2011	711,789	-	711,789	0.10%	27.79
2012	653,514	-	653,514	0.09%	25.31

Note: Details regarding the township's outstanding debt can be found in the notes to the financial statements.

¹ See Schedule 6, the Schedule of Assessed Value and Taxable Value of Property for property value data.

² See Schedule 14, the Schedule of Demographic and Economic Statistics for population data.

**CHARTER TOWNSHIP OF DELHI
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2012**

Schedule 11
Unaudited

Jurisdiction	Net General Bonded Debt Outstanding	Percent Applicable to Delhi	Amount Applicable to Delhi
Holt School District	\$ 91,176,722	83.33%	\$ 75,977,562
Mason School District	19,385,000	10.06%	1,950,131
Lansing School District	52,200,000	0.04%	20,880
Eaton Rapids School District	44,140,122	1.24%	547,338
Ingham County	47,600,203	9.91%	4,717,180
Ingham Intermediate School District	2,334,000	8.29%	193,489
Eaton Intermediate School District	1,130,000	0.24%	2,712
Lansing Community College	49,865,000	6.82%	3,400,793
Subtotal, overlapping debt			<u>86,810,085</u>
Delhi Charter Township direct debt	653,514	100.00%	<u>653,514</u>
Total direct and overlapping debt			<u><u>\$ 87,463,599</u></u>

Source: Municipal Advisory Council of Michigan (MAC)

The MAC obtains the taxable values of properties within the various taxing jurisdictions from the State of Michigan. The percentage applicable to Delhi Township is calculated by dividing the taxable value of Delhi Township taxpayers in that jurisdiction by the total taxable value of the jurisdiction.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Township. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Delhi Charter Township. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CHARTER TOWNSHIP OF DELHI
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Schedule 12
Unaudited

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 67,837,880	\$ 74,094,640	\$ 81,133,195	\$ 86,776,175	\$ 89,012,479	\$ 90,305,100	\$ 83,584,365	\$ 77,184,731	\$ 75,707,465	\$ 71,302,823
Total net debt applicable to limit	<u>23,948,262</u>	<u>22,510,710</u>	<u>20,498,349</u>	<u>18,772,865</u>	<u>17,079,653</u>	<u>25,284,342</u>	<u>22,991,615</u>	<u>22,629,459</u>	<u>20,614,366</u>	<u>18,250,046</u>
Legal debt margin	<u>\$ 43,889,618</u>	<u>\$ 51,583,930</u>	<u>\$ 60,634,846</u>	<u>\$ 68,003,310</u>	<u>\$ 71,932,826</u>	<u>\$ 65,020,758</u>	<u>\$ 60,592,750</u>	<u>\$ 54,555,272</u>	<u>\$ 55,093,099</u>	<u>\$ 53,052,777</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>35.30%</u>	<u>30.38%</u>	<u>25.27%</u>	<u>21.63%</u>	<u>19.19%</u>	<u>28.00%</u>	<u>27.51%</u>	<u>29.32%</u>	<u>27.23%</u>	<u>25.60%</u>

Legal Debt Margin Calculation for Fiscal Year 2012

2012 State Equalized Valuation (SEV)	\$ 713,028,230
	x 10%
Legal Debt Limit (10% of SEV)	<u>71,302,823</u>
Direct General Obligation Debt	\$ 34,283,379
Less:	
Revenue Bonds	<u>(16,033,333)</u>
Net Direct Debt	<u>18,250,046</u>
Debt Limit Margin	<u>\$ 53,052,777</u>

**CHARTER TOWNSHIP OF DELHI
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Schedule 13
Unaudited

Fiscal Year	Population (estimated) ¹	Estimated Total Personal Income for Township Residents (amounts expressed in thousands)	Per Capita Personal Income ¹	Median Age ¹	School Enrollment ²	Unemployment Rate ³
2003	23,817	\$ 597,831	\$ 25,101	n/a	5,705	3.6%
2004	24,977	640,410	25,640	n/a	5,866	4.0%
2005	25,279	661,779	26,179	n/a	5,947	4.1%
2006	25,743	687,776	26,717	36.7	6,005	4.0%
2007	25,925	706,612	27,256	36.7	5,998	3.9%
2008	26,070	702,195	26,935	36.7	5,973	4.5%
2009	26,078	724,134	27,768	38.5	5,862	7.3%
2010	25,877	718,553	27,768	n/a	5,862	7.0%
2011	25,610	689,216	26,912	37.7	5,892	5.7%
2012	25,817	736,817	28,540	38.2	5,781	4.8%

Data Sources:

¹ U.S. Census Bureau and estimated by current trends

² Holt Public Schools

³ State of Michigan: Department of Energy, Labor, and Economic Growth

**CHARTER TOWNSHIP OF DELHI
PRINCIPAL EMPLOYERS
CURRENT YEAR AND PREVIOUS SIX YEARS**

Schedule 14
Unaudited

Employer	2012			2011			2010		
	Approx. No. Employed	Rank	% of Total Employment	Approx. No. Employed	Rank	% of Total Employment	Approx. No. Employed	Rank	% of Total Employment
Holt Public Schools	830	1	n/a	850	1	n/a	850	1	n/a
Dakkota Integrated Interiors	293	2	n/a	361	2	n/a	261	2	n/a
RSDC of Michigan, LLC	200	3	n/a	175	4	n/a	171	4	n/a
Orchid Stealth	190	4	n/a	153	5	n/a	117	8	n/a
Granger Construction	152	5	n/a	197	3	n/a	172	3	n/a
Kroger	145	6	n/a	130	7	n/a	130	5	n/a
Magna Powertrain (MPT)	135	7	n/a	150	6	n/a	125	6	n/a
Holt Senior Care	123	8	n/a	123	8	n/a	120	7	n/a
Lansing Christian School	100	9	n/a	100	9	n/a	100	9	n/a
Block Imaging	80	10	n/a						
Delhi Charter Township				79	10	n/a	73	10	n/a

Employer	2009			2008			2007		
	Approx. No. Employed	Rank	% of Total Employment	Approx. No. Employed	Rank	% of Total Employment	Approx. No. Employed	Rank	% of Total Employment
Holt Public Schools	850	1	n/a	850	1	n/a	855	1	n/a
Dakkota Integrated Interiors	249	2	n/a	537	2	n/a	167	4	n/a
RSDC of Michigan, LLC	164	4	n/a				300	2	n/a
Orchid Stealth	115	5	n/a	153	4	n/a	150	5	n/a
Granger Construction	170	3	n/a	170	3	n/a	271	3	n/a
Kroger	105	7	n/a	100	8	n/a			
Holt Senior Care	110	6	n/a						
Lansing Christian School	100	8	n/a				80	8	n/a
Delhi Charter Township	84	10	n/a	134	5	n/a	104	6	n/a
Davenport Masonry	97	9	n/a	65	10	n/a			
Shiffer Mason Contractors				125	6	n/a			
Martin Luther Holt Home				108	7	n/a			
Parker Hannifin Corp				90	9	n/a	97	7	n/a
Molded Plastics							65	9	n/a
Dart Container							43	10	n/a
Holt Products									

Employer	2006		
	Approx. No. Employed	Rank	% of Total Employment
Holt Public Schools	625	1	n/a
Dakkota Integrated Interiors	180	4	n/a
RSDC of Michigan, LLC	272	2	n/a
Orchid Stealth	115	5	n/a
Granger Construction	250	3	n/a
Lansing Christian School	100	8	n/a
Delhi Charter Township	101	7	n/a
Parker Hannifin Corp	109	6	n/a
Dart Container	43	10	n/a
Holt Products	44	9	n/a

CHARTER TOWNSHIP OF DELHI
FULL - TIME EQUIVALENT TOWNSHIP GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Schedule 15
Unaudited

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:	20.50	20.50	20.63	20.10	19.94	19.32	17.82	17.82	18.17	16.17
Public Safety:										
Police:										
Officers *	21.00	21.00	21.00	21.00	21.00	21.00	21.00	18.00	19.00	19.00
Civilians *	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Fire:										
Firefighters and officers	17.30	17.20	17.41	17.66	17.66	18.31	18.81	17.96	17.96	19.00
Civilians	1.50	1.50	1.50	1.50	1.50	1.80	1.80	1.80	1.80	1.00
Public Works	24.50	25.50	27.25	28.84	29.60	26.60	26.30	22.55	23.80	25.10
Engineering	1.50	1.50	-	-	-	-	-	-	-	-
Community Development	6.00	6.00	7.00	7.50	7.50	7.85	6.80	6.80	6.00	6.00
Recreation and Culture	5.00	5.50	5.00	5.50	5.80	5.80	5.80	5.80	9.43	9.32
Total	<u>98.80</u>	<u>100.20</u>	<u>101.29</u>	<u>103.60</u>	<u>104.50</u>	<u>102.18</u>	<u>99.83</u>	<u>92.23</u>	<u>97.66</u>	<u>97.09</u>

Source: Townships Budget Documents and Human Resources

* These positions are employees of Ingham County. The Township contracts with Ingham County for police protection.

**CHARTER TOWNSHIP OF DELHI
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Schedule 16
Unaudited

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fire:										
Number of Calls	1,850	1,818	2,063	2,065	2,122	2,287	2,182	2,324	2,410	2,577
Inspections	858	907	1,138	836	1,004	1,000	375	1,129	826	800
Burning/Recreational Permits	1,331	1,964	1,901	2,171	2,069	1,288	356	317	271	220
Police:										
Number of Traffic Accidents	890	779	872	741	969	842	669	507	288	455
Number of Written Complaints	4,673	4,644	4,525	4,683	4,729	4,621	4,667	4,125	4,044	2,535
Number of Miles Driven	198,475	174,376	163,754	187,916	153,791	150,075	146,832	115,671	113,913	117,023
Vehicle Stops	8,013	7,011	5,609	5,429	7,849	8,041	8,754	5,869	5,867	5,512
Accounting:										
Number of W-2's processed	369	345	293	356	314	362	300	303	225	273
Number of payroll checks processed	n/a	2,933	2,456	2,614	2,346	2,353	1,932	1,459	1,189	1,442
Number of payroll direct deposits	n/a	n/a	n/a	n/a	n/a	1,463	1,685	2,063	2,085	2,038
Number of purchase orders processed	n/a	1,314	1,061	873	795	734	593	458	432	444
Number of accounts payable checks processed	2,992	3,571	2,753	2,830	2,881	2,767	2,585	2,156	2,283	2,376
Number of accounts payable ACHs sent						39	40	224	513	482
Assessing:										
Number of Field Inspections	1,438	2,226	1,242	2,485	899	1,381	364	679	1,188	464
Clerk's Office:										
Number of FOIA requests	56	122	77	56	65	37	29	37	26	85
Number of pages scanned/microfilmed	64,000	113,708	73,166	21,452	19,985	26,754	35,962	39,369	4,962	8,072
Elections:										
Number of Registered Voters	15,734	16,578	16,804	16,723	17,016	17,929	17,542	17,425	17,891	18,572
Number of Permanent Absentee Voters	1,251	1,251	1,815	1,766	2,010	2,294	2,206	2,584	2,490	2,819
Treasurer's Office:										
Monthly Average No. of Sewer Bills mailed	6,435	6,852	7,000	7,150	7,157	7,195	7,257	7,225	7,087	7,043
Monthly Average No. of Sewer Bills Emailed	-	-	-	-	-	-	-	-	116	208
Number of Tax Bills-Two billings/year beg. 2003	18,187	18,534	19,154	19,875	20,110	20,278	20,382	20,494	20,412	20,743
Recreation and Culture:										
Number of Athletic Teams	247	242	253	290	231	259	254	248	282	293
Number of Sr. Citizens Trips	8	8	8	8	9	8	8	11	11	10
Tennis Lessons	204	201	196	200	165	195	204	155	-	-
Wastewater:										
Average daily sewage treatment (millions of gallons per day)	2.12	2.87	2.23	3.00	2.45	2.54	2.68	2.15	2.35	2.10
Community Development:										
Permits Issued	2,287	2,136	1,858	1,526	1,629	986	1,194	1,229	1,207	1,180
Code Enforcement Complaints	1,718	547	677	592	585	530	563	583	579	422

Source: Various Township Departments

**CHARTER TOWNSHIP OF DELHI
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Schedule 17
Unaudited

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety:										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Recreation and Culture:										
Parks Acreage	95	110	110	110	120	120	120	120	120	120
Parks	7	8	8	9	9	9	9	9	9	9
Senior Center	1	1	1	1	1	1	1	1	1	1
Buildings	2	2	2	2	2	2	2	2	2	2
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Sewer:										
Sanitary Sewers (miles)	n/a	n/a	122.05	122.63	124.44	124.43	124.54	124.54	124.54	125.62
Maximum daily treatment capacity (millions of gallons)	2.5	2.5	4	4	4	4.5	4.5	4.5	4.5	4.5
General Government:										
Cemeteries	3	3	3	3	3	3	3	3	3	3
Community Service Center	1	1	1	1	1	1	1	1	1	1

**CHARTER TOWNSHIP OF DELHI
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Schedule 18
Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Taxable Value	\$ 156,389,893	\$ 171,974,913	\$ 187,329,054	\$ 208,725,517	\$ 224,269,239	\$ 238,602,015	\$ 227,057,132	\$ 214,579,630	\$ 221,574,763	\$ 206,199,563
Base Value	48,663,625	48,572,525	48,572,525	48,603,975	48,663,625	48,650,975	48,650,975	48,650,975	48,650,975	48,650,975
Captured Value	<u>\$ 107,726,268</u>	<u>\$ 123,402,388</u>	<u>\$ 138,756,529</u>	<u>\$ 160,121,542</u>	<u>\$ 175,605,614</u>	<u>\$ 189,951,040</u>	<u>\$ 178,406,157</u>	<u>\$ 165,928,655</u>	<u>\$ 172,923,788</u>	<u>\$ 157,548,588</u>
*Revenue shared with Township	n/a	n/a	124,135	136,746	154,344	168,833	176,761	169,826	316,446	304,938
*Revenue shared with other entities	n/a	n/a	458,791	507,179	608,850	665,869	735,201	705,432	1,079,582	1,270,429
Revenues:										
Tax Revenue	\$ 2,609,319	\$ 2,917,116	\$ 2,967,098	\$ 2,940,331	\$ 3,481,027	\$ 3,401,772	\$ 3,624,633	\$ 3,440,887	\$ 2,433,722	\$ 2,226,781
Other	87,124	99,558	120,795	208,910	332,307	269,444	108,921	45,128	232,818	47,358
Total Revenue	<u>2,696,443</u>	<u>3,016,674</u>	<u>3,087,893</u>	<u>3,149,241</u>	<u>3,813,334</u>	<u>3,671,216</u>	<u>3,733,554</u>	<u>3,486,015</u>	<u>2,666,540</u>	<u>2,274,139</u>
Expenditures:										
Community & Economic Development	319,122	695,503	891,648	926,712	1,884,356	3,986,582	1,576,478	4,297,057	1,216,214	985,280
Debt Service	1,635,130	651,377	425,423	118,064	116,551	120,039	118,388	107,236	89,325	133,943
Capital Outlay	1,199,973	498,320	730,254	595,350	821,227	11,367,077	1,964,396	14,150	-	11,298
Total Expenditures	<u>3,154,225</u>	<u>1,845,200</u>	<u>2,047,325</u>	<u>1,640,126</u>	<u>2,822,134</u>	<u>15,473,698</u>	<u>3,659,262</u>	<u>4,418,443</u>	<u>1,305,539</u>	<u>1,130,521</u>
Other Financing Sources (uses):										
Sale of Capital Assets	-	148,245	-	-	-	-	-	-	-	-
Bond Proceeds	977,625	-	-	-	-	8,995,149	-	2,540,000	-	-
Transfers Out to Debt Service Funds	(383,529)	(782,251)	(329,496)	(366,248)	(333,386)	(448,709)	(1,084,832)	(1,034,238)	(1,254,338)	(1,266,236)
Total other financing sources (uses)	<u>594,096</u>	<u>(634,006)</u>	<u>(329,496)</u>	<u>(366,248)</u>	<u>(333,386)</u>	<u>8,546,440</u>	<u>(1,084,832)</u>	<u>1,505,762</u>	<u>(1,254,338)</u>	<u>(1,266,236)</u>
Change in net position	136,314	537,468	711,072	1,142,867	657,814	(3,256,042)	(1,010,540)	573,334	106,663	(122,618)
Fund Balance:										
Beginning of the year	<u>1,875,915</u>	<u>1,587,187</u>	<u>2,124,655</u>	<u>2,835,728</u>	<u>3,978,595</u>	<u>4,636,409</u>	<u>1,380,367</u>	<u>369,827</u>	<u>943,161</u>	<u>1,049,824</u>
End of the year	<u>\$ 2,012,229</u>	<u>\$ 2,124,655</u>	<u>\$ 2,835,727</u>	<u>\$ 3,978,595</u>	<u>\$ 4,636,409</u>	<u>\$ 1,380,367</u>	<u>\$ 369,827</u>	<u>\$ 943,161</u>	<u>\$ 1,049,824</u>	<u>\$ 927,206</u>

*DDA Revenue Sharing Agreement: DDA returns a percentage of captured revenue as follows - 2005 - 2010 = 20%; 2011 - 2015 = 40%; 2016 - 2020 = 60%; 2021 - 2024 = 75%