

CHARTER TOWNSHIP OF DELTA

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

YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Charter Township of Delta
Lansing, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited 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 the Charter Township of Delta as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Charter Township of Delta's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining funding information of the Charter Township of Delta, as of December 31, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter Township of Delta, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2022 the Township adopted new accounting guidance, GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter Township of Delta's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Charter Township of Delta's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter Township of Delta's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as well as the other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charter Township of Delta's basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2023 on our consideration of Charter Township of Delta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Charter Township of Delta's 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 Delta's internal control over financial reporting and compliance.

Maney Costeiran PC

May 8, 2023

**CHARTER TOWNSHIP OF DELTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

As management of the Charter Township of Delta (Township), we offer readers of the Charter Township of Delta's financial statements this narrative overview and analysis of the financial activities of the Charter Township of Delta for the fiscal year ended December 31, 2022.

Financial Highlights

Governmental-wide Activity

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$132.9 million dollars (net position). Of this amount, \$39.8 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$8.1 million dollars.

Fund Level Activity

- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$26.8 million, increasing \$0.7 million from the previous year.
- The Township's total outstanding debt increased \$15.2 million.

Overview of the Financial Statements

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

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

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

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

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

**CHARTER TOWNSHIP OF DELTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

The government-wide financial statements include not only the Township itself (known as the *primary government*), but also the legally separate Economic Development Corporation (EDC), Saginaw Highway Corridor Improvement Authority and Brownfield Redevelopment Authority, for which the Township is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 16 through 18 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 19 through 22 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 23 through 27 of this report.

**CHARTER TOWNSHIP OF DELTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

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 28 and 29 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 66 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Township's progress in funding its obligation to provide retirement benefits to its employees, its obligation to provide other post-employment benefits to its employees, and the general and paramedic special revenue fund budgets. Required supplementary information can be found on pages 67 through 77 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on retirement benefits. Combining and individual fund statements and other schedules can be found on pages 78 through 106 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$132.9 million at the close of the most recent fiscal year.

Charter Township of Delta's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and other assets	\$ 47,680,049	\$ 39,961,639	\$ 32,344,188	\$ 18,185,547	\$ 80,024,237	\$ 58,147,186
Capital assets	34,602,963	33,056,114	80,351,037	62,953,803	114,954,000	96,009,917
TOTAL ASSETS	82,283,012	73,017,753	112,695,225	81,139,350	194,978,237	154,157,103
DEFERRED OUTFLOWS OF RESOURCES	11,309,204	9,225,188	2,423,194	1,879,845	13,732,398	11,105,033
LIABILITIES						
Long-term liabilities outstanding	8,392,957	7,227,326	17,542,305	3,496,245	25,935,262	10,723,571
Net pension liability	4,307,129	5,127,346	-	-	4,307,129	5,127,346
Net other postemployment benefit liability	2,447,187	1,373,065	929,164	512,687	3,376,351	1,885,752
Other liabilities	4,119,005	2,908,479	12,549,232	851,624	16,668,237	3,760,103
TOTAL LIABILITIES	19,266,278	16,636,216	31,020,701	4,860,556	50,286,979	21,496,772
DEFERRED INFLOWS OF RESOURCES	23,232,886	16,839,056	2,232,044	2,047,165	25,464,930	18,886,221
NET POSITION						
Net investment in capital assets	27,175,261	27,026,429	63,226,006	59,967,360	90,401,267	86,993,789
Restricted	2,748,037	3,199,764	-	-	2,748,037	3,199,764
Unrestricted	21,169,754	18,541,476	18,639,668	16,144,114	39,809,422	34,685,590
TOTAL NET POSITION	\$ 51,093,052	\$ 48,767,669	\$ 81,865,674	\$ 76,111,474	\$ 132,958,726	\$ 124,879,143

**CHARTER TOWNSHIP OF DELTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

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

An additional portion of the Township's net position (2%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$39.8 million) may be used to meet the government's ongoing obligations to citizens and creditors.

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

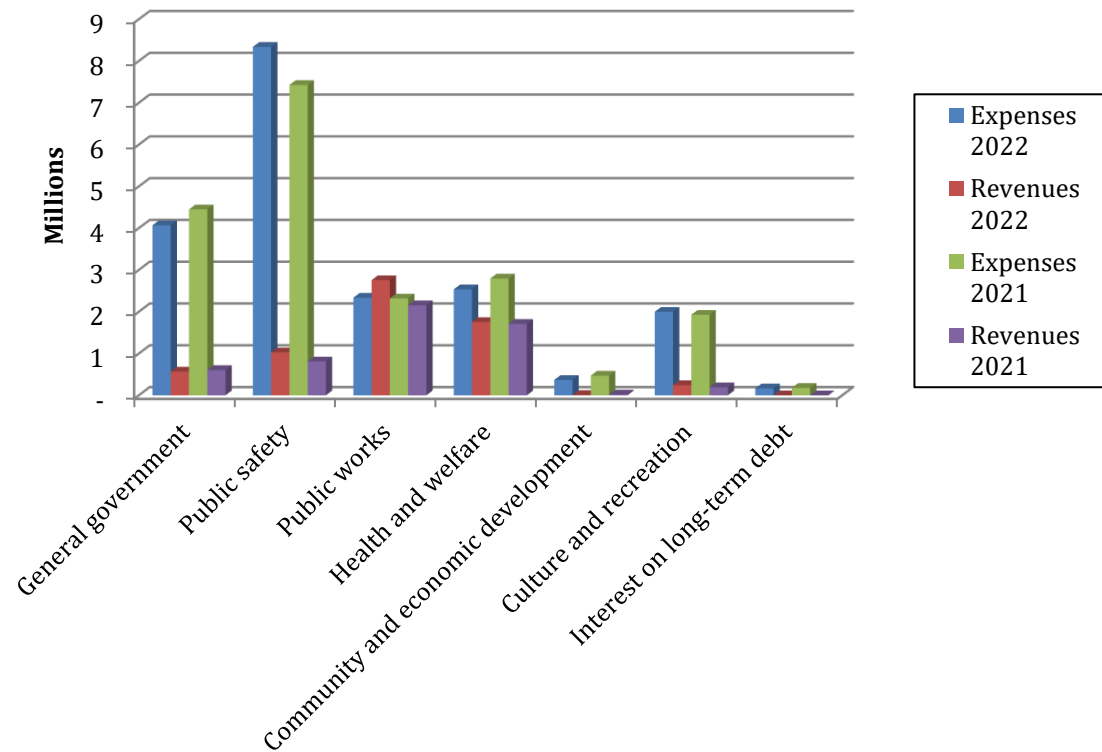
Governmental Activities. Governmental activities increased the Township's net position by \$2,325,383 and the business-type activities net position increased by \$5,754,200. Key elements of this increase are as follows:

Charter Township of Delta's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues						
Charges for services	\$ 6,295,530	\$ 5,496,093	\$ 12,607,076	\$ 11,849,075	\$ 18,902,606	\$ 17,345,168
Operating grants and contributions	19,545	76,398	-	-	19,545	76,398
Capital grants and contributions	43,686	130,720	4,544,660	2,021,547	4,588,346	2,152,267
General revenues						
Property taxes	9,550,258	9,441,800	-	-	9,550,258	9,441,800
Paramedic levy	1,626,935	1,550,711	-	-	1,626,935	1,550,711
State sources	3,762,619	3,345,885	-	-	3,762,619	3,345,885
Franchise fees	486,087	1,695,485	-	-	486,087	1,695,485
Investment earnings (loss)	(97,839)	(72,548)	(127,039)	(46,336)	(224,878)	(118,884)
Other	503,068	284,766	-	-	503,068	284,766
Transfers	(48,500)	-	48,500	-	-	-
TOTAL REVENUE	22,141,389	21,949,310	17,073,197	13,824,286	39,214,586	35,773,596
EXPENSES						
General government	4,067,994	4,450,116	-	-	4,067,994	4,450,116
Public safety	8,339,971	7,427,071	-	-	8,339,971	7,427,071
Public works	2,336,206	2,318,095	-	-	2,336,206	2,318,095
Health and welfare	2,536,894	2,794,805	-	-	2,536,894	2,794,805
Community and economic development	368,777	470,670	-	-	368,777	470,670
Culture and recreation	1,999,009	1,927,542	-	-	1,999,009	1,927,542
Interest on long-term debt	167,155	178,316	-	-	167,155	178,316
Water	-	-	6,097,418	5,712,269	6,097,418	5,712,269
Sewer	-	-	5,221,579	4,917,128	5,221,579	4,917,128
TOTAL EXPENSES	19,816,006	19,566,615	11,318,997	10,629,397	31,135,003	30,196,012
Increase in net position	2,325,383	2,382,695	5,754,200	3,194,889	8,079,583	5,577,584
Net position, beginning of year	48,767,669	46,384,974	76,111,474	72,916,585	124,879,143	119,301,559
Net position, end of year	\$ 51,093,052	\$ 48,767,669	\$ 81,865,674	\$ 76,111,474	\$ 132,958,726	\$ 124,879,143

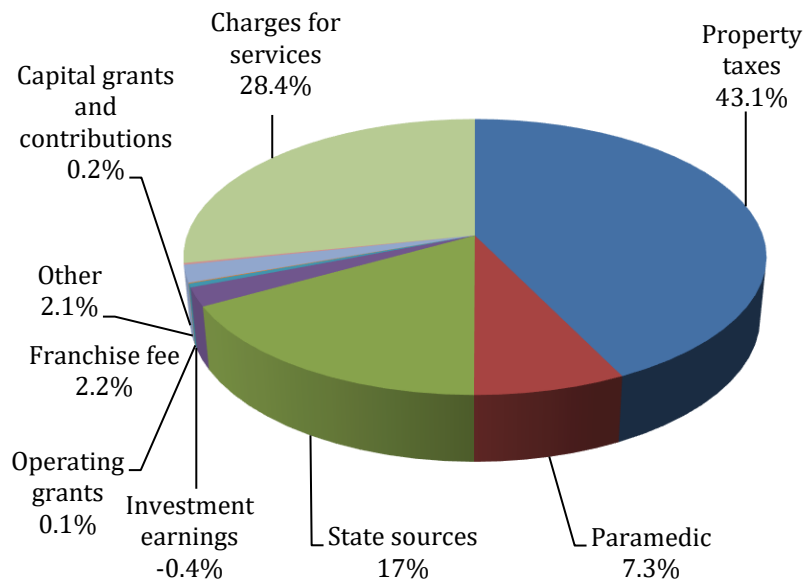
**CHARTER TOWNSHIP OF DELTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

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

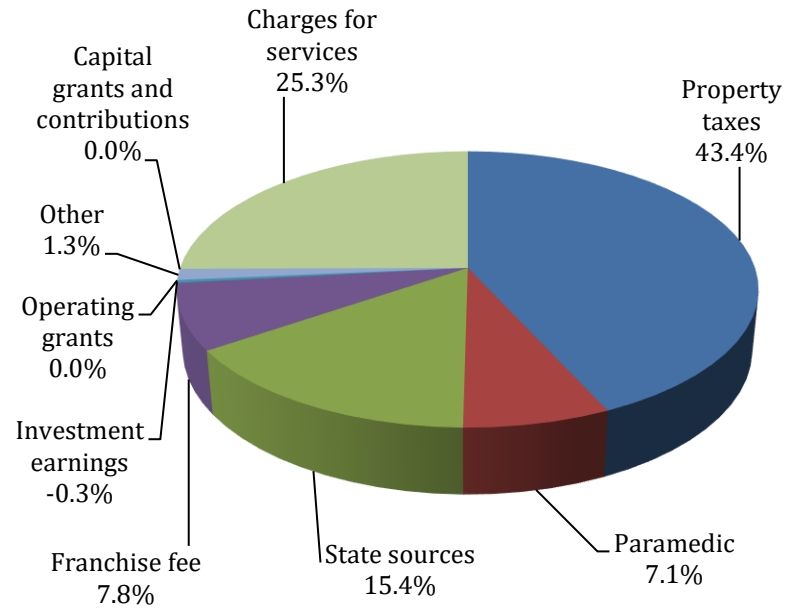


**CHARTER TOWNSHIP OF DELTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

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



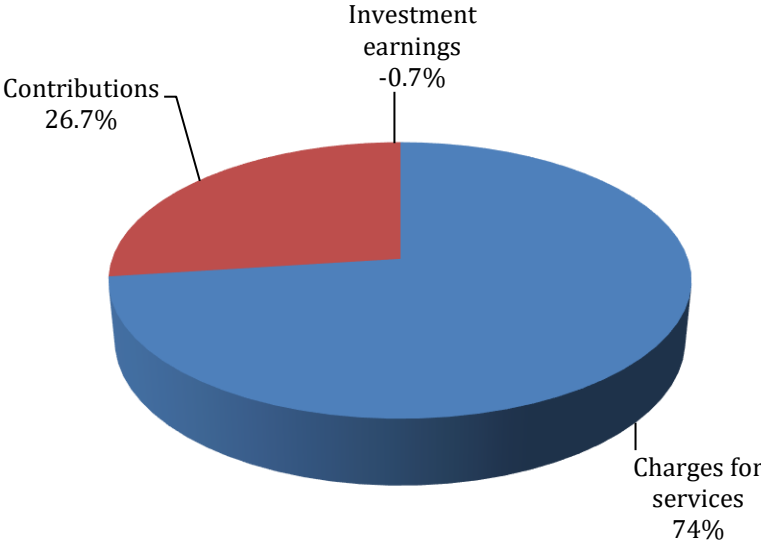
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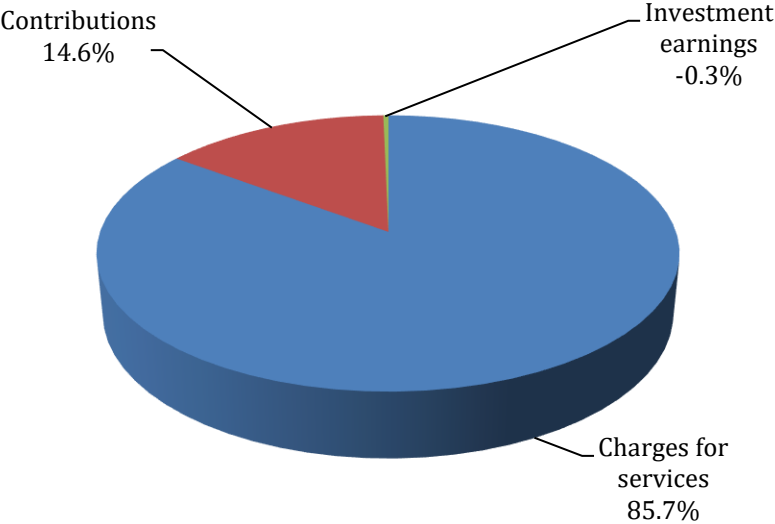
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**CHARTER TOWNSHIP OF DELTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

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



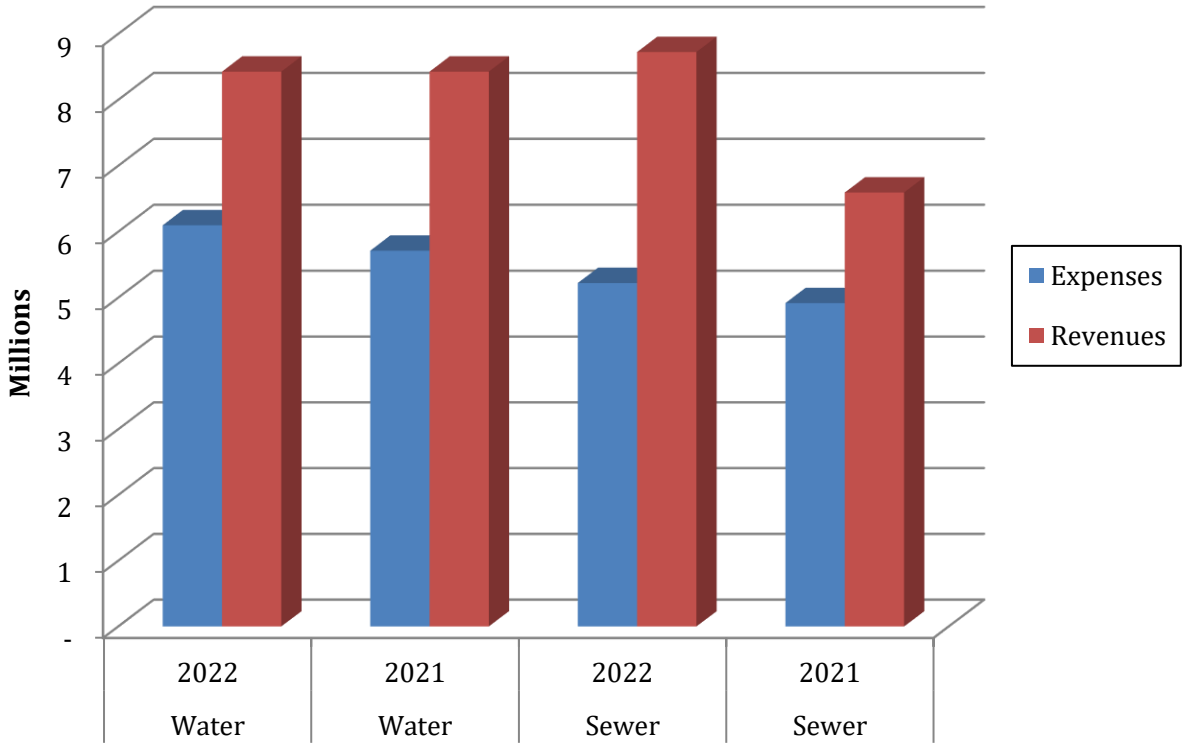
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2021

**CHARTER TOWNSHIP OF DELTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

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



**CHARTER TOWNSHIP OF DELTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Changes in net position:

- Overall governmental activities revenue is up \$192,079 from prior year.
- Expenses for governmental activities went from \$19.6 million to \$19.8 million, an increase of \$0.2 million.

Business-type Activities. Business-type activities increased the Township's net position by \$5.8 million. Approximately \$3.1 million is attributed to private contributions.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balance of \$26.8 million, which is an increase of approximately \$0.7 million. Approximately 33% of this total amount (\$8.8 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable (\$2,822,025), restricted (\$2,748,037), or assigned (\$12,385,600).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8.8 million, while total fund balance was \$21.0 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 44% of total general fund expenditures and operating transfers out, while total fund balance represents 103% of that same amount.

The fund balance of the Township's general fund increased by \$644,474 during the current fiscal year.

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

Unrestricted net positions for the water and sewer funds at the end of the year amounted to \$18.7 million. The total increase in net position amounted to approximately \$5.8 million.

**CHARTER TOWNSHIP OF DELTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

General Fund Budgetary Highlights

The final amended budget increased appropriations by \$2.5 million, while budgeted revenue and other financial sources and uses increased by the same amount. Major changes to appropriations can be summarized as follows:

- An increase in contracted services for design of a new Sheriff's substation.
- Increased salary/overtime expense due to retirements and staffing challenges at the beginning of 2022.
- Reduction in capital expenditures planned for Township parks due to the delay of three capital projects.
- Recognition of 10 year lease with Stryker for medical equipment.

During the year, actual revenue was higher than the amended budgetary estimates. This arises primarily from higher than anticipated licenses and permits and state shared revenue, offset by lower than anticipated state and federal grants and local contributions. In addition, actual expenses were lower than the amended budget due to tight budgetary control.

Capital Asset and Debt Administration

Capital Assets. The Township's investment in capital assets for its governmental and business type activities as of December 31, 2022, amounts to \$115.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, vehicles, park facilities, sidewalks, other infrastructure, and right to use of asset. The total increase in the Township's investment in capital assets for the current fiscal year was 20% (a 4.7% increase for governmental activities and a 27.6% increase for business-type activities).

**Charter Township of Delta's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 6,976,804	\$ 6,816,315	\$ 1,645,240	\$ 1,615,240	\$ 8,622,044	\$ 8,431,555
Construction in process	-	-	18,236,480	2,282,009	18,236,480	2,282,009
Building and building equipment	9,997,591	10,341,520	2,206,923	2,263,313	12,204,514	12,604,833
Land improvements/sidewalks	7,767,524	7,584,650	64,867	74,747	7,832,391	7,659,397
Vehicles	653,594	771,454	-	-	653,594	771,454
Equipment	1,764,702	1,417,996	1,101,988	744,632	2,866,690	2,162,628
Flowage rights	4,396,215	4,609,878	-	-	4,396,215	4,609,878
Streets and highways	1,338,115	1,514,301	-	-	1,338,115	1,514,301
Sewer and water mains	-	-	57,095,539	55,973,862	57,095,539	55,973,862
Right to use asset - equipment	1,708,418	-	-	-	1,708,418	-
	<u>\$ 34,602,963</u>	<u>\$ 33,056,114</u>	<u>\$ 80,351,037</u>	<u>\$ 62,953,803</u>	<u>\$ 114,954,000</u>	<u>\$ 96,009,917</u>

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

**CHARTER TOWNSHIP OF DELTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Long-Term Obligations. At the end of the current fiscal year, the Township had total long-term obligations outstanding of \$25.9 million. Of this amount, \$7.3 million comprises debt backed by the full faith and credit of the government. The Township also has notes from direct borrowing and direct placements including other long-term items (\$17,358,299). The remaining \$1.3 million represents compensated absences earned but not used as of year-end.

Charter Township of Delta's Outstanding Long-term Obligations
General Obligation Bonds, Notes from Direct Borrowings and Direct Placements,
and Other Long-term Obligations

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation debts	\$ 5,359,474	\$ 5,581,772	\$ 1,945,635	\$ 2,897,513	\$ 7,305,109	\$ 8,479,285
Notes from direct borrowings and direct placements	2,178,903	566,493	15,179,396	88,930	17,358,299	655,423
Other	854,580	1,079,061	417,274	509,802	1,271,854	1,588,863
	<u>\$ 8,392,957</u>	<u>\$ 7,227,326</u>	<u>\$ 17,542,305</u>	<u>\$ 3,496,245</u>	<u>\$ 25,935,262</u>	<u>\$ 10,723,571</u>

The Township's total debt increase by \$15.2 million during the current fiscal year. This is attributable to the Township borrowing from the Clean Water State Revolving Fund for improvements to the wastewater treatment plant.

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

Economic Factors and Next Year's Budgets and Rates

Charter Township of Delta's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2023 that also promotes and funds numerous project objectives that have been set by the Township's strategic plan.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF DELTA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Brownfield Redevelopment Authority	Saginaw Highway Corridor Improvement Authority
ASSETS						
Cash	\$ 17,337,755	\$ 10,618,552	\$ 27,956,307	\$ 59,689	\$ 135,661	\$ 80,010
Investments	16,042,389	9,824,627	25,867,016	-	-	-
Receivables						
Accounts	160,765	8,566,918	8,727,683	-	-	-
Leases	4,757,489	-	4,757,489	-	-	-
Taxes	6,437,272	-	6,437,272	-	-	-
Interest	80,367	48,817	129,184	-	-	-
Other	-	3,316,860	3,316,860	-	-	-
Internal balances	41,987	(41,987)	-	-	-	-
Prepaid items	2,822,025	-	2,822,025	-	-	-
Special assessments						
Due within one year - interest	-	102	102	-	-	-
Due within one year	-	1,546	1,546	-	-	-
Due in more than one year	-	8,753	8,753	-	-	-
Capital assets not being depreciated/amortized						
Land	6,976,804	1,645,240	8,622,044	-	-	-
Construction in progress	-	18,236,480	18,236,480	-	-	-
Other capital assets, net of accumulated depreciation/amortization	27,626,159	60,469,317	88,095,476	-	-	-
TOTAL ASSETS	82,283,012	112,695,225	194,978,237	59,689	135,661	80,010
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	4,380,992	-	4,380,992	-	-	-
Other postemployment benefits related items	6,817,537	2,423,194	9,240,731	-	-	-
Deferred charge on refunding	110,675	-	110,675	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,309,204	2,423,194	13,732,398	-	-	-

See notes to financial statements.

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Brownfield Redevelopment Authority	Saginaw Highway Corridor Improvement Authority
LIABILITIES						
Accounts payable	\$ 426,270	\$ 2,959,038	\$ 3,385,308	\$ -	\$ -	\$ -
Customer deposits payable	131,050	79,550	210,600	-	-	-
Retainage payable	5,000	1,389,217	1,394,217	-	-	-
Accrued salaries and related items	288,480	-	288,480	-	-	-
Accrued interest	69,301	7,091	76,392	-	-	-
Unearned revenue	3,198,904	8,114,336	11,313,240	-	-	-
Noncurrent liabilities						
Due within one year	1,222,987	1,153,990	2,376,977	-	-	-
Due in more than one year	7,169,970	16,388,315	23,558,285	-	-	-
Net other postemployment benefits liability	2,447,187	929,164	3,376,351	-	-	-
Net pension liability	4,307,129	-	4,307,129	-	-	-
TOTAL LIABILITIES	19,266,278	31,020,701	50,286,979	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Pension related items	35,938	-	35,938	-	-	-
Other postemployment benefits related items	6,407,918	2,232,044	8,639,962	-	-	-
Unavailable revenue - leases	4,624,479	-	4,624,479	-	-	-
Unavailable revenue - property taxes	12,164,551	-	12,164,551	-	65,155	80,010
TOTAL DEFERRED INFLOWS OF RESOURCES	23,232,886	2,232,044	25,464,930	-	65,155	80,010
NET POSITION						
Net investment in capital assets	27,175,261	63,226,006	90,401,267	-	-	-
Restricted for perpetual care	395,604	-	395,604	-	-	-
Restricted for paramedic services	1,902,433	-	1,902,433	-	-	-
Restricted for budget stabilization	450,000	-	450,000	-	-	-
Unrestricted	21,169,754	18,639,668	39,809,422	59,689	70,506	-
TOTAL NET POSITION	\$ 51,093,052	\$ 81,865,674	\$ 132,958,726	\$ 59,689	\$ 70,506	\$ -

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
STATEMENT OF ACTIVITIES
DECEMBER 31, 2022**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues				Primary Government			Component Unit		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Brownfield Redevelopment Authority	Saginaw Highway Corridor Improvement Authority
Primary government										
Governmental activities										
General government	\$ 4,067,994	\$ 524,849	\$ -	\$ 43,686	\$ (3,499,459)	\$ -	\$ (3,499,459)	\$ -	\$ -	\$ -
Public safety	8,339,971	1,007,421	19,545	-	(7,313,005)	-	(7,313,005)	-	-	-
Public works	2,336,206	2,757,047	-	-	420,841	-	420,841	-	-	-
Health and welfare	2,536,894	1,754,305	-	-	(782,589)	-	(782,589)	-	-	-
Community and economic development	368,777	8,400	-	-	(360,377)	-	(360,377)	-	-	-
Culture and recreation	1,999,009	243,508	-	-	(1,755,501)	-	(1,755,501)	-	-	-
Interest on long-term debt	167,155	-	-	-	(167,155)	-	(167,155)	-	-	-
Total governmental activities	19,816,006	6,295,530	19,545	43,686	(13,457,245)	-	(13,457,245)	-	-	-
Business-type activities										
Water	6,097,418	6,477,050	-	1,949,893	-	2,329,525	2,329,525	-	-	-
Sewer	5,221,579	6,130,026	-	2,594,767	-	3,503,214	3,503,214	-	-	-
Total business activities	11,318,997	12,607,076	-	4,544,660	-	5,832,739	5,832,739	-	-	-
Total primary government	\$ 31,135,003	\$ 18,902,606	\$ 19,545	\$ 4,588,346	-	-	(7,624,506)	-	-	-
Component unit										
Economic Development Corporation	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
Brownfield Redevelopment Authority	138,608	-	-	-	-	-	-	-	(138,608)	-
Saginaw Highway Corridor Improvement Authority	-	-	-	-	-	-	-	-	-	-
Total component unit activities	\$ 138,608	\$ -	\$ -	\$ -	-	-	-	-	(138,608)	-
General revenues										
Taxes										
Property taxes, levied for general purposes					9,550,258	-	9,550,258	-	133,460	-
Paramedic levy					1,626,935	-	1,626,935	-	-	-
State sources					3,762,619	-	3,762,619	-	-	-
Franchise fees					486,087	-	486,087	-	-	-
Investment earnings (loss)					(97,839)	(127,039)	(224,878)	(998)	-	-
Other					503,068	-	503,068	-	-	-
Transfers					(48,500)	48,500	-	-	-	-
Total general revenues and transfers					15,782,628	(78,539)	15,704,089	(998)	133,460	-
Change in net position					2,325,383	5,754,200	8,079,583	(998)	(5,148)	-
Net position, beginning of year					48,767,669	76,111,474	124,879,143	60,687	75,654	-
Net position, end of year					\$ 51,093,052	\$ 81,865,674	\$ 132,958,726	\$ 59,689	\$ 70,506	\$ -

See notes to financial statements.

CHARTER TOWNSHIP OF DELTA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Paramedic Fund (a Special Revenue Fund)	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash	\$ 12,895,560	\$ 1,020,834	\$ 3,198,548	\$ 222,813	\$ 17,337,755
Investments	11,931,914	945,325	2,959,767	205,383	16,042,389
Receivables					
Accounts	160,765	-	-	-	160,765
Leases	4,757,489	-	-	-	4,757,489
Taxes	4,724,575	1,712,697	-	-	6,437,272
Interest	60,027	4,697	14,706	937	80,367
Due from other funds	72,130	-	-	-	72,130
Prepaid items	2,303,208	518,817	-	-	2,822,025
TOTAL ASSETS	\$ 36,905,668	\$ 4,202,370	\$ 6,173,021	\$ 429,133	\$ 47,710,192
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 387,990	\$ 38,280	\$ -	\$ -	\$ 426,270
Customer deposits payable	131,050	-	-	-	131,050
Due to other funds	-	30,143	-	-	30,143
Retainage payable	5,000	-	-	-	5,000
Unearned revenue	-	-	3,198,904	-	3,198,904
Accrued salaries and related items	288,480	-	-	-	288,480
TOTAL LIABILITIES	812,520	68,423	3,198,904	-	4,079,847
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - leases	4,624,479	-	-	-	4,624,479
Unavailable revenue - property taxes	10,472,213	1,712,697	-	-	12,184,910
TOTAL DEFERRED INFLOWS OF RESOURCES	15,096,692	1,712,697	-	-	16,809,389
FUND BALANCES					
Nonspendable					
Prepaid items	2,303,208	518,817	-	-	2,822,025
Restricted					
Budget stabilization	450,000	-	-	-	450,000
Perpetual care fund	-	-	-	395,604	395,604
Paramedic fund	-	1,902,433	-	-	1,902,433
Assigned					
Debt service	-	-	-	33,529	33,529
Compensated absences	965,254	-	-	-	965,254
Roads	1,100,000	-	-	-	1,100,000
Retiree health insurance	100,000	-	-	-	100,000

See notes to financial statements.

	General	Paramedic Fund (a Special Revenue Fund)	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES (continued)					
Assigned (continued)					
Non-motorized transportation	\$ 700,000	\$ -	\$ -	\$ -	\$ 700,000
Economic development	500,000	-	-	-	500,000
Capital improvements	3,990,000	-	2,974,117	-	6,964,117
Subsequent year expenditures	2,022,700	-	-	-	2,022,700
Unassigned	8,865,294	-	-	-	8,865,294
 TOTAL FUND BALANCES	 20,996,456	 2,421,250	 2,974,117	 429,133	 26,820,956
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 \$ 36,905,668	 \$ 4,202,370	 \$ 6,173,021	 \$ 429,133	 \$ 47,710,192
 Total governmental fund balances					\$ 26,820,956
Amounts reported for governmental activities in the statement of net position are different because:					
Deferred outflows of resources - related to pensions					4,380,992
Deferred inflows of resources - related to pensions					(35,938)
Deferred outflows of resources - related to other postemployment benefits					6,817,537
Deferred inflows of resources - related to other postemployment benefits					(6,407,918)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:					
Cost of the capital assets				\$ 63,651,404	
Less accumulated depreciation/amortization				<u>29,048,441</u>	
					34,602,963
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:					
Delinquent personal property taxes receivable, less allowance for doubtful accounts					20,359
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:					
Deferred loss on refunding					110,675
General obligation debt					(5,359,474)
Other long-term debt					(2,178,903)
Compensated absences					(854,580)
Accrued interest					(69,301)
Net other postemployment benefits liability					(2,447,187)
Net pension liability					<u>(4,307,129)</u>
 Net position of governmental activities					 <u>\$ 51,093,052</u>

See notes to financial statements.

CHARTER TOWNSHIP OF DELTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Paramedic Fund (a Special Revenue Fund)	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources					
Property taxes	\$ 9,567,825	\$ -	\$ -	\$ -	\$ 9,567,825
Paramedic levy	-	1,626,935	-	-	1,626,935
Licenses and permits	2,545,345	-	-	-	2,545,345
Charges for services	962,178	1,607,414	-	-	2,569,592
Investment earnings (loss)	(55,608)	(6,947)	(31,433)	(3,851)	(97,839)
Rental income	412,065	-	-	-	412,065
Local contributions	723,350	-	-	-	723,350
Other	828,438	-	-	17,395	845,833
Total local sources	14,983,593	3,227,402	(31,433)	13,544	18,193,106
State shared revenue	3,750,852	-	-	-	3,750,852
State and federal grants	74,998	-	311,900	-	386,898
TOTAL REVENUES	18,809,443	3,227,402	280,467	13,544	22,330,856
EXPENDITURES					
Current					
General government	4,173,090	-	22,100	-	4,195,190
Public safety	11,036,792	-	-	-	11,036,792
Public works	1,912,371	-	-	-	1,912,371
Health and welfare	-	3,139,771	-	-	3,139,771
Community and economic development	392,405	-	-	-	392,405
Culture and recreation	2,115,851	-	-	-	2,115,851
Debt service					
Principal repayment	285,832	-	-	180,000	465,832
Interest expenditure	55,270	-	-	193,100	248,370
TOTAL EXPENDITURES	19,971,611	3,139,771	22,100	373,100	23,506,582
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,162,168)	87,631	258,367	(359,556)	(1,175,726)
OTHER FINANCING SOURCES (USES)					
Proceeds from lease	1,898,242	-	-	-	1,898,242
Transfers in	281,000	60,300	-	372,600	713,900
Transfers out	(372,600)	(100,000)	(289,800)	-	(762,400)
Total other financing sources (uses)	1,806,642	(39,700)	(289,800)	372,600	1,849,742
Net change in fund balances	644,474	47,931	(31,433)	13,044	674,016
FUND BALANCES					
Beginning of year	20,351,982	2,373,319	3,005,550	416,089	26,146,940
End of year	\$ 20,996,456	\$ 2,421,250	\$ 2,974,117	\$ 429,133	\$ 26,820,956

See notes to financial statements.

CHARTER TOWNSHIP OF DELTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds \$ 674,016

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

Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation/amortization expense	(1,798,063)
Capital outlay	3,402,297
Realized loss on disposal of capital assets	(57,385)

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	74,999
Accrued interest payable end of the year	(69,301)

The issuance of long-term debt (e.g. leases and bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:

Amortization of deferred loss on refunding	(7,905)
Amortization of bond premium	42,298
Proceeds from lease	(1,898,242)
Repayment of principal on long-term debt	465,832

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Accrued revenue beginning of the year - primarily delinquent personal property taxes	(37,926)
Accrued revenue end of the year - primarily delinquent personal property taxes	20,359

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued compensated absences beginning of the year	1,079,061
Accrued compensated absences end of the year	(854,580)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Other postemployment benefit related items	(166,108)
Pension related items	1,456,031

Change in net position of governmental activities	\$ 2,325,383
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**CHARTER TOWNSHIP OF DELTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
ASSETS			
Current assets			
Cash	\$ 5,805,276	\$ 4,813,276	\$ 10,618,552
Investments	5,370,909	4,453,718	9,824,627
Receivables			
Accounts	8,186,721	380,197	8,566,918
Interest	26,687	22,130	48,817
Special assessment - current	-	1,546	1,546
Special assessment - interest	-	102	102
Other	-	3,316,860	3,316,860
Total current assets	<u>19,389,593</u>	<u>12,987,829</u>	<u>32,377,422</u>
Noncurrent assets			
Special assessment - deferred	-	8,753	8,753
Capital assets not being depreciated	18,774,137	1,107,583	19,881,720
Property, plant and equipment, net of accumulated depreciation	<u>24,125,127</u>	<u>36,344,190</u>	<u>60,469,317</u>
Total noncurrent assets	<u>42,899,264</u>	<u>37,460,526</u>	<u>80,359,790</u>
TOTAL ASSETS	<u>62,288,857</u>	<u>50,448,355</u>	<u>112,737,212</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits related items	<u>2,032,356</u>	<u>390,838</u>	<u>2,423,194</u>

See notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
LIABILITIES			
Current liabilities			
Accounts payable	\$ 2,312,136	\$ 646,902	\$ 2,959,038
Customer deposits payable	63,090	16,460	79,550
Contract retainage payable	1,367,635	21,582	1,389,217
Accrued interest	-	7,091	7,091
Unearned revenue	5,304,058	2,810,278	8,114,336
Current portion of long-term liabilities	22,233	945,000	967,233
Current portion of compensated absences	165,549	21,208	186,757
Due to other funds	32,137	9,850	41,987
Total current liabilities	9,266,838	4,478,371	13,745,209
Long-term liabilities, net of current portion			
Compensated absences	188,486	42,031	230,517
Bonds payable	-	1,010,000	1,010,000
Other long-term debt	15,157,163	-	15,157,163
Net other postemployment benefits liability	779,299	149,865	929,164
Unamortized bond premiums (discount) - net	-	(9,365)	(9,365)
Total long-term liabilities	16,124,948	1,192,531	17,317,479
TOTAL LIABILITIES	25,391,786	5,670,902	31,062,688
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits related items	1,872,037	360,007	2,232,044
NET POSITION			
Net investment in capital assets	27,719,868	35,506,138	63,226,006
Unrestricted	9,337,522	9,302,146	18,639,668
TOTAL NET POSITION	\$ 37,057,390	\$ 44,808,284	\$ 81,865,674

See notes to financial statements.

CHARTER TOWNSHIP OF DELTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022

	Business-type Activities-Enterprise Funds		
	Sewer Fund	Water Fund	Total
OPERATING REVENUES			
Charges for services	\$ 5,682,400	\$ 5,493,361	\$ 11,175,761
Hydrant rental	-	157,850	157,850
Forfeited discounts	72,121	61,459	133,580
Other services charges	-	150,376	150,376
Other	30,817	21,979	52,796
TOTAL OPERATING REVENUES	5,785,338	5,885,025	11,670,363
OPERATING EXPENSES			
Costs of sales and services	4,149,584	4,800,239	8,949,823
Depreciation	1,069,105	1,246,992	2,316,097
TOTAL OPERATING EXPENSES	5,218,689	6,047,231	11,265,920
Operating income (loss)	566,649	(162,206)	404,443
NON-OPERATING REVENUES (EXPENSES)			
Capital charges	329,840	585,525	915,365
State grants	604,564	240,390	844,954
Reimbursement for construction costs	235,128	318,487	553,615
Gain on disposal of capital assets	14,848	6,500	21,348
Investment income - net	(48,831)	(66,250)	(115,081)
Interest and fiscal charges	(14,848)	(47,065)	(61,913)
Amortization of bond discount	-	(3,122)	(3,122)
TOTAL NON-OPERATING REVENUES (EXPENSES) - NET	1,120,701	1,034,465	2,155,166
Income (loss) before capital contributions	1,687,350	872,259	2,559,609
CAPITAL CONTRIBUTIONS - infrastructure	1,755,075	1,391,016	3,146,091
TRANSFERS IN	38,000	10,500	48,500
Change in net position	3,480,425	2,273,775	5,754,200
NET POSITION, beginning of year	33,576,965	42,534,509	76,111,474
NET POSITION, end of year	\$ 37,057,390	\$ 44,808,284	\$ 81,865,674

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

	Business-type Activities-Enterprise Funds		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,743,155	\$ 5,047,886	\$ 9,791,041
Hydrant rental	-	157,850	157,850
Forfeited discounts	72,121	61,459	133,580
Other services charges	-	150,376	150,376
Other	30,817	21,979	52,796
Payment to suppliers	(153,252)	(3,687,119)	(3,840,371)
Payment to employees	(2,194,952)	(746,208)	(2,941,160)
Receipt (payment) for interfund services	5,795	355	6,150
Net cash provided by operating activities	2,503,684	1,006,578	3,510,262
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Capital charges	329,840	585,525	915,365
Main and tap in charges	430	-	430
Net cash provided by noncapital financing activities	330,270	585,525	915,795
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
State grants	604,564	240,390	844,954
Reimbursement for construction costs	235,128	318,487	553,615
Gain on disposal of capital assets	14,848	6,500	21,348
Interest received from special assessments	5	1,280	1,285
Proceeds (payments) from special assessments	858	1,911	2,769
Principal repayments on debt	(22,234)	(955,000)	(977,234)
Transfer from other funds	38,000	10,500	48,500
Interest paid on bonds and land contract	(14,848)	(54,098)	(68,946)
Payments for capital acquisitions	(585,821)	(868,721)	(1,454,542)
Net cash provided (used) by capital and related financing activities	270,500	(1,298,751)	(1,028,251)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from investments	(60,699)	(73,154)	(133,853)
Proceeds (purchase) of investments	(1,720,589)	(392,370)	(2,112,959)
Net cash used by investing activities	(1,781,288)	(465,524)	(2,246,812)
NET INCREASE (DECREASE) IN CASH	1,323,166	(172,172)	1,150,994
CASH			
Beginning of year	4,482,110	4,985,448	9,467,558
End of year	\$ 5,805,276	\$ 4,813,276	\$ 10,618,552

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

	Business-type Activities-Enterprise Funds		
	Sewer Fund	Water Fund	Total
RECONCILIATION OF NET OPERATING REVENUES			
(EXPENSE) TO NET CASH PROVIDED			
(USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 566,649	\$ (162,206)	\$ 404,443
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	1,069,105	1,246,992	2,316,097
(Increase) decrease in assets			
Receivables	(7,610,938)	(3,275,610)	(10,886,548)
Due to/from other funds - net	5,795	355	6,150
Increase (decrease) in liabilities			
Accounts payable	1,818,756	383,327	2,202,083
Accrued compensated absences	(66,027)	(26,501)	(92,528)
Customer deposits	-	730	730
Contract retainage payable	1,367,635	21,582	1,389,217
Other postemployment benefit liability	48,651	9,356	58,007
Unearned revenue	5,304,058	2,808,553	8,112,611
Net cash provided by operating activities	<u>\$ 2,503,684</u>	<u>\$ 1,006,578</u>	<u>\$ 3,510,262</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Other Post Employment Benefit Trust Fund <u>Retiree Health Benefits</u>	<u>Custodial Fund Tax Collection Fund</u>
ASSETS		
Cash	\$ -	\$ 1,346,474
Investments	17,100,857	1,243,552
Interest receivable	<u>-</u>	<u>6,179</u>
TOTAL ASSETS	<u>17,100,857</u>	<u>2,596,205</u>
LIABILITIES		
Undistributed tax collections		
Current	<u>-</u>	<u>2,596,205</u>
NET POSITION		
Restricted for other post employment benefits	<u>\$ 17,100,857</u>	<u>\$ -</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022**

	Other Post Employment Benefit Trust Fund Retiree Health Benefits	Custodial Fund Tax Collection Fund
ADDITIONS		
Contributions		
Employer	\$ 706,712	\$ -
Nonemployer	15,000	-
Collection of taxes for other governments	-	64,043,746
Investment income	(2,206,335)	-
	<u>(1,484,623)</u>	<u>64,043,746</u>
TOTAL ADDITIONS		
DEDUCTIONS		
Benefits paid to participants	396,712	-
Payment of taxes collected for other governments	-	64,043,746
	<u>396,712</u>	<u>64,043,746</u>
TOTAL DEDUCTIONS		
Net change in fiduciary net position	(1,881,335)	-
NET POSITION		
Beginning of year	<u>18,982,192</u>	<u>-</u>
End of year	<u><u>\$ 17,100,857</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

CHARTER TOWNSHIP OF DELTA NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Reporting Entity

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

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

Discretely Presented Component Units

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

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

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

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Discretely Presented Component Units (continued)

The Tax Increment Finance Authority ("TIFA") was established by the Township under the authority contained in Act 450, Michigan Public Acts of 1981 ("Act 450"). Act 450 authorizes the Township to designate specific districts within its corporate limits as TIFA districts. The TIFA presides over such districts, formulating plans for public improvements, economic development, neighborhood revitalization, and historic preservation within the districts. Act 450 allows the TIFA to participate in a broad range of improvement activities intended to contribute to economic growth and prevent property value deterioration. The TIFA's governing body is appointed by the Supervisor and approved by the Township Board. Funding for the Saginaw Highway Corridor Improvement Authority will come from the TIFA. There was no activity in the TIFA for the year ending December 31, 2022, though it will be presented as a discretely presented component unit in future years.

The Saginaw Highway Corridor Improvement Authority ("SHCIA") was created in 2021 with the goals to correct and prevent deterioration in the business district, redevelop the Township's commercial corridors and promote economic growth. The Development and Tax Increment Financing plans arrange projects into three categories: public infrastructure, current and prevent deterioration, and promote neighborhood aligned economic growth. In 2021, the development and tax increment finance plans were approved and allow the Authority to begin its first steps in executing the vision set forth by the corridor's residents, businesses, and other stakeholders. The Authority's governing body is appointed by the Supervisor and approved by the Township Board. The Authority relies on tax increment revenues as available, along with grants and other revenues. The SHCIA is presented as a discretely presented component unit.

Fiduciary Component Unit

The Other Postemployment Benefit Trust Fund was established in 2004 to account for the assets set aside to fund the Delta Township Retiree Health Care Plan. The primary purpose of the Trust is to provide the necessary funding for the retiree health benefits provided to eligible Township employees during retirement. The Trust was established through MISSIONSQUARE Retirement Corporation, with the Township Board of Trustees serving as the trustees. The assets of the Trust are for the exclusive benefit of the participants and their beneficiaries, and the assets shall not be diverted to any other purchase prior to the satisfaction of all liabilities. The assets are protected from any of the Township's creditors. Members of the Board of Directors of the Trust are the same as the members of the Township Board of Trustees. The Township Board has the ability to exercise oversight responsibility, specifically in the area of designation of management.

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.

CHARTER TOWNSHIP OF DELTA NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Government-wide Financial Statements (continued)

As discussed earlier, the Township has three discretely presented component units. While the Economic Development Corporation, Saginaw Highway Corridor Improvement Authority and the Brownfield Redevelopment Authority of the Charter Township of Delta are not considered to be major component units, they are nevertheless shown in separate columns in the government-wide financial statements.

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

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 funds are aggregated and reported as nonmajor funds.

The government reports the following *Major Governmental Funds*:

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

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

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

The government reports the following *Major Proprietary Funds*:

The *Water and Sewer Funds* are used to account for the results of operations that provide a service to citizens that are financed primarily by user charges for the provision of that service.

Additionally, the government reports the following *Nonmajor Fund Types*:

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

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

Additionally, the government reports as *Fiduciary Funds* the *Post-employment Benefit Trust Fund* and the *Tax Collection Fund* (custodial fund).

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The other *Post-employment Benefit Trust Fund* accounts for the accumulated resources related to health benefit payments to qualified retirees.

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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.

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, other postemployment benefit trust, and custodial funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Budgetary Information

Budgetary Basis of Accounting:

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

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

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

The budget was amended during the year with supplemental appropriations. All the budget amendments were approved prior to December 31, 2022. The Township does not consider the amendments to be significant. Violations, if any, are noted in the required supplementary information sections.

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

Cash and Investments

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Investments (continued)

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. 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.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

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

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 DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Receivables and Payables (continued)

Accounts receivable in the proprietary funds do not have an allowance for uncollectibles. Delinquent amounts are ultimately added to the tax roll and become a lien on the property and as a consequence, no allowance is deemed necessary. An allowance is recorded related to delinquent personal property taxes amounting to 50% of the total. No other significant allowances are deemed necessary.

Prepaid Items

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

Capital Assets

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

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

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

Right to use assets of the Township are amortized using the straight-line method over the shorter of the lease period or estimated useful lives. Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful live:

Assets	Years
Buildings	50
Building improvements	20
Land improvements/sidewalks	15 - 25
Sewer and water mains	50
Flowage rights	40
Streets and highways	15
Vehicles	5
Equipment	3 - 5
Right to use asset - equipment	10

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has three items that qualify for reporting in this category. One is for pension related items reported in the government-wide statement of net position. The second is for other postemployment benefit related items reported in the government-wide statement of net position. The Township also reports unavailable revenues from two source: property taxes and leases. The property taxes are amounts levied for the next fiscal year. The leases are long-term leases entered into by the Township in which the Township is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

Fund Balance Policies

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

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

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

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

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

The Township has a stabilization arrangement, under Michigan Public Act 30 of 1978. There are no requirements to add to the stabilization amount. The conditions under which stabilization amount may be spent are to cover general fund deficits, expenses related arising from natural disasters, and to prevent a reduction in the level of public services provided. The use of the stabilization funds may be appropriated by an ordinance or resolution adopted by a 2/3 vote of the Board of Trustees.

Leases

Lessee: The Township is a lessee for a noncancelable lease of equipment. The Township recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the Township initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Township determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Township is reasonably certain to exercise.

The Township monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Lessor: The Township is a lessor for a noncancelable lease of a building. The Township recognizes a lease receivable and a deferred inflow of resources in the governmental-wide and governmental fund financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases (continued)

As the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Township determines (1) the discount rate is used to discount the expected lease receipt to present value, (2) lease term, and (3) lease receipts.

- The Township uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of this lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Comparative Data/Reclassifications

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

Use of Estimates

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

Revenues and Expenditures/Expenses

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 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.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

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 custodial fund. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Property taxes levied for the ensuing year's revenue are included in taxes receivable and deferred inflows of resources. Property tax receivables related to delinquent taxes are also unavailable unless collected within 60 days of year-end.

The Township is permitted by state statute to levy taxes up to \$5.00 per \$1,000 of taxable valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. In addition, the residents of the Township have approved an additional \$1.00 per \$1,000 specifically for the operation of the paramedic operations. In 2022, the Township levied \$4.9287 per \$1,000 for general governmental purposes and \$0.9896 per \$1,000 for the paramedic operation for a total of \$5.9183 per \$1,000. The total taxable value for the 2021 levy within the Township was \$1,594,234,942.

Compensated Absences

It is the Township's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from the Township. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. The funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of December 31, 2022 the Township had deposits and investments subject to the following risk:

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, 2022, \$9,967,714 of the Township's bank balance of \$10,307,933 was exposed to custodial credit risk because it was uninsured and uncollateralized. Money market accounts are included in the above totals. The balance of \$10,324,140 is reported as deposits on the financial statements as of December 31, 2022.

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.

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.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk (continued)

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury Notes	\$ 13,080,957	1.8493
U.S. Agency Loans	7,750,789	1.6508
U.S. Mortgage Backed Securities	6,096,520	1.9516
U.S. Agencies - Corporate	203,253	1.5468
Municipal Bonds	472,167	4.1112
MI CLASS EDGE External Investment Pool	9,963,051	0.1233
MI CLASS External Investment Pool	8,797,832	0.2301
Total fair value	<u>\$ 46,364,569</u>	
Portfolio weighted average maturity		<u>1.1360</u>

One day maturity equals 0.0027, one year equals 1.00.

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). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Standard & Poor's Rating	Fitch Rating
Municipal Bonds	\$ 472,167	AA-	N/A
MI CLASS EDGE External Investment Pool	9,963,051	N/A	AAAf/S1
MI CLASS External Investment Pool	8,797,832	AAAm	N/A
Total fair value	<u>\$ 19,233,050</u>		

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.

Foreign Currency Risk

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

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

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments that are measured at fair value using net asset per value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

	<u>Level 2</u>
Investments by fair value level	
U.S. Treasury notes	\$ 13,080,957
U.S. Agency loans	7,750,789
U.S. Mortgage backed securities	6,096,520
U.S. Agencies - corporate	203,253
Municipal bonds	<u>472,167</u>
Total investments by fair value level	<u>27,603,686</u>
Investments at net asset value (NAV)	
MI CLASS External Investment Pool	8,797,832
MI CLASS EDGE External Investment Pool	<u>9,963,051</u>
Total investments by net asset value	<u>18,760,883</u>
Total investments	<u><u>\$ 46,364,569</u></u>

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value Per Share

The Township holds shares or interests in an investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended December 31, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
MI CLASS External Investment Pool	\$ 8,797,832	\$ -	No restrictions	None
MI CLASS EDGE External Investment Pool	9,963,051	-	No restrictions	5 business days
Total investments at net asset value	<u>\$ 18,760,883</u>	<u>\$ -</u>		

The cash and investments referred to above have been reported in either the cash or investments captions on the financial statements, based upon criteria disclosed in Note 2.

	Primary Government	Component Units	Custodial Fund	Total
Cash	\$ 27,956,307	\$ 275,360	\$ 1,346,474	\$ 29,578,141
Investments	25,867,016	-	1,243,552	27,110,568
	<u>\$ 53,823,323</u>	<u>\$ 275,360</u>	<u>\$ 2,590,026</u>	<u>\$ 56,688,709</u>

Other Postemployment Benefits

The Charter Township of Delta's Other Post Employment Benefit Trust Fund (the "trust fund" or the "System") investments are maintained separately from the Township's pooled cash and investments and are subject to separate investment policies and state statutes. Accordingly, the required disclosure for the System's deposits and investments are presented separately.

Deposits

The System does not maintain any checking or other demand/time deposit accounts.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments

The Michigan Public Employees' Retirement Systems' Investment Act, Public Act 314 of 1985, as amended, authorizes the System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The System has the responsibility and authority to oversee the investment portfolio. A professional investment manager is contracted to assist in managing the System's assets. All investment decisions are subject to Michigan law and the investment policy established by the System.

The System's investments are held with an insurance company administered trust fund. Following is a summary of the System's investments as of December 31, 2022:

	Other Post Employment Benefit Trust Fund	Weighted Average Maturity	Standard &
	(Level 1)	(Years)	Poor's Rating
Investments by fair value level			
Balanced funds	\$ 15,574,883	0.0027	AAAm
Investments at net asset value (NAV)			
Stable value funds	<u>1,525,974</u>	0.0027	AAAm
	<u><u>\$ 17,100,857</u></u>		
Portfolio weighted average maturity		<u><u>0.0027</u></u>	

One day maturity equals 0.0027, one year equals 1.00.

The investments carried at net asset value there are no unfunded commitments, no restrictions on redemption frequency or notice period for redemption.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS

The capital assets are as follows:

	Balance Jan. 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2022
Primary government				
Governmental activities				
Capital assets, not being depreciated/amortized				
Land	\$ 6,816,315	\$ 160,489	\$ -	\$ 6,976,804
Capital assets, being depreciated/amortized				
Buildings and building equipment	19,180,215	15,653	-	19,195,868
Land improvements and sidewalks	12,814,893	487,314	-	13,302,207
Vehicles	2,146,924	55,888	139,845	2,062,967
Flowage rights	8,546,530	-	-	8,546,530
Streets and highways	5,575,886	-	-	5,575,886
Equipment	6,092,527	784,711	784,338	6,092,900
Right to use asset - equipment	-	1,898,242	-	1,898,242
Total capital assets being depreciated/amortized	54,356,975	3,241,808	924,183	56,674,600
Less accumulated depreciation/amortization for				
Buildings and building equipment	8,838,695	359,582	-	9,198,277
Land improvements and sidewalks	5,230,243	304,440	-	5,534,683
Vehicles	1,375,470	154,273	120,370	1,409,373
Flowage rights	3,936,652	213,663	-	4,150,315
Streets and highways	4,061,585	176,186	-	4,237,771
Equipment	4,674,531	400,095	746,428	4,328,198
Right to use asset - equipment	-	189,824	-	189,824
Total accumulated depreciation/amortization	28,117,176	1,798,063	866,798	29,048,441
Total capital assets being depreciated/amortized, net	26,239,799	1,443,745	57,385	27,626,159
Total	\$ 33,056,114	\$ 1,604,234	\$ 57,385	\$ 34,602,963

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS (continued)

	Balance Jan. 1, 2022	Additions	Deletions	Balance Dec. 31, 2022
Primary government				
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 1,615,240	\$ 30,000	\$ -	\$ 1,645,240
Construction in process	2,282,009	15,954,471	-	18,236,480
Total capital assets not being depreciated	3,897,249	15,984,471	-	19,881,720
Capital assets, being depreciated				
Buildings and building equipment	29,223,883	50,340	23,679	29,250,544
Land improvements/sidewalks	149,441	-	-	149,441
Equipment	3,321,302	518,165	467,234	3,372,233
Sewer and water mains	102,241,210	3,160,355	310,758	105,090,807
Total capital assets being depreciated	134,935,836	3,728,860	801,671	137,863,025
Less accumulated depreciation for				
Buildings and building equipment	26,960,570	106,730	23,679	27,043,621
Land improvements/sidewalks	74,694	9,880	-	84,574
Equipment	2,576,670	160,809	467,234	2,270,245
Sewer and water mains	46,267,348	2,038,678	310,758	47,995,268
Total accumulated depreciation	75,879,282	2,316,097	801,671	77,393,708
Total capital assets being depreciated, net	59,056,554	1,412,763	-	60,469,317
Total	<u>\$ 62,953,803</u>	<u>\$ 17,397,234</u>	<u>\$ -</u>	<u>\$ 80,351,037</u>

Depreciation/amortization expense was charged to functions/programs of the primary government at December 31, 2022 as follows:

Governmental activities	
General government	\$ 368,447
Public safety	477,160
Public works	524,088
Health and welfare	104,225
Culture and recreation	324,143
Total depreciation/amortization expense - governmental activities	<u>\$ 1,798,063</u>
Business-type activities	
Water	\$ 1,246,992
Sewer	1,069,105
Total depreciation expense - business-type activities	<u>\$ 2,316,097</u>

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2022 is as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	<u>\$ 72,130</u>	Water fund	\$ 9,850
		Sewer fund	32,137
		Paramedic fund	<u>30,143</u>
			<u>\$ 72,130</u>

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

<u>Transfer Out</u>	<u>Transfer In</u>				
	<u>General Fund</u>	<u>Paramedic Fund</u>	<u>Nonmajor funds</u>	<u>Sewer fund</u>	<u>Water fund</u>
General fund	\$ -	\$ -	\$ 372,600	\$ -	\$ -
Capital projects fund	181,000	60,300	-	38,000	10,500
Paramedic fund	100,000	-	-	-	-
	<u>\$ 281,000</u>	<u>\$ 60,300</u>	<u>\$ 372,600</u>	<u>\$ 38,000</u>	<u>\$ 10,500</u>

Transfers are used to 1) move funds for purchase of capital outlay 2) payment for bond principal and interest 3) reimbursement for expenditures incurred or 2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

NOTE 5 - LONG-TERM OBLIGATIONS

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.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities	4.00%	\$ 4,725,000
Business-type activities	2.00% - 2.31%	<u>1,955,000</u>
		<u>\$ 6,680,000</u>

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

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

General Obligation Bonds (continued)

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

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 175,000	\$ 185,500	\$ 945,000	\$ 33,548
2024	175,000	178,500	485,000	17,729
2025	175,000	171,500	525,000	6,064
2026	175,000	164,500	-	-
2027	270,000	155,600	-	-
2028 - 2032	1,620,000	600,000	-	-
2033 - 2037	2,135,000	220,100	-	-
	<u>\$ 4,725,000</u>	<u>\$ 1,675,700</u>	<u>\$ 1,955,000</u>	<u>\$ 57,341</u>

Notes from Direct Borrowings and Direct Placements

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

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

Purpose	Interest Rate	Amount
Governmental activities	3.25% - 4.25%	\$ 456,012
Business type activities	3.25%	<u>66,696</u>
		<u>\$ 522,708</u>

The government entered into a leasing agreement for medical equipment. The lease agreement calls for annual payments of \$208,570 over a 10-year period.

Purpose	Implied Interest Rate	Amount
Governmental activities	1.75%	<u>\$ 1,722,891</u>

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Notes from Direct Borrowings and Direct Placements (continued)

The government was approved for a note up to \$82,725,000 through the Clean Water State Revolving Fund for the renovations of the wastewater treatment plan. The repayment terms are over 20 years with principal repayments starting no later than January 1, 2026. As of December 31, 2022 the Township was in the construction process and the repayment schedule had not been established and not included in the debt service requirement table below.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Business type activities	1.875%	<u><u>\$ 15,112,700</u></u>

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 288,900	\$ 48,342	\$ 22,233	\$ 3,502
2024	292,023	41,347	22,233	2,334
2025	295,200	34,325	22,230	1,171
2026	214,834	27,206	-	-
2027	218,126	22,624	-	-
2028 - 2031	869,820	44,679	-	-
	<u><u>\$ 2,178,903</u></u>	<u><u>\$ 218,523</u></u>	<u><u>\$ 66,696</u></u>	<u><u>\$ 7,007</u></u>

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds					
General obligation bonds	\$ 4,905,000	\$ -	\$ (180,000)	\$ 4,725,000	\$ 175,000
Bond premium	676,772	-	(42,298)	634,474	42,298
Total general obligation bonds	5,581,772	-	(222,298)	5,359,474	217,298
Notes from direct borrowings and direct placements					
Lease obligations	-	1,898,242	(175,351)	1,722,891	178,419
General assessment payable	566,493	-	(110,481)	456,012	110,481
Total notes from direct borrowings and direct placements	566,493	1,898,242	(285,832)	2,178,903	288,900
Compensated absences	1,079,061	-	(224,481)	854,580	716,789
	<u>\$ 7,227,326</u>	<u>\$ 1,898,242</u>	<u>\$ (732,611)</u>	<u>\$ 8,392,957</u>	<u>\$ 1,222,987</u>
BUSINESS-TYPE ACTIVITIES					
General obligation bonds					
General obligation bonds	\$ 2,910,000	\$ -	\$ (955,000)	\$ 1,955,000	\$ 945,000
Bond discount	(12,487)	-	3,122	(9,365)	-
Total general obligation bonds	2,897,513	-	(951,878)	1,945,635	945,000
Notes from direct borrowings and direct placements					
Long-term note payable	-	15,112,700	-	15,112,700	-
Other long-term debt	88,930	-	(22,234)	66,696	22,233
Total notes from direct borrowings and direct placements	88,930	15,112,700	(22,234)	15,179,396	22,233
Compensated absences	509,802	-	(92,528)	417,274	186,757
	<u>\$ 3,496,245</u>	<u>\$ 15,112,700</u>	<u>\$ (1,066,640)</u>	<u>\$ 17,542,305</u>	<u>\$ 1,153,990</u>

The Township's outstanding notes from direct borrowings and direct placements related to governmental activities of \$2,178,903 and business-type activities of \$15,179,396 contains provisions that in the event of default, (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including interest may become immediately due and payable. In relation to the general assessments, the County could withhold tax settlement payments to ensure the principal and interest payments are made.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS

Money Purchase Retirement Plan

The Charter Township of Delta has a Money Purchase Retirement Plan which was established on January 1, 1971. This defined contribution plan covers all full-time, non-union employees and elected officials who have attained the age of 18 years. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus results of investments transactions. The Plan assets are invested by MISSIONSQUARE Retirement Corporation who is the trustee of the Plan. The Township acts as a public plan sponsor for the retirement plan. Partial vesting occurs after 3 years of service at 20% and increases 20% per year until full vesting occurs at 7 years of service. The Township contributes 12.5% of the employees' base annual compensation, based on the contribution provisions set up in the plan and trust agreement. The Township's total payroll was \$10,864,863 in 2022. The base salary amounted to \$6,165,564. The Township made the required contributions of \$770,695. No significant employee contributions were made. Plan provisions and contribution requirements are established and may be amended by the Township.

Deferred Compensation Plan

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

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

Defined Benefit Plan

Plan Description

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

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

NOTE 6 - PENSION PLANS (continued)

Defined Benefit Plan (continued)

Benefits Provided

	2021 Valuation
Benefit Multiplier	Bridged Benefit: 2.50% Multiplier (80% max) Frozen FAC; to 2.00% Multiplier (no max)
Bridged Benefit Date	6/30/2015
Normal Retirement Age	60
Vesting	10 years
Early Retirement (Unreduced)	50/25
Early Retirement (Reduced)	55/15
Final Average Compensation	3 years
COLA for Future Retirees	2.50% (Non-Compound) before 1/1/2021, 0.00% after 1/1/2021
Member Contributions	10.00%
Act 88	No

Employees Covered by Benefit Terms

At the December 31, 2021 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	25
Active employees	36
	<u>86</u>

Contributions

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

Employer contributions was 18.66% based on annual payroll for open divisions. At year end, the Township is current on all required pension plan payments. Amounts accrued at year end for accounting purposes was approximately \$29,932. These amounts represent current payments for December paid in January.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

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

NOTE 6 - PENSION PLANS (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.0% plus merit and longevity, 3.00% in the long-term.

Investment Rate of Return: 7.00%, net of investment expense, including inflation.

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

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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

Asset Class	Target Allocation	Total Allocation Gross Rate of Return	Long-term Expected Real Rate of Return
Global Equity	60.00%	4.50%	2.70%
Global Fixed Income	20.00%	2.00%	0.40%
Private Investments	20.00%	7.00%	1.40%
	<u>100.00%</u>		4.50%
Inflation			2.50%
Administrative expense netted above			0.25%
Investment rate of return			<u>7.25%</u>

Change in Assumptions

The change in assumptions since the prior valuation consists of a new experience study was completed, which made changes to the economic and demographic assumptions.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (continued)

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 12/31/2020	\$ 19,435,140	\$ 14,307,794	\$ 5,127,346
Changes for the year			
Service Cost	380,329	-	380,329
Interest on total pension liability	1,454,967	-	1,454,967
Changes in benefits	(781,324)	-	(781,324)
Difference between expected and actual experience	108,391	-	108,391
Changes of assumptions	906,568	-	906,568
Employer contributions	-	564,814	(564,814)
Employee contributions	-	409,928	(409,928)
Net investment income	-	1,937,329	(1,937,329)
Benefit payments including employee refunds	(961,998)	(961,998)	-
Administrative expense	-	(22,923)	22,923
Net changes	1,106,933	1,927,150	(820,217)
Balances as of 12/31/2021	\$ 20,542,073	\$ 16,234,944	\$ 4,307,129

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (7.25%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability at 12/31/2021	\$ -	\$ 4,307,129	\$ -
Change in net pension liability (NPL)	<u>2,795,293</u>	<u>-</u>	<u>(2,244,107)</u>
Calculated NPL	<u>\$ 7,102,422</u>	<u>\$ 4,307,129</u>	<u>\$ 2,063,022</u>

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

For the year ended December 31, 2022 the employer recognized pension benefit of \$387,112. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experiences	\$ 444,593	\$ 35,938
Differences in assumptions	1,580,252	-
Excess (deficit) investment returns	1,745,153	-
Contributions subsequent to the measurement date*	<u>610,994</u>	<u>-</u>
	<u>\$ 4,380,992</u>	<u>\$ 35,938</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2023.

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

<u>Year End December 31,</u>	
2023	\$ 1,292,378
2024	1,038,706
2025	874,795
2026	<u>528,181</u>
	<u>\$ 3,734,060</u>

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

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

In addition to the pension benefits and deferred compensation plan described in Note 6, the Township also sponsors the Delta Township Retiree Health Care Plan (the "Plan"). Based on the Plan, the Township is required to have an actuarial calculation every two years. The information provided is the results of the most recent actuarial valuation as of December 31, 2022, with a measurement date of December 31, 2022.

Plan Administration

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

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

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

Benefits Provided

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

Plan Membership

At December 31, 2022, the Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	48
Inactive plan members entitled to but not yet receiving benefit payments	4
Active plan members	<u>124</u>
Total	<u><u>176</u></u>

Contributions

The contribution requirements of plan members and the Township are established and may be amended by the Township. Retirees receiving benefits contribute to the cost of the premiums based on the number of years of service. The Township's share of costs ranges from 25% for those employees with 10 years of service to 100% for those with 25 years of service. The Township is also required to contribute at a rate that is based on an actuarial valuation that is prepared in accordance within certain parameters, in addition to a pay-as-you-go basis for retiree health care cost. The current rate is 3.58% of annual covered payroll. The Township contributed \$396,712 for their portion of shared costs with retiree's premiums. Delta Township District Library was not required to contribute for their portion of shared costs with retiree's premiums.

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

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

Net OPEB Liability

The Township's net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, with a measurement date of December 31, 2022.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, with a measurement date of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	Included in investment return
Salary increases	3.0%, average, including inflation
Investment rate of return	4.19%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Pre 65 - 7.25% graded 0.25% to 4.50% per annum Medicare eligible - 5.5% graded 0.25% to 4.50% per annum

Mortality rates were based on the Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021 improvement scale.

Investments

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan's board by a majority vote of its members. It is the policy of the Plan's board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	9.2%
Fixed income	51.4%
Large cap	23.7%
Mid cap	3.8%
Small cap	0.9%
International stock	7.5%
Multi-asset	3.5%

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

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

Investments (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	1.80%
Fixed income	1.87%
Large cap	7.30%
Mid cap	9.80%
Small cap	9.10%
International stock	8.04%
Multi-asset	7.80%

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on investments, net of investment expense, was a loss of 12.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.19%. The projection of cash flows used to determine the discount rate assumed that Township contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Funding Progress. For the year ended December 31, 2022 the Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2022, with a measurement date of December 31, 2022. 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 \$706,712 and the Library contributed \$15,000 for the year ended December 31, 2022, which represents 109.3% of the annual required contribution. The value of the Plan's assets at the end of December 31, 2022 was \$17,100,857.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2021	\$ 20,867,944	\$ 18,982,192	\$ 1,885,752
Changes for the year			
Service cost	467,244	-	467,244
Interest	733,448	-	733,448
Difference between expected and actual experience	1,701,348	-	1,701,348
Change in actuarial assumptions	(2,896,064)	-	(2,896,064)
Contributions - employer	-	706,712	(706,712)
Contributions - nonemployer	-	15,000	(15,000)
Net investment income (loss)	-	(2,206,335)	2,206,335
Benefit payments	(396,712)	(396,712)	-
Net changes	(390,736)	(1,881,335)	1,490,599
Balances at December 31, 2022	\$ 20,477,208	\$ 17,100,857	\$ 3,376,351

The components of the net OPEB liability of the Township at December 31, 2022, were as follows:

	Township	Library	Plan Total
Total OPEB liability	\$ 19,997,675	\$ 479,533	\$ 20,477,208
Plan fiduciary net position	(16,550,774)	(550,083)	(17,100,857)
Net OPEB liability (asset)	\$ 3,446,901	\$ (70,550)	\$ 3,376,351
Plan fiduciary net position as a percentage of the total OPEB liability			83.5%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.19%) or 1 percentage point higher (5.19%). That the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Net OPEB liability	\$ 6,956,301	\$ 3,376,351	\$ 532,648

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

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

Changes in the Net OPEB Liability (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability	\$ 249,355	\$ 3,376,351	\$ 7,416,082

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

For the year ended December 31, 2022, the Township recognized OPEB expense of \$945,827. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,547,661	\$ 5,969,142
Changes of assumptions	5,820,137	2,670,820
Net difference between projected and actual earnings on OPEB plan investments	<u>1,872,933</u>	<u>-</u>
	<u>\$ 9,240,731</u>	<u>\$ 8,639,962</u>

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

<u>Year Ended December 31,</u>	
2023	\$ 91,106
2024	212,372
2025	158,992
2026	459,544
2027	(46,720)
Thereafter	(274,524)

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

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

Payable to the OPEB Plan

At December 31, 2022, the Township did not have an outstanding amount of contributions to the Plan required for the year ended December 31, 2022.

Change in Assumptions

The change in assumptions since the prior valuation consist of updating the medical trend rate and increasing the discount rate from 3.47% to 4.31%.

NOTE 8 - LIMITED OBLIGATION BONDS - ECONOMIC DEVELOPMENT CORPORATION

The Corporation acts as a liaison between companies seeking financing and financial institutions in an effort to further the economic development of the Township. In performing this function, the corporation becomes a party in the financing agreements. The resulting debt of the developer is serviced directly by the financial institution. Under the bond agreements, the liability of the corporation upon the default of the debtor, is limited to the underlying value of the property. Under these arrangements, the corporation has no additional responsibility of repayment.

At December 31, 2022, there was no outstanding value of the long-term financing bonds receivable and bonds payable incurred in the aforementioned manner.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Township and its component 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 2022 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 is not determinable at the time of the release of the Township's financial statements.

NOTE 10 - BUILDING DEPARTMENT

The Township records the results of building department operations in the general fund. In accordance with Michigan Public Act 245 of 1999, the Township is required to maintain an accounting system that separately accumulates revenues and expenditures related to the building department function. For the year ended December 31, 2022 building department revenues were \$1,971,642 and expenditures were \$840,152. The cumulative effect since January 1, 2000, the effective date of Michigan Public Act 245 of 1999, are revenues in excess of expenditures in the amount of \$120,521.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - TAX ABATEMENTS

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

For the year ended December 31, 2022, the Township abated property tax revenue for general operations and emergency services totaling \$49,335 under this program. The Township can recoup the taxes abated if the terms of the contract are not met.

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2022, the Township implemented the following new pronouncements: GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription Based Information Technology Arrangements*.

Summary:

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

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

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

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE (continued)

The restatement of the beginning of year had no impact on net position. There was no impact with the adoption of GASB 96. The change in lease receivable and unavailable revenue is as follows:

	<u>Governmental Activities</u>	
	<u>Lease Receivable</u>	<u>Unavailable Revenue - Leases</u>
Balance as of January 1, 2022, as previously stated	\$ -	\$ -
Adoption of GASB Statement 87	<u>4,932,778</u>	<u>4,932,778</u>
Balances as of January 1, 2022, as restated	<u><u>\$ 4,932,778</u></u>	<u><u>\$ 4,932,778</u></u>

NOTE 13 - LEASE RECEIVABLE

The Township leases a building to Delta Township District Library. The lease is for a period of 35 years and expires in 2037. During the remaining period of the lease, the Township will receive yearly payments of \$423,331. The Township recognized \$308,299 in lease revenue and \$146,580 in interest revenue during the fiscal year related to this lease. As of December 31, 2022, the Township's receivable for lease payments was \$4,757,489. Also, the Township has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$4,624,479.

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023 fiscal year.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

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

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 9,519,700	\$ 9,519,700	\$ 9,567,825	\$ 48,125
Licenses and permits	1,968,100	1,968,100	2,545,345	577,245
Charges for services	1,292,400	1,159,868	962,178	(197,690)
Investment earnings (loss) - net	60,500	60,500	(55,608)	(116,108)
Rental income	71,200	443,800	412,065	(31,735)
Local contributions	717,600	717,600	723,350	5,750
Other	42,000	42,000	828,438	786,438
State shared revenue	3,202,000	3,202,000	3,750,852	548,852
State and federal grants	562,500	562,500	74,998	(487,502)
TOTAL REVENUES	17,436,000	17,676,068	18,809,443	1,133,375
EXPENDITURES				
Current				
General government				
Legislative - trustees	108,400	108,400	99,862	8,538
Manager	770,600	770,600	592,851	177,749
Assessing	485,800	485,800	455,230	30,570
Clerk	701,600	701,600	661,819	39,781
Treasurer	629,600	629,600	270,181	359,419
Computer	426,700	426,700	359,980	66,720
Township hall and grounds	630,000	950,000	835,178	114,822
General service administration	646,500	668,500	595,578	72,922
Cemetery	299,900	312,900	302,411	10,489
Total general government	4,699,100	5,054,100	4,173,090	881,010
Public safety				
Law enforcement - police	3,863,900	3,925,900	3,909,383	16,517
Fire	4,829,200	7,019,200	6,361,783	657,417
Emergency operations center	35,400	35,400	15,321	20,079
Protective inspection	769,400	769,400	750,305	19,095
Total public safety	9,497,900	11,749,900	11,036,792	713,108

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES (continued)				
Current				
Public works				
Recycling	\$ 103,500	\$ 103,500	\$ 92,611	\$ 10,889
Drains	224,000	224,000	55,792	168,208
Streets and highways	430,000	430,000	396,956	33,044
Engineering	524,400	605,400	600,320	5,080
Street lighting	755,800	755,800	766,692	(10,892)
Total public works	2,037,700	2,118,700	1,912,371	206,329
Community and economic development				
Planning	437,800	437,800	354,942	82,858
Economic development	124,800	124,800	37,463	87,337
Total community and economic development	562,600	562,600	392,405	170,195
Culture and recreation				
Parks and recreation	3,092,700	2,504,700	2,115,851	388,849
Debt service	-	-	341,102	(341,102)
TOTAL EXPENDITURES	19,890,000	21,990,000	19,971,611	2,018,389
OTHER FINANCING SOURCES (USES)				
Proceeds from lease	-	2,100,000	1,898,242	(201,758)
Transfers in	1,061,000	1,061,000	281,000	(780,000)
Transfers out	(146,500)	(372,600)	(372,600)	-
TOTAL OTHER FINANCING SOURCES (USES)	914,500	2,788,400	1,806,642	(981,758)
Net change in fund balance	\$ (1,539,500)	\$ (1,525,532)	644,474	\$ 2,170,006
FUND BALANCE				
Beginning of year			20,351,982	
End of year			\$ 20,996,456	

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PARAMEDIC SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes and special assessments	\$ 1,567,300	\$ 1,567,300	\$ 1,626,935	\$ 59,635
Charges for services	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,607,414</u>	<u>7,414</u>
TOTAL REVENUES	<u>3,167,300</u>	<u>3,167,300</u>	<u>3,227,402</u>	<u>60,102</u>
EXPENDITURES				
Current				
Health and welfare	<u>4,183,600</u>	<u>4,183,600</u>	<u>3,139,771</u>	<u>1,043,829</u>
Excess of revenues over (under) expenditures	<u>(1,016,300)</u>	<u>(1,016,300)</u>	<u>87,631</u>	<u>1,103,931</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	300,000	300,000	-	(300,000)
Transfers in	-	-	60,300	60,300
Transfers out	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>300,000</u>	<u>200,000</u>	<u>(39,700)</u>	<u>(239,700)</u>
Net change in fund balance	<u>\$ (716,300)</u>	<u>\$ (816,300)</u>	47,931	<u>\$ 864,231</u>
FUND BALANCE, beginning of year			<u>2,373,319</u>	
FUND BALANCE, end of year			<u>\$ 2,421,250</u>	

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 380,329	\$ 378,172	\$ 385,443	\$ 348,446	\$ 367,324	\$ 337,096	\$ 502,823	\$ 495,489
Interest	1,454,967	1,325,365	1,193,223	1,187,982	1,119,952	1,079,816	1,125,219	1,048,403
Changes of benefit terms	(781,324)	56,314	(81,574)	(50,418)	(9,731)	2,091	(1,854,686)	-
Difference between expected and actual experience	108,391	151,001	415,810	93,195	63,846	(251,569)	54,919	-
Changes of assumptions	906,568	779,744	670,337	-	-	-	790,245	-
Benefit payments including employee refunds	(961,998)	(1,010,753)	(796,643)	(697,703)	(665,451)	(696,263)	(657,682)	(575,223)
Other	-	-	62,801	-	-	-	-	-
Net change in total pension liability	1,106,933	1,679,843	1,849,397	881,502	875,940	471,171	(39,162)	968,669
Total pension liability beginning	19,435,140	17,755,297	15,905,900	15,024,398	14,148,458	13,677,287	13,716,449	12,747,780
Total pension liability ending	<u>\$ 20,542,073</u>	<u>\$ 19,435,140</u>	<u>\$ 17,755,297</u>	<u>\$ 15,905,900</u>	<u>\$ 15,024,398</u>	<u>\$ 14,148,458</u>	<u>\$ 13,677,287</u>	<u>\$ 13,716,449</u>
Plan fiduciary net position								
Contributions-employer	\$ 564,814	\$ 334,949	\$ 289,075	\$ 284,469	\$ 248,714	\$ 258,411	\$ 1,215,567	\$ 203,339
Contributions-employee	409,928	336,758	291,053	284,413	248,038	257,166	416,946	498,207
Net investment income	1,937,329	1,792,939	1,565,416	(479,010)	1,444,479	1,135,253	(174,811)	544,848
Benefit payments including employee refunds	(961,998)	(1,010,753)	(796,643)	(697,703)	(665,451)	(696,263)	(657,682)	(575,223)
Administrative expense	(22,923)	(25,703)	(26,975)	(23,653)	(22,862)	(22,401)	(21,520)	(20,098)
Net change in plan fiduciary net position	1,927,150	1,428,190	1,321,926	(631,484)	1,252,918	932,166	778,500	651,073
Plan fiduciary net position beginning	14,307,794	12,879,604	11,557,678	12,189,162	10,936,244	10,004,078	9,225,578	8,574,505
Plan fiduciary net position ending	<u>\$ 16,234,944</u>	<u>\$ 14,307,794</u>	<u>\$ 12,879,604</u>	<u>\$ 11,557,678</u>	<u>\$ 12,189,162</u>	<u>\$ 10,936,244</u>	<u>\$ 10,004,078</u>	<u>\$ 9,225,578</u>
Employer net pension liability	<u>\$ 4,307,129</u>	<u>\$ 5,127,346</u>	<u>\$ 4,875,693</u>	<u>\$ 4,348,222</u>	<u>\$ 2,835,236</u>	<u>\$ 3,212,214</u>	<u>\$ 3,673,209</u>	<u>\$ 4,490,871</u>
Plan fiduciary net position as a percentage of the total pension liability	79.03%	73.62%	72.54%	72.66%	81.13%	77.30%	73.14%	67.26%
Covered payroll	<u>\$ 2,802,719</u>	<u>\$ 2,714,802</u>	<u>\$ 2,723,977</u>	<u>\$ 2,828,986</u>	<u>\$ 2,698,925</u>	<u>\$ 2,475,005</u>	<u>\$ 2,359,565</u>	<u>\$ 2,325,150</u>
Employer's net pension liability as a percentage of covered payroll	153.68%	188.87%	178.99%	153.70%	105.05%	129.79%	155.67%	193.14%

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarial Determined Contributions	\$ 610,994	\$ 542,796	\$ 321,536	\$ 289,075	\$ 284,469	\$ 248,714	\$ 258,411	\$ 215,567	\$ 203,339
Contributions in relation to the actuarially determined contribution	<u>610,994</u>	<u>542,796</u>	<u>321,536</u>	<u>289,075</u>	<u>284,469</u>	<u>248,714</u>	<u>258,411</u>	<u>1,215,567</u>	<u>203,339</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>
Covered payroll	<u>\$ 3,287,586</u>	<u>\$ 2,802,719</u>	<u>\$ 2,714,802</u>	<u>\$ 2,723,977</u>	<u>\$ 2,828,986</u>	<u>\$ 2,698,925</u>	<u>\$ 2,475,005</u>	<u>\$ 2,359,565</u>	<u>\$ 2,325,150</u>
Contributions as a percentage of covered payroll	19%	19%	12%	11%	10%	9%	10%	52%	9%

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

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

NOTE 1 - SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

Benefit Changes - There were no benefit changes.

Changes of Assumptions - A five-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions resulting from the experience study have been approved by the MERS Retirement Board and are effective beginning with the December 31, 2021, actuarial valuation, first impacting 2022 contributions. A complete description of the assumptions may be found in the Appendix to the valuation.

NOTE 2 - SCHEDULE OF EMPLOYER CONTRIBUTIONS

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	17 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary Increases	3.00%
Investment rate of return	7.00%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male RP-2014 Group Annuity Mortality Table

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

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 467,244	\$ 476,251	\$ 259,970	\$ 297,964	\$ 224,566	\$ 239,038
Interest	733,448	748,746	1,231,603	1,134,897	1,291,315	1,237,804
Difference between expected and actual experience	1,701,348	(74,070)	(5,885,625)	(137,607)	(5,519,610)	(325,249)
Changes of assumptions	(2,896,064)	283,209	7,823,916	(297,575)	2,379,358	-
Benefit payments including employee refunds	(396,712)	(327,103)	(376,625)	(409,735)	(386,561)	(382,435)
Other	-	-	-	-	(9)	-
Net change in total OPEB liability	(390,736)	1,107,033	3,053,239	587,944	(2,010,941)	769,158
Total OPEB liability beginning	20,867,944	19,760,911	16,707,672	16,119,728	18,130,669	17,361,511
Total OPEB liability ending	<u>\$ 20,477,208</u>	<u>\$ 20,867,944</u>	<u>\$ 19,760,911</u>	<u>\$ 16,707,672</u>	<u>\$ 16,119,728</u>	<u>\$ 18,130,669</u>
Plan fiduciary net position						
Contributions-employer	\$ 721,712	\$ 713,103	\$ 756,625	\$ 844,735	\$ 724,561	\$ 1,057,435
Contributions-nonemployer	-	-	15,000	5,900	6,000	5,900
Net investment income (loss)	(2,206,335)	1,332,932	911,565	1,596,141	(573,523)	1,190,113
Benefit payments including employee refunds	(396,712)	(327,103)	(376,625)	(409,735)	(386,561)	(382,435)
Net change in plan fiduciary net position	(1,881,335)	1,718,932	1,306,565	2,037,041	(229,523)	1,871,013
Plan fiduciary net position beginning	18,982,192	17,263,260	15,956,695	13,919,654	14,149,177	12,278,164
Plan fiduciary net position ending	<u>\$ 17,100,857</u>	<u>\$ 18,982,192</u>	<u>\$ 17,263,260</u>	<u>\$ 15,956,695</u>	<u>\$ 13,919,654</u>	<u>\$ 14,149,177</u>
Employer net OPEB liability	<u>\$ 3,376,351</u>	<u>\$ 1,885,752</u>	<u>\$ 2,497,651</u>	<u>\$ 750,977</u>	<u>\$ 2,200,074</u>	<u>\$ 3,981,492</u>
Plan fiduciary net position as a percentage of the total OPEB liability	83.51%	90.96%	87.36%	95.51%	86.35%	78.04%
Covered employee payroll	<u>\$ 9,237,725</u>	<u>\$ 9,137,952</u>	<u>\$ 8,657,996</u>	<u>\$ 8,321,370</u>	<u>\$ 8,616,985</u>	<u>\$ 8,294,632</u>
Employer's net OPEB liability as a percentage of covered employee payroll	36.55%	20.64%	28.85%	9.02%	25.53%	48.00%

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

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE LAST SIX YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarial Determined Contributions	\$ 660,581	\$ 712,562	\$ 373,485	\$ 570,152	\$ 564,940	\$ 590,971
Contributions in relation to the actuarially determined contribution	<u>721,712</u>	<u>713,103</u>	<u>771,625</u>	<u>850,635</u>	<u>730,561</u>	<u>1,063,335</u>
Contribution deficiency (excess)	<u>\$ (61,131)</u>	<u>\$ (541)</u>	<u>\$ (398,140)</u>	<u>\$ (280,483)</u>	<u>\$ (165,621)</u>	<u>\$ (472,364)</u>
Covered Employee Payroll	\$ 9,237,725	\$ 9,137,952	\$ 8,657,996	\$ 8,321,370	\$ 8,616,985	\$ 8,294,632
Contributions as a percentage of covered employee payroll	7.81%	7.80%	8.91%	10.22%	8.48%	12.82%

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

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

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF INVESTMENT RETURNS
FOR THE LAST SIX YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	<u>-12.2%</u>	<u>7.4%</u>	<u>5.5%</u>	<u>10.7%</u>	<u>-4.1%</u>	<u>9.7%</u>

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

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

NOTE 1 - SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET OPEB LIABILITY AND RELATED RATIOS

Benefit Changes - There were no benefit changes.

Changes of Assumptions - Assumption changes since prior valuation:

- Medical trend rates updated
- Discount rate increased from 3.47% to 4.31%

NOTE 2 - SCHEDULE OF THE TOWNSHIP'S CONTRIBUTIONS

Valuation Date

December 31, 2022

Methods and Assumptions Used to Determine Contributions Rates

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	11 years
Asset valuation method	Market value
Inflation	Included in investment return
Healthcare cost trend rates	Pre 65 - 7.25% graded down by 0.25% per year to an ultimate rate of 4.5%. Medicare eligible- 5.5% graded by 0.25% per year to an ultimate rate of 4.5%.
Salary increases	3.0%, average, including inflation
Investment rate of return	4.19%, net of OPEB plan investment expense, including inflation. Blended rate based on long-term expected return and the 20-year Aa Municipal Bond rate.
20-year Municipal Bond Rate	4.31%
Retirement age	Experience based table of rates that are specific to the type of eligibility condition
Mortality	General Public 2010 Headcount weighted, annuitant and non-annuitant, sex-distinct mortality table with MP 2019 improvement table and Public Safety 2010 Employee and Healthy Retiree Headcount weighted

ADDITIONAL SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 12,895,560	\$ 12,389,538
Investments	11,931,914	10,089,331
Receivables		
Accounts	160,765	1,160,545
Leases	4,757,489	4,932,778
Taxes	4,724,575	4,467,754
Interest	60,027	41,382
Due from other funds	72,130	56,487
Prepaid items	<u>2,303,208</u>	<u>2,526,285</u>
TOTAL ASSETS	<u><u>\$ 36,905,668</u></u>	<u><u>\$ 35,664,100</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 387,990	\$ 472,156
Customer deposits payable	131,050	104,130
Retainage payable	5,000	219,162
Accrued salaries and related items	<u>288,480</u>	<u>243,429</u>
TOTAL LIABILITIES	<u>812,520</u>	<u>1,038,877</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - leases	4,624,479	4,932,778
Unavailable revenue - property taxes	<u>10,472,213</u>	<u>9,340,463</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>15,096,692</u>	<u>14,273,241</u>
FUND BALANCE		
Nonspendable		
Prepaid items	2,303,208	2,526,285
Restricted		
Budget stabilization	450,000	450,000
Assigned		
Compensated absences	965,254	965,254
Roads	1,100,000	1,100,000
Retiree health insurance	100,000	100,000
Non-motorized transportation	700,000	700,000
Economic development	500,000	500,000
Capital improvements	3,990,000	3,990,000
Subsequent year expenditures	2,022,700	1,393,000
Unassigned	<u>8,865,294</u>	<u>8,627,443</u>
TOTAL FUND BALANCE	<u>20,996,456</u>	<u>20,351,982</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 36,905,668</u></u>	<u><u>\$ 35,664,100</u></u>

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUES		
Taxes	\$ 9,567,825	\$ 9,442,511
Licenses and permits	2,545,345	3,173,776
Charges for services	962,178	932,019
Investment earnings (loss)	(55,608)	(57,623)
Rental income	412,065	78,897
Local contributions	723,350	583,070
Other	828,438	751,235
State shared revenue	3,750,852	3,345,885
State and federal grants	<u>74,998</u>	<u>150,607</u>
TOTAL REVENUES	<u>18,809,443</u>	<u>18,400,377</u>
EXPENDITURES		
Current		
General government		
Legislative - trustees	99,862	100,133
Manager	592,851	582,848
Assessing	455,230	461,222
Clerk	661,819	472,553
Treasurer	270,181	274,062
Computer	359,980	360,120
Township hall and grounds	835,178	497,565
General service administration	595,578	1,500,219
Cemetery	<u>302,411</u>	<u>245,172</u>
Total general government	<u>4,173,090</u>	<u>4,493,894</u>
Public safety		
Law enforcement - police	3,909,383	3,398,902
Fire	6,361,783	3,848,918
Emergency operations center	15,321	18,070
Protective inspection	<u>750,305</u>	<u>649,392</u>
Total public safety	<u>11,036,792</u>	<u>7,915,282</u>

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
EXPENDITURES (continued)		
Current		
Public works		
Recycling	\$ 92,611	\$ 103,544
Drains	55,792	64,370
Streets and highways	396,956	529,398
Engineering	600,320	464,383
Street lighting	<u>766,692</u>	<u>731,816</u>
Total public works	<u>1,912,371</u>	<u>1,893,511</u>
Community and economic development		
Planning	354,942	372,758
Economic development	<u>37,463</u>	<u>108,686</u>
Total community and economic development	<u>392,405</u>	<u>481,444</u>
Parks and recreation	<u>2,115,851</u>	<u>1,844,078</u>
Debt service	<u>341,102</u>	<u>136,430</u>
TOTAL EXPENDITURES	<u>19,971,611</u>	<u>16,764,639</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from lease	1,898,242	-
Transfers in	281,000	100,000
Transfers out	<u>(372,600)</u>	<u>(146,500)</u>
Total other financing sources (uses)	<u>1,806,642</u>	<u>(46,500)</u>
Net change in fund balance	644,474	1,589,238
FUND BALANCE		
Beginning of year	<u>20,351,982</u>	<u>18,762,744</u>
End of year	<u><u>\$ 20,996,456</u></u>	<u><u>\$ 20,351,982</u></u>

CHARTER TOWNSHIP OF DELTA
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2022

	Carrier Creek	Watson & Watson and Branches	Gettysburg	Burrell	Total
2023	\$ 71,867	\$ 19,450	\$ 25,824	\$ 11,525	\$ 128,666
2024	70,144	18,600	24,922	11,134	124,800
2025	68,416	17,751	24,036	10,748	120,951
2026	-	-	23,116	10,354	33,470
2027	-	-	22,213	9,969	32,182
2028	-	-	21,311	391	21,702
2029	-	-	20,416	-	20,416
2030	-	-	19,505	-	19,505
2031	-	-	18,604	-	18,604
	<u>210,427</u>	<u>55,801</u>	<u>199,947</u>	<u>54,121</u>	<u>520,296</u>
Less interest	<u>10,335</u>	<u>5,103</u>	<u>40,646</u>	<u>8,200</u>	<u>64,284</u>
	<u>\$ 200,092</u>	<u>\$ 50,698</u>	<u>\$ 159,301</u>	<u>\$ 45,921</u>	<u>\$ 456,012</u>

NOTE: Drains at large consists of drains installed by Eaton County Drain Commission in which the State of Michigan, homeowner, Delta Township, and the Eaton County Drain Commission share the cost of installment. Delta Township is assessed yearly for their share of the cost plus interest on the outstanding balance. Interest rates charged to the different projects range from 3.25% to 4.25%.

**CHARTER TOWNSHIP OF DELTA
LEASE OBLIGATION PAYABLE
DECEMBER 31, 2022**

<u>Implied Interest Rate</u>	<u>Due January 27,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment Requirements</u>
1.750%	2023	\$ 178,419	\$ 30,151	\$ 208,570
1.750%	2024	181,542	27,028	208,570
1.750%	2025	184,719	23,851	208,570
1.750%	2026	187,951	20,619	208,570
1.750%	2027	191,240	17,330	208,570
1.750%	2028	194,587	13,983	208,570
1.750%	2029	197,992	10,578	208,570
1.750%	2030	201,458	7,112	208,570
1.750%	2031	204,983	3,587	208,570
		<u>\$ 1,722,891</u>	<u>\$ 154,239</u>	<u>\$ 1,877,130</u>

NOTE: Lease obligation for medical equipment dated January 27, 2022 for a period of 10 years. Annual payments of \$208,570 with an implied interest rate of 1.75%.

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 1,020,834	\$ 1,324,905
Investments	945,325	1,078,948
Prepaid items	518,817	4,774
Receivables		
Accounts	-	27,182
Taxes	1,712,697	1,640,756
Interest	4,697	4,380
	<u>4,697</u>	<u>4,380</u>
TOTAL ASSETS	<u>\$ 4,202,370</u>	<u>\$ 4,080,945</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 38,280	\$ 46,220
Due to other funds	30,143	20,650
	<u>30,143</u>	<u>20,650</u>
TOTAL LIABILITIES	<u>68,423</u>	<u>66,870</u>
DEFERRED INFLOW OF RESOURCES		
Unavailable revenue - property taxes	1,712,697	1,640,756
	<u>1,712,697</u>	<u>1,640,756</u>
FUND BALANCE		
Nonspendable - prepaid items	518,817	4,774
Restricted	1,902,433	2,373,319
	<u>1,902,433</u>	<u>2,373,319</u>
TOTAL FUND BALANCE	<u>2,421,250</u>	<u>2,373,319</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 4,202,370</u>	<u>\$ 4,080,945</u>

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUES		
Taxes and special assessments	\$ 1,626,935	\$ 1,550,711
State and federal grants	-	56,511
Charges for services	1,607,414	1,553,499
Investment earnings (loss) - net	<u>(6,947)</u>	<u>(5,330)</u>
TOTAL REVENUES	<u>3,227,402</u>	<u>3,155,391</u>
EXPENDITURES		
Current		
Health and welfare	<u>3,139,771</u>	<u>3,200,959</u>
Net change in fund balance	<u>87,631</u>	<u>(45,568)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	60,300	-
Transfers out	<u>(100,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(39,700)</u>	<u>-</u>
Net change in fund balance	47,931	(45,568)
FUND BALANCE		
Beginning of year	<u>2,373,319</u>	<u>2,418,887</u>
End of year	<u><u>\$ 2,421,250</u></u>	<u><u>\$ 2,373,319</u></u>

**CHARTER TOWNSHIP OF DELTA
CAPITAL PROJECTS FUND
BALANCE SHEET
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 3,198,548	\$ 2,614,299
Investments	2,959,767	2,130,984
Interest receivable	<u>14,706</u>	<u>8,650</u>
 TOTAL ASSETS	 <u><u>\$ 6,173,021</u></u>	 <u><u>\$ 4,753,933</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Unearned revenue	<u>\$ 3,198,904</u>	<u>\$ 1,748,383</u>
FUND BALANCE		
Assigned	<u>2,974,117</u>	<u>3,005,550</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 6,173,021</u></u>	 <u><u>\$ 4,753,933</u></u>

**CHARTER TOWNSHIP OF DELTA
CAPITAL PROJECTS FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUES		
Federal grants	\$ 311,900	\$ -
Investment earnings (loss)	<u>(31,433)</u>	<u>(8,871)</u>
TOTAL REVENUES	<u>280,467</u>	<u>(8,871)</u>
EXPENDITURES		
Other expenses	<u>22,100</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	146,500
Transfers out	<u>(289,800)</u>	<u>(100,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(289,800)</u>	<u>46,500</u>
Net change in fund balance	(31,433)	37,629
FUND BALANCE		
Beginning of year	<u>3,005,550</u>	<u>2,967,921</u>
End of year	<u><u>\$ 2,974,117</u></u>	<u><u>\$ 3,005,550</u></u>

**CHARTER TOWNSHIP OF DELTA
NONMAJOR GOVERNMENTAL FUNDS**

Debt Service Fund

Debt Service Fund

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

Permanent Fund

Cemetery Perpetual Care Fund

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

**CHARTER TOWNSHIP OF DELTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022**

		Permanent Fund	
	Debt Service	Cemetery Perpetual Care Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 16,648	\$ 206,165	\$ 222,813
Investments	16,881	188,502	205,383
Interest receivable	-	937	937
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 33,529</u>	<u>\$ 395,604</u>	<u>\$ 429,133</u>
FUND BALANCES			
Restricted	\$ -	\$ 395,604	\$ 395,604
Assigned	33,529	-	33,529
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>\$ 33,529</u>	<u>\$ 395,604</u>	<u>\$ 429,133</u>

**CHARTER TOWNSHIP OF DELTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2022**

		Permanent Fund	
	Debt Service	Cemetery Perpetual Care Fund	Total Nonmajor Governmental Funds
REVENUES			
Local sources			
Investment earnings (loss)	\$ (841)	\$ (3,010)	\$ (3,851)
Other	-	17,395	17,395
TOTAL REVENUES	(841)	14,385	13,544
EXPENDITURES			
Debt service			
Principal repayment	180,000	-	180,000
Interest expense	193,100	-	193,100
TOTAL EXPENDITURES	373,100	-	373,100
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(373,941)	14,385	(359,556)
OTHER FINANCING SOURCES (USES)			
Transfers In	372,600	-	372,600
Net change in fund balances	(1,341)	14,385	13,044
FUND BALANCES			
Beginning of year	34,870	381,219	416,089
End of year	\$ 33,529	\$ 395,604	\$ 429,133

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 16,648	\$ 20,130
Investments	<u>16,881</u>	<u>14,740</u>
TOTAL ASSETS	<u><u>\$ 33,529</u></u>	<u><u>\$ 34,870</u></u>
FUND BALANCE		
Assigned	<u><u>\$ 33,529</u></u>	<u><u>\$ 34,870</u></u>

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUE		
Rental income - Delta Township District Library	\$ -	\$ 379,800
Investment earnings (loss)	<u>(841)</u>	<u>43</u>
TOTAL REVENUE	<u>(841)</u>	<u>379,843</u>
EXPENDITURES		
Principal payments on debt	180,000	180,000
Interest and fiscal charges	<u>193,100</u>	<u>200,300</u>
TOTAL EXPENDITURES	<u>373,100</u>	<u>380,300</u>
EXCESS OF REVENUES (EXPENDITURES)	<u>(373,941)</u>	<u>(457)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	<u>372,600</u>	<u>-</u>
Net change in fund balances	(1,341)	(457)
FUND BALANCE		
Beginning of year	<u>34,870</u>	<u>35,327</u>
End of year	<u><u>\$ 33,529</u></u>	<u><u>\$ 34,870</u></u>

CHARTER TOWNSHIP OF DELTA
2016 GENERAL OBLIGATION LIMITED TAX LIBRARY REFUNDING BONDS
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2022

<u>Interest Rate</u>	<u>Due April 1</u>	<u>Principal</u>	<u>April 1</u>	<u>October 1</u>	<u>Total Payment Requirements</u>
4.000%	2023	\$ 175,000	\$ 94,500	\$ 91,000	\$ 360,500
4.000%	2024	175,000	91,000	87,500	353,500
4.000%	2025	175,000	87,500	84,000	346,500
4.000%	2026	175,000	84,000	80,500	339,500
4.000%	2027	270,000	80,500	75,100	425,600
4.000%	2028	270,000	75,100	69,700	414,800
4.000%	2029	265,000	69,700	64,400	399,100
4.000%	2030	365,000	64,400	57,100	486,500
4.000%	2031	360,000	57,100	49,900	467,000
4.000%	2032	360,000	49,900	42,700	452,600
4.000%	2033	355,000	42,700	35,600	433,300
4.000%	2034	450,000	35,600	26,600	512,200
4.000%	2035	445,000	26,600	17,700	489,300
4.000%	2036	445,000	17,700	8,800	471,500
4.000%	2037	440,000	8,800	-	448,800
		<u>\$ 4,725,000</u>	<u>\$ 885,100</u>	<u>\$ 790,600</u>	<u>\$ 6,400,700</u>

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

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

ASSETS	<u>2022</u>	<u>2021</u>
Current assets		
Cash	\$ 5,805,276	\$ 4,482,110
Investments	5,370,909	3,650,320
Receivables		
Customer accounts	8,186,721	575,783
Interest	26,687	14,817
Special assessment - current	-	858
Special assessment - interest	<u>-</u>	<u>5</u>
Total current assets	<u>19,389,593</u>	<u>8,723,893</u>
Noncurrent assets		
Deferred charges		
Tap in charges - deferred	-	430
Capital assets not being depreciated	18,774,137	3,408,404
Property, plant, and equipment, net of accumulated depreciation	<u>24,125,127</u>	<u>23,106,371</u>
Total noncurrent assets	<u>42,899,264</u>	<u>26,515,205</u>
TOTAL ASSETS	<u>62,288,857</u>	<u>35,239,098</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other postemployment benefits related items	<u>2,032,356</u>	<u>1,576,644</u>

	2022	2021
LIABILITIES		
Current liabilities		
Accounts payable	\$ 2,312,136	\$ 493,380
Customer deposits payable	63,090	63,090
Contract retainage payable	1,367,635	-
Unearned revenue	5,304,058	-
Current portion of long-term liabilities	22,233	22,233
Current portion of compensated absences	165,549	270,574
Due to other funds	32,137	26,342
Total current liabilities	9,266,838	875,619
Long-term liabilities, net of current portion		
Compensated absences	188,486	149,488
Other long-term debt	15,157,163	66,697
Net other postemployment benefits liability	779,299	429,996
Total long-term liabilities	16,124,948	646,181
TOTAL LIABILITIES	25,391,786	1,521,800
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefits related items	1,872,037	1,716,977
NET POSITION		
Net investment in capital assets	27,719,868	26,425,845
Unrestricted	9,337,522	7,151,120
TOTAL NET POSITION	\$ 37,057,390	\$ 33,576,965

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 5,682,400	\$ 5,204,300
Forfeited discounts	72,121	57,738
Other	<u>30,817</u>	<u>41,691</u>
TOTAL OPERATING REVENUES	<u>5,785,338</u>	<u>5,303,729</u>
OPERATING EXPENSES		
Costs of sales and services	4,149,584	3,899,230
Depreciation	<u>1,069,105</u>	<u>1,014,275</u>
TOTAL OPERATING EXPENSES	<u>5,218,689</u>	<u>4,913,505</u>
Operating income (loss)	<u>566,649</u>	<u>390,224</u>
NON-OPERATING REVENUES (EXPENSES)		
Capital charges	329,840	323,643
State grants	604,564	-
Reimbursement for construction costs	235,128	-
Gain on disposal of capital assets	14,848	-
Investment income - net	(48,831)	(20,804)
Interest and fiscal charges	<u>(14,848)</u>	<u>(3,623)</u>
TOTAL NON-OPERATING REVENUES	<u>1,120,701</u>	<u>299,216</u>
Income (loss) before capital contributions	1,687,350	689,440
CAPITAL CONTRIBUTIONS - infrastructure	1,755,075	966,372
TRANSFERS IN	<u>38,000</u>	<u>-</u>
Change in net position	3,480,425	1,655,812
NET POSITION		
Beginning of year	<u>33,576,965</u>	<u>31,921,153</u>
End of year	<u><u>\$ 37,057,390</u></u>	<u><u>\$ 33,576,965</u></u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
INCREASE (DECREASE) IN CASH		
Cash flows from operating activities		
Operating income (loss)	\$ 566,649	\$ 390,224
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	1,069,105	1,014,275
Prepaid expenses	-	12,993
Receivables	(7,610,938)	(96,743)
Due to/from other funds - net	5,795	4,261
Accounts payable	1,818,756	100,174
Contract retainage payable	1,367,635	-
Unearned revenue	5,304,058	-
Other postemployment benefit liability	48,651	(36,776)
Accrued compensated absences	(66,027)	23,894
Total adjustments	<u>1,937,035</u>	<u>1,022,078</u>
Net cash provided by operating activities	<u>2,503,684</u>	<u>1,412,302</u>
Cash flows from non-capital financing activities		
Capital charges	329,840	323,643
Main and tap in charges	<u>430</u>	<u>4,371</u>
Net cash provided by non-capital financing activities	<u>330,270</u>	<u>328,014</u>
Cash flows for capital and related financing activities		
Principal repayments on debt	(22,234)	(22,233)
State grants	604,564	-
Reimbursement for construction costs	235,128	-
Gain on disposal of capital assets	14,848	-
Net interest paid on bonds	(14,848)	(3,623)
Transfer from other funds	38,000	-
Payments for capital acquisitions	(585,821)	(2,030,302)
Issuance from special assessments	858	3,803
Interest received from special assessments	<u>5</u>	<u>51</u>
Net cash used by capital and related financing activities	<u>270,500</u>	<u>(2,052,304)</u>
Cash flows from investing activities		
Interest received from investments	(60,699)	(15,394)
Purchases of investments	<u>(1,720,589)</u>	<u>1,350,447</u>
Net cash provided (used) by investing activities	<u>(1,781,288)</u>	<u>1,335,053</u>
NET INCREASE (DECREASE) IN CASH	1,323,166	1,023,065
CASH		
Beginning of year	<u>4,482,110</u>	<u>3,459,045</u>
End of year	<u>\$ 5,805,276</u>	<u>\$ 4,482,110</u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULES OF COSTS OF SALES AND SERVICES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Salaries and wages	\$ 1,577,606	\$ 1,569,572
Payroll taxes	123,686	117,199
Employee fringe benefits	599,970	539,659
Pension expense	260,085	179,397
Office supplies	3,599	3,462
Chemicals	334,989	259,860
Supplies	49,101	40,960
Maintenance of plant	18,112	26,608
Maintenance of equipment	104,765	112,496
Accounting and auditing	173,566	175,372
Administrative fees	115,750	100,000
Contracted services	138,128	150,204
Engineering	31,022	15,043
Collection fees	837	751
Telephone	19,665	20,712
Transportation	44,009	32,882
Legal fees	-	5,382
Insurance	139,239	132,563
Utilities	395,728	388,781
Miscellaneous	19,727	28,327
	<u>\$ 4,149,584</u>	<u>\$ 3,899,230</u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2022**

<u>Year</u>	<u>Carrier Creek</u>
2023	\$ 25,734
2024	24,567
2025	<u>23,402</u>
	73,703
Less interest	<u>7,007</u>
	<u><u>\$ 66,696</u></u>

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

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash	\$ 4,813,276	\$ 4,985,448
Investments	4,453,718	4,061,348
Receivables		
Customer accounts	380,197	384,198
Interest	22,130	16,485
Special assessment - current	1,546	1,708
Special assessment - interest	102	123
Other	3,316,860	37,249
Total current assets	<u>12,987,829</u>	<u>9,486,559</u>
Noncurrent assets		
Deferred charges		
Special assessments - deferred	8,753	10,502
Capital assets not being depreciated	1,107,583	488,845
Property, plant, and equipment, less accumulated depreciation	<u>36,344,190</u>	<u>35,950,183</u>
Total noncurrent assets	<u>37,460,526</u>	<u>36,449,530</u>
TOTAL ASSETS	<u>50,448,355</u>	<u>45,936,089</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other postemployment benefits related items	<u>390,838</u>	<u>303,201</u>

	<u>2022</u>	<u>2021</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 646,902	\$ 263,575
Customer deposits payable	16,460	15,730
Accrued interest	7,091	14,124
Unearned revenue	2,810,278	1,725
Current portion of long-term liabilities	945,000	955,000
Current portion of compensated absences	21,208	55,950
Due to other funds	9,850	9,495
Contract retainage payable	<u>21,582</u>	<u>-</u>
Total current liabilities	<u>4,478,371</u>	<u>1,315,599</u>
Long-term liabilities, net of current portion		
Compensated absences	42,031	33,790
Bonds payable	1,010,000	1,955,000
Net other postemployment benefits liability	149,865	82,691
Unamortized bond premiums (discount) - net	<u>(9,365)</u>	<u>(12,487)</u>
Total long-term liabilities	<u>1,192,531</u>	<u>2,058,994</u>
TOTAL LIABILITIES	<u>5,670,902</u>	<u>3,374,593</u>
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefits related items	<u>360,007</u>	<u>330,188</u>
NET POSITION		
Net investment in capital assets	35,506,138	33,541,515
Unrestricted	<u>9,302,146</u>	<u>8,992,994</u>
TOTAL NET POSITION	<u><u>\$ 44,808,284</u></u>	<u><u>\$ 42,534,509</u></u>

CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 5,493,361	\$ 5,385,845
Hydrant rental	157,850	156,380
Forfeited discounts	61,459	57,052
Other service charges	150,376	247,096
Other	<u>21,979</u>	<u>8,071</u>
TOTAL OPERATING REVENUES	<u>5,885,025</u>	<u>5,854,444</u>
OPERATING EXPENSES		
Costs of sales and services	4,800,239	4,428,463
Depreciation	<u>1,246,992</u>	<u>1,208,826</u>
TOTAL OPERATING EXPENSES	<u>6,047,231</u>	<u>5,637,289</u>
Operating income	<u>(162,206)</u>	<u>217,155</u>
NON-OPERATING REVENUES (EXPENSES)		
Capital charges	585,525	359,402
State grants	240,390	-
Reimbursement for construction costs	318,487	-
Gain on disposal of capital assets	6,500	7,857
Investment income - net	(66,250)	(25,532)
Interest and fiscal charges	(47,065)	(71,858)
Amortization of bond discount	<u>(3,122)</u>	<u>(3,122)</u>
TOTAL NON-OPERATING REVENUES	<u>1,034,465</u>	<u>266,747</u>
Income before capital contributions	872,259	483,902
CAPITAL CONTRIBUTIONS - infrastructure	1,391,016	1,055,175
TRANSFERS IN	<u>10,500</u>	<u>-</u>
Change in net position	2,273,775	1,539,077
NET POSITION		
Beginning of year	<u>42,534,509</u>	<u>40,995,432</u>
End of year	<u><u>\$ 44,808,284</u></u>	<u><u>\$ 42,534,509</u></u>

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
INCREASE (DECREASE) IN CASH		
Cash flows from operating activities		
Operating income	\$ (162,206)	\$ 217,155
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	1,246,992	1,208,826
Receivables	(3,275,610)	46,304
Prepaid expenses	-	2,712
Due to/from other funds - net	355	1,644
Accounts payable	383,327	(39,977)
Accrued compensated absences	(26,501)	(7,373)
Contract retainage payable	21,582	-
Customer deposits	730	90
Other postemployment benefit liability	9,356	(7,073)
Unearned revenue	2,808,553	(35,822)
Total adjustments	1,168,784	1,169,331
Net cash provided by operating activities	1,006,578	1,386,486
Cash flows from non-capital financing activities		
Capital charges	585,525	359,402
Main and tap in charges	-	11,376
Net cash provided by non-capital financing activities	585,525	370,778
Cash flows from capital and related financing activities		
Principal repayments on debt	(955,000)	(860,000)
State grants	240,390	-
Reimbursement for construction costs	318,487	-
Gain on disposal of capital assets	6,500	7,857
Net interest paid on bonds	(54,098)	(73,744)
Payments for capital acquisitions	(868,721)	(638,846)
Proceeds from special assessments	1,911	(6,727)
Transfers from other funds	10,500	-
Interest received from special assessments	1,280	(1,829)
Net cash used by capital and related financing activities	(1,298,751)	(1,573,289)
Cash flows from investing activities		
Interest received from investments	(73,154)	(18,816)
Proceeds of investments	(392,370)	2,558,274
Net cash provided (used) by investing activities	(465,524)	2,539,458
NET INCREASE (DECREASE) IN CASH	(172,172)	2,723,433
CASH		
Beginning of year	4,985,448	2,262,015
End of year	\$ 4,813,276	\$ 4,985,448

CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULES OF COSTS OF SALES AND SERVICES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Salaries and wages	\$ 538,547	\$ 571,815
Payroll taxes	41,586	43,257
Employee fringe benefits	190,516	177,500
Pension expense	85,526	66,579
Office supplies	1,871	2,222
Supplies	199,849	156,162
Water purchases	2,758,107	2,677,627
Maintenance of plant	123,577	93,181
Maintenance of equipment	19,162	15,704
Transportation	44,420	20,359
Administrative	115,750	100,000
Accounting and auditing	173,566	175,372
Engineering fees	25,794	3,334
Contracted services	308,434	153,016
Telephone	11,543	12,536
Insurance	43,151	45,657
Utilities	95,590	89,035
Miscellaneous	<u>23,250</u>	<u>25,107</u>
	<u><u>\$ 4,800,239</u></u>	<u><u>\$ 4,428,463</u></u>

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND
AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2022**

Charter Township of Delta Bonds
General Obligation Limited Tax Bonds

<u>Year</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest April 1</u>	<u>Interest October 1</u>	<u>Total</u>	<u>Total Principal and Interest Requirements</u>
2023	2.00%	<u>\$ 450,000</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 454,500</u>

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

CHARTER TOWNSHIP OF DELTA
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND
AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2022

Charter Township of Delta Bonds
General Obligation Limited Tax Refunding Bonds

<u>Year</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest May 1</u>	<u>Interest November 1</u>	<u>Total</u>	<u>Total Principal and Interest Requirements</u>
2023	2.31%	\$ 495,000	\$ 17,383	\$ 11,665	\$ 29,048	\$ 524,048
2024	2.31%	485,000	11,665	6,064	17,729	502,729
2025	2.31%	525,000	6,064	-	6,064	531,064
		<u>\$ 1,505,000</u>	<u>\$ 35,112</u>	<u>\$ 17,729</u>	<u>\$ 52,841</u>	<u>\$ 1,557,841</u>

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

CHARTER TOWNSHIP OF DELTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantors Number	Federal Award Expenditures
U.S. DEPARTMENT OF TREASURY			
Passed through Michigan Department of Treasury Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>\$ 311,900</u>
U.S. ENVIRONMENT PROTECTING AGENCY			
Clean Water State Revolving Fund Cluster Clean Water State Revolving Fund	66.458	5725-01	<u>9,251,572</u>
U.S. ELECTION ASSISTANCE COMMISSION			
Passed through Michigan Department of State - Bureau of Elections Help America Vote Act - Election Security Grant	90.404	N/A	<u>19,545</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Michigan State Police Emergency Management Performance Grants	97.042	EMC-2022-EP-0001	29,223
	97.042	EMC-2021-EP-0001	<u>11,483</u>
Total U.S. Department of Homeland Security			<u>40,706</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 9,623,723</u></u>

CHARTER TOWNSHIP OF DELTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Charter Township of Delta, Michigan, under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Charter Township of Delta, Michigan, it is not intended to and does not present the financial position or changes in net position of the Charter Township of Delta, Michigan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The Township has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

The following reconciles the intergovernmental revenues reported in the December 31, 2022, basic financial statements to the expenditures of the Township administer federal programs reported on the Schedule of Expenditures of Federal Awards:

Per basic financial statements	
State and federal grants	\$ 386,898
Less state grants	<u>(14,747)</u>
Total federal grants	372,151
Federal expenditures capitalized	<u>9,251,572</u>
Total expenditures of federal awards	<u><u>\$ 9,623,723</u></u>



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**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 Delta
Lansing, Michigan

We have audited, in accordance with the 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 Delta, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Charter Township of Delta's basic financial statements, and have issued our report thereon dated May 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Charter Township of Delta's internal control over financial reporting (internal control) as a basis for designing 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 Delta's internal control. Accordingly, we do not express an opinion on the effectiveness of Charter Township of Delta'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 consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter Township of Delta'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 financial statements. 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 with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

May 8, 2023



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Charter Township of Delta
Lansing, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Charter Township of Delta's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of as of Charter Township of Delta's major federal programs for the year ended December 31, 2022. Charter Township of Delta's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Charter Township of Delta 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, 2022.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Charter Township of Delta and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Charter Township of Delta's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Charter Township of Delta's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Charter Township of Delta's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Charter Township of Delta's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Charter Township of Delta's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Charter Township of Delta's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Charter Township of Delta's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maney Costeiran PC

May 8, 2023

**CHARTER TOWNSHIP OF DELTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ 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? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Clean Water State Revolving Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

**CHARTER TOWNSHIP OF DELTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2022**

FINDINGS/NONCOMPLIANCE

Significant Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to the Basic Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with the Uniform Guidance.

No prior audit findings noted.