

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Delta	County Eaton
Fiscal Year End December 31, 2007	Opinion Date April 16, 2008	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Maner, Costerisan & Ellis, P.C.		Telephone Number (517) 323-7500	
Street Address 544 Cherbourg, Suite 200		City Lansing	State Zip MI 48917
Authorizing CPA Signature 	Printed Name LAMONIE T LATOURCPA	License Number 1101008801	

CHARTER TOWNSHIP OF DELTA
REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)
YEAR ENDED DECEMBER 31, 2007

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Charter Township of Delta (Township), we offer readers of the Charter Township of Delta's financial statements this narrative overview and analysis of the financial activities of the Charter Township of Delta for the fiscal year ended December 31, 2007.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$103.1 million dollars (net assets). Of this amount, \$29.6 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$4.5 million dollars.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$19.1 million, a increase of \$4.8 million in comparison with the prior year. Approximately \$14.6 million is available for spending.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$8.3 million, or 53 percent of total general fund expenditures.
- The Township's total long-term liabilities increased \$5.2 million. The key factor in this increase was the issuance of general obligation bonds to fund the construction of a new library building. The amount of the issuance was \$7.3 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 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 assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, economic development, and culture and recreation. The business-type activities of the Township include water and sewer activity.

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

The government-wide financial statements can be found on pages 1 and 2 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 seven 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, paramedic fund, and the capital projects fund, which are considered to be major funds. Data from the other four 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 funds. Budgetary comparison statements have been provided for the general fund and major special revenue fund in the required supplementary information and for the other special revenue funds in the additional information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 3 through 5 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 6 through 9 of this report.

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

The basic fiduciary fund financial statements can be found on pages 10 and 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 38 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 pension benefits to its employees and the general and paramedic special revenue fund budgets. Required supplementary information can be found on page 39 through 43 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 44 through 77 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$103.1 million at the close of the most recent fiscal year.

By far the largest portion of the Township's net assets (65 percent) reflects its 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.

Charter Township of Delta's Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 30,764,059	\$ 24,076,995	\$ 22,372,030	\$ 25,848,829	\$ 53,136,089	\$ 49,925,824
Capital assets	26,047,167	21,766,854	66,790,496	63,473,304	92,837,663	85,240,158
Total assets	56,811,226	45,843,849	89,162,526	89,322,133	145,973,752	135,165,982
Long-term liabilities outstanding	9,521,544	3,243,764	18,038,662	19,116,085	27,560,206	22,359,849
Other liabilities	13,440,758	11,751,149	1,870,371	2,443,109	15,311,129	14,194,258
Total liabilities	22,962,302	14,994,913	19,909,033	21,559,194	42,871,335	36,554,107
Net assets:						
Invested in capital assets, net of related debt	18,881,921	17,532,705	48,279,075	43,930,910	67,160,996	61,463,615
Restricted	1,892,077	1,696,131	4,413,202	4,172,734	6,305,279	5,868,865
Unrestricted	13,074,926	11,620,100	16,561,216	19,659,295	29,636,142	31,279,395
Total net assets	\$ 33,848,924	\$ 30,848,936	\$ 69,253,493	\$ 67,762,939	\$ 103,102,417	\$ 98,611,875

An additional portion of the Township's net assets (6 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets (\$29.6 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 assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

There was an increase of \$240,468 in restricted assets reported in connection with the Township's business-type activities. All of the increase is due to the estimated cost to replace infrastructure relating to federal funds received for sewer improvements in prior years. The restricted governmental fund net assets increased by \$195,967, which arose from increases in the amounts restricted by source of revenues such as special levies.

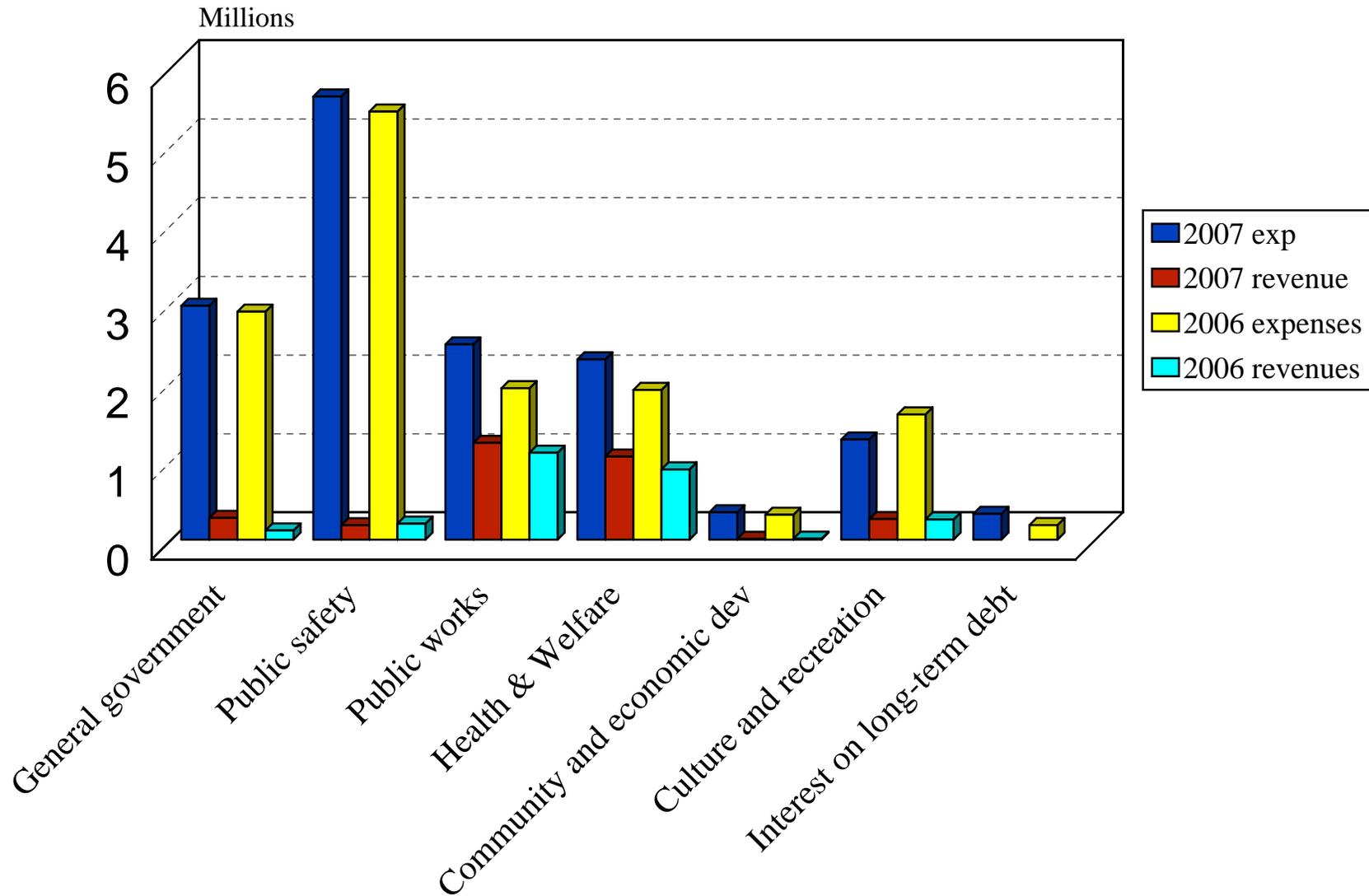
The government's net assets increased by \$4.5 million during the current fiscal year. Majority of the increase can be attributed to the degree in which increases in ongoing revenues have outstripped similar increases in ongoing expenditures. The Township did however receive additional funds for taxes relating agreements with General Motors and other automotive suppliers, increase in cable franchise fee, as well as an increase in investment income.

Governmental activities. Governmental activities increased the Township’s net assets by \$2,999,988, thereby accounting for 67 percent of the total growth, while the business-type activities net assets increased by \$1,490,554, which represents 32 percent of the growth in the net assets of the Township. Key elements of this increase are as follows:

Charter Township of Delta’s Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 2,977,346	\$ 2,412,940	\$ 8,227,956	\$ 7,730,177	\$ 11,205,302	\$ 10,143,117
Operating grants and contributions	43,035	168,390	59,050		102,085	168,390
Capital grants and contributions			1,521,450	2,685,020	1,521,450	2,685,020
General revenues:						
Property taxes	9,657,213	8,547,444			9,657,213	8,547,444
Paramedic levy	1,311,099	1,251,780			1,311,099	1,251,780
State sources	2,237,715	2,269,380			2,237,715	2,269,380
Franchise fee-cable	438,733	146,971			438,733	146,971
Investment earnings	1,425,524	865,128	1,231,522	1,240,692	2,657,046	2,105,820
Other	237,700	225,211			237,700	225,211
Total revenues	18,328,365	15,887,244	11,039,978	11,655,889	29,368,343	27,543,133
Expenses:						
General government	2,973,110	2,898,741			2,973,110	2,898,741
Public safety	5,632,247	5,441,238			5,632,247	5,441,238
Public works	2,481,154	1,924,550			2,481,154	1,924,550
Health and welfare	2,290,937	1,903,061			2,290,937	1,903,061
Community and economic development	348,989	317,113			-	317,113
Culture and recreation	1,273,012	1,591,079			1,273,012	1,591,079
Interest on long-term debt	328,928	185,851			328,928	185,851
Water			4,455,742	4,027,071	4,455,742	4,027,071
Sewer			5,093,682	5,077,703	5,093,682	5,077,703
Total expenses	15,328,377	14,261,633	9,549,424	9,104,774	24,877,801	23,366,407
Increase (decrease) in net assets	2,999,988	1,625,611	1,490,554	2,551,115	4,490,542	4,176,726
Net assets, beginning of year	30,848,936	29,223,325	67,762,939	65,211,824	98,611,875	94,435,149
Net assets, end of year	\$ 33,848,924	\$ 30,848,936	\$ 69,253,493	\$ 67,762,939	\$ 103,102,417	\$ 98,611,875

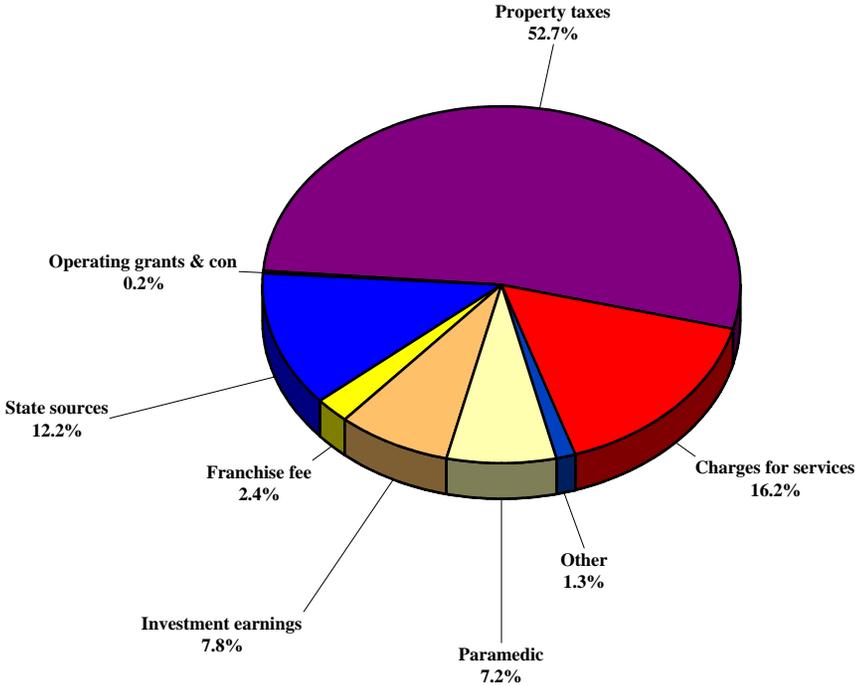
Charter Township of Delta Expenses and Program Revenues - Governmental Activities December 31,



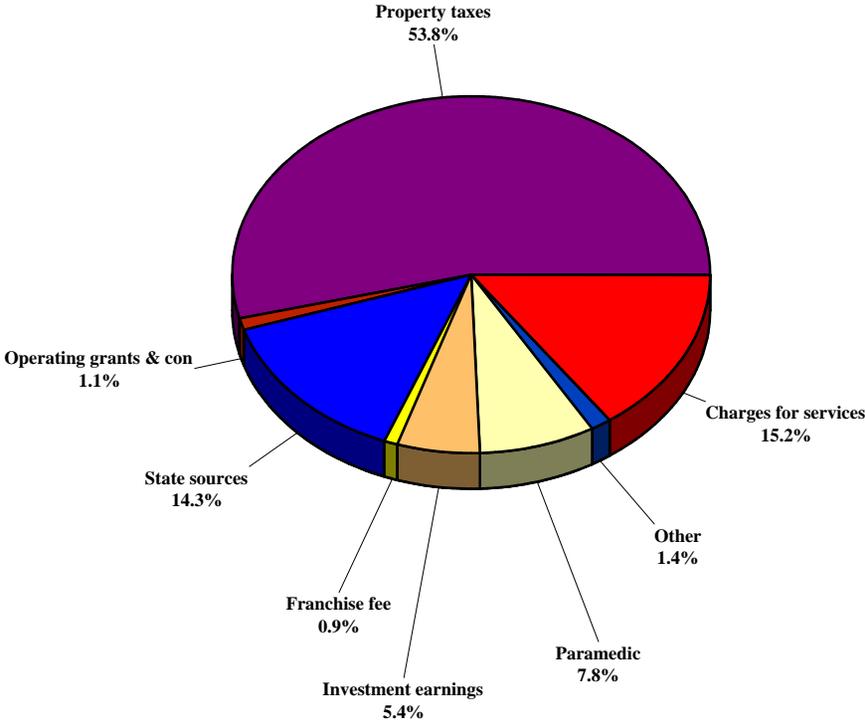
Charter Township of Delta

Revenues by Source - Governmental Activities

December 31

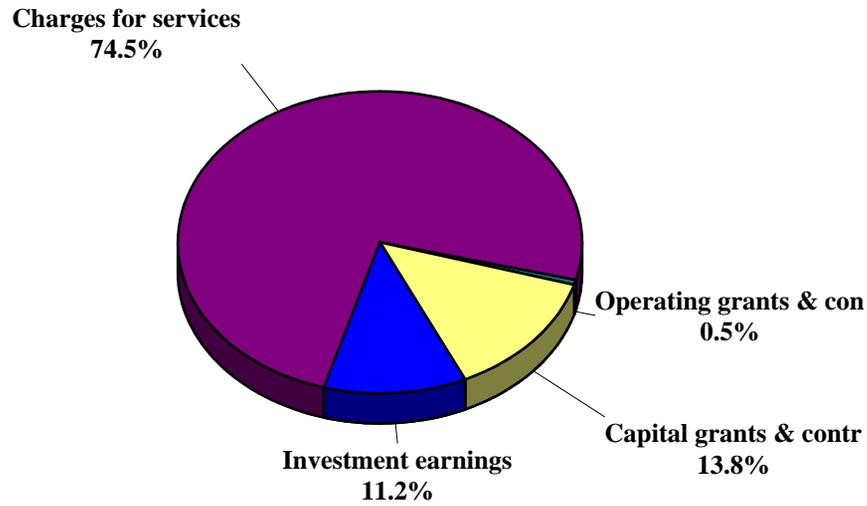


2007

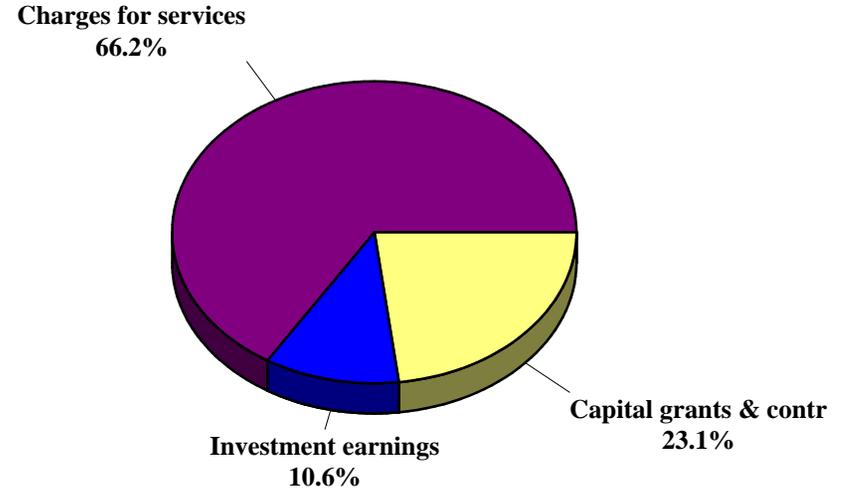


2006

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

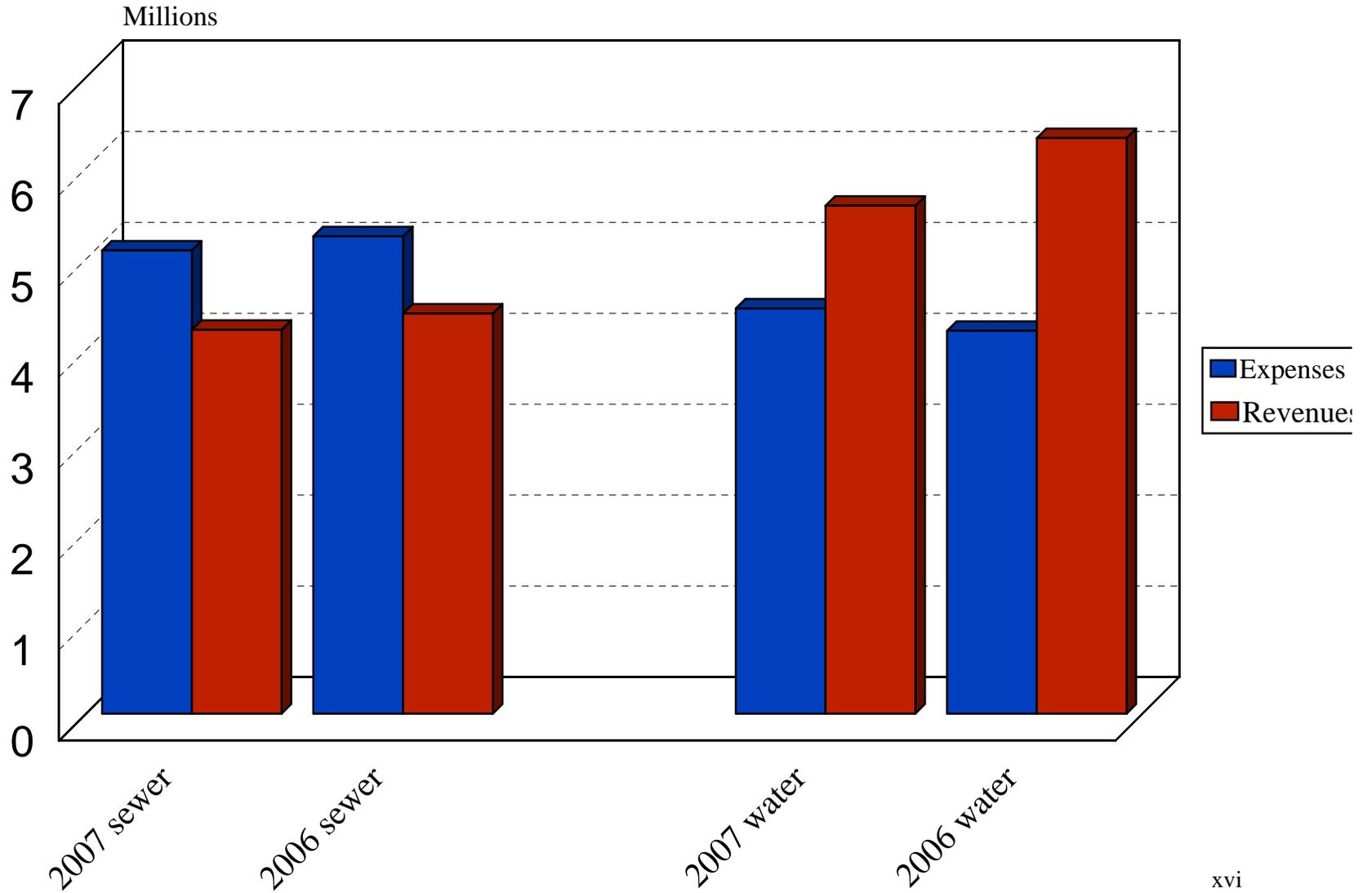


2007



2006

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



- Property taxes increased by \$1,109,769 (13 percent) during the year. Most of this increase is the product of 425 agreements with the City of Lansing.
- Investment earnings increased by \$551,226 (26 percent) during the year. Most of this increase is due to favorable interest rates earned on investments.
- Overall government activities revenue is up \$2,441,121 from prior year. This increase is due to the above mentioned events, as well as an increase in the cable franchise fee. During the year the Township was able to increase the percentage charged from 3 percent to the full 5 percent allowed by the State of Michigan.
- Expenses for governmental activities went from \$14.3 million to \$15.3 million, an increase of \$1 million. Majority of the increase is due to repair and maintenance for roads, public safety contract, and employee salaries and benefits.

Business-type activities. Business-type activities increased the Township's net assets by \$1,490,554. Key elements of this increase are as follows.

- **Capital grants and contributions** - Contributions in 2007 were \$1,521,450, which consisted of \$616,293 in sewer and \$905,157 in water.

The contributions received were used to offset a combined operating loss of the water and sewer fund of \$512,569.

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, unreserved 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 \$19.1 million, an increase of \$4.8 million in comparison with the prior year. Approximately three-quarters of this total amount (\$14.6 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion although special revenue and capital projects funds generally are limited to types of expenditures. The remainder of fund balance is designated or reserved to indicate that it is not available for new spending because it has already been committed 1) to prepaid expenditures (\$84,225), 2) to pay debt service (\$186,061), 3) to generate income to pay for the perpetual care of the municipal cemetery (\$200,531), or 4) for a variety of other designated purposes (\$4,050,338).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8.3 million, while total fund balance reached \$12.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 53 percent of total general fund expenditures, while total fund balance represents 79 percent of that same amount.

The fund balance of the Township's general fund increased by \$1.3 million during the current fiscal year. The key factor in this increase are as follows:

- The Township increased its return on investments. Investment earnings increased by \$314,806.
- The Township also received an increase in cable franchise fees. Cable franchise fees increased by \$291,762. The Township was able to increase their percentage charged from 3 percent to 5 percent.
- The Township received additional taxes due to the 425 agreements with the City of Lansing.
- Due to the economic conditions, the Township departments were very conservative when making purchases. This was an important factor in increasing the general fund net assets.

The debt service fund has a total fund balance of \$186,061, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$27,048. Revenue increased by \$167,715, which can be attributed to the rent charged to the Delta Charter District Library for the rental of their facilities. The expense increased by \$161,531 which is mostly due to the interest payments on the general obligation bonds issued during the year for the construction of a new library building.

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 assets for the water and sewer funds at the end of the year amounted to \$16.5 million. The total increase in net assets amounted to \$1.5 million. Other factors concerning the finances of this fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

The final amended budget increased appropriations by \$1,291,750, budgeted revenue increased by \$173,500, while other financial sources increased \$218,250 from the original budget. The change in appropriations can be summarized as follows:

- \$57,500 increase in general government activities
- \$100,000 increase in public safety activities
- \$1,128,250 increase in public works activities
- \$6,000 increase in culture and recreation

The main reason for the changes resulted from reallocating expenses across the different governmental activities, as well as the increase in sidewalk installations and Willow Highway and Canal Road intersection project. During the year actual revenue was higher than the amended budgetary estimates. This arises primarily from better than expected return on investments, increase in cable franchise fees, and increases in the 425 agreements related to tax revenue.

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, 2007, amounts to \$92.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, vehicles, park facilities, sidewalks, and other infrastructure. The total increase in the Township’s investment in capital assets for the current fiscal year was 9 percent (a 20 percent increase for governmental activities and a 5 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction of various water and sewer projects in the amount of \$4.5 million.
- Construction of a new library building.

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

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 5,655,383	\$ 5,655,383	\$ 1,025,319	\$ 744,144	\$ 6,680,702	\$ 6,399,527
Building and building equipment	6,176,782	6,264,634	9,746,250	8,864,026	15,923,032	15,128,660
Land improvements/sidewalks	1,967,785	1,812,643	20,633	26,034	1,988,418	1,838,677
Vehicles	332,317	238,456			332,317	238,456
Equipment	1,434,559	1,538,725	693,498	601,226	2,128,057	2,139,951
Usage rights	6,058,061	6,016,609			6,058,061	6,016,609
Sewer and water mains			55,304,796	48,682,291	55,304,796	48,682,291
Construction in process	4,422,280	240,404		4,555,583	4,422,280	4,795,987
	<u>\$ 26,047,167</u>	<u>\$ 21,766,854</u>	<u>\$ 66,790,496</u>	<u>\$ 63,473,304</u>	<u>\$ 92,837,663</u>	<u>\$ 85,240,158</u>

Additional information on the Township’s capital assets can be found in Note 4 on pages 24 through 26 of this report.

Long-term debt. At the end of the current fiscal year, the Township had total long-term debt outstanding of \$30.3 million. Of this amount, \$23.0 million comprises debt backed by the full faith and credit of the government. The amount of \$3.4 million of the Township’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The remaining \$3.9 million represents compensated absences earned but not used as of year end (\$1.2 million) and other long-term items (\$2.7 million).

Charter Township of Delta's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation	\$ 8,200,000	\$ 1,700,000	\$ 14,810,000	\$ 15,695,000	\$ 23,010,000	\$ 17,395,000
Revenue bonds			3,350,000	3,475,000	3,350,000	3,475,000
Other long-term debt	2,263,126	2,534,149	482,228	509,106	2,745,354	3,043,255
Compensated absences	860,338	874,699	351,337	319,213	1,211,675	1,193,912
Total	\$ 11,323,464	\$ 5,108,848	\$ 18,993,565	\$ 19,998,319	\$ 30,317,029	\$ 25,107,167

The Township's total debt increased by \$5.2 million (21 percent) during the current fiscal year. The key factor in this increase was the general obligation bonds issued for the construction of a new library building.

The Township was given an "AAA" rating from Standard & Poor's and Fitch for the general obligation debt due to the bonds being insured. If the bonds had not been insured the ratings would have been "AA-" and "AA+" respectively.

Additional information on the Township's long-term debt can be found in Note 6 on pages 27 through 31 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Delta Township is currently 5.1 percent which is a consistent from a year ago. This compares favorably with the State's average unemployment rate of 7.2 percent.

These factors were taken into consideration when preparing the fiscal year 2008 budget.

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 is described as "a growing economic base with a sound financial position and minimal capital needs". The Township has a conservative and financially prudent budget for the fiscal year 2008 that also promotes and funds numerous project objectives that have been set by the Township's Strategic Plan.

The Township has deliberately made conservative estimates concerning state revenue sharing for fiscal year 2008 due to the budget constraints at the State level. It has also estimated investment earnings conservatively anticipating a slow increase in interest rates.

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



Lamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Raeck
Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
James R. Dedyne

Timothy H. Adams
David B. Caldwell
Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis
James A. McNeeley

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Delta, State of Michigan as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Delta's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Delta, State of Michigan as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis budgetary comparison information and pension and healthcare plan funding progress information on pages viii through xx and 39 through 43, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Delta's basic financial statements. The combining and individual fund financial statements and other additional information presented in pages 44 through 77 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and other additional information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Maner, Costantino & Ellis, P.C.

April 16, 2008

BASIC FINANCIAL STATEMENTS

**CHARTER TOWNSHIP OF DELTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	Primary Government			Component Unit
	Governmental activities	Business-type activities	Total	Economic Development Corporation
ASSETS				
CURRENT ASSETS:				
Cash	\$ 4,979,910	\$ 3,717,202	\$ 8,697,112	\$ 159,786
Investments	14,939,660	9,765,021	24,704,681	
Receivables:				
Accounts	627,357	690,839	1,318,196	
Taxes	5,588,293		5,588,293	
Interest	135,372	110,559	245,931	
Special assessment - current		74,238	74,238	
Special assessment - interest		22,628	22,628	
Other		118,592	118,592	
Internal balances	80,685	(80,685)		
Current portion of long-term receivable		16,327	16,327	
Prepaid expenses	84,225		84,225	
Restricted cash	970,124		970,124	
Restricted investments	3,220,966		3,220,966	
TOTAL CURRENT ASSETS	30,626,592	14,434,721	45,061,313	159,786
NONCURRENT ASSETS:				
Investments:				
Replacement account - temporarily restricted		4,413,202	4,413,202	
Replacement account - designated		1,925,460	1,925,460	
Deferred charges:				
Tap in charges - deferred		389,911	389,911	
Unamortized bond issuance costs	84,863	450,792	535,655	
Unamortized bond discount	52,604		52,604	
Special assessments - deferred		330,672	330,672	
Long-term receivable		427,272	427,272	
TOTAL NONCURRENT ASSETS	137,467	7,937,309	8,074,776	
CAPITAL ASSETS:				
Land and construction in progress	10,077,663	1,025,319	11,102,982	
Other capital assets, net of accumulated depreciation	15,969,504	65,765,177	81,734,681	
TOTAL CAPITAL ASSETS	26,047,167	66,790,496	92,837,663	
TOTAL ASSETS	56,811,226	89,162,526	145,973,752	159,786
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	\$ 1,192,141	\$ 276,798	\$ 1,468,939	\$
Accrued salaries and related items	370,119		370,119	
Accrued interest	157,638	132,608	290,246	
Customer deposits	58,658	93,307	151,965	
Contract retainers payable	311,966	92,770	404,736	
Deferred revenue - taxes	9,548,316		9,548,316	
Current portion of long-term obligations	1,069,572	1,056,795	2,126,367	
Current portion of compensated absences	732,348	218,093	950,441	
TOTAL CURRENT LIABILITIES	13,440,758	1,870,371	15,311,129	
NONCURRENT LIABILITIES:				
Noncurrent portion of long-term obligations:				
Accrued compensated absences	127,990	133,244	261,234	
Other long-term debt	2,093,554	455,433	2,548,987	
Unamortized bond premiums		319,985	319,985	
Revenue bonds payable		3,200,000	3,200,000	
General obligation debt	7,300,000	13,930,000	21,230,000	
TOTAL NONCURRENT LIABILITIES	9,521,544	18,038,662	27,560,206	
TOTAL LIABILITIES	22,962,302	19,909,033	42,871,335	
NET ASSETS:				
Invested in capital assets net of related debt	18,881,921	48,279,075	67,160,996	
Restricted for perpetual care	200,531		200,531	
Restricted for capital outlay		4,413,202	4,413,202	
Restricted for paramedic services	1,663,123		1,663,123	
Restricted for debt service	28,423		28,423	
Unrestricted	13,074,926	16,561,216	29,636,142	159,786
TOTAL NET ASSETS	\$ 33,848,924	\$ 69,253,493	\$ 103,102,417	\$ 159,786

**CHARTER TOWNSHIP OF DELTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007**

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net assets			Component Unit Economic Development Corporation
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 2,973,110	\$ 277,356	\$	\$	\$ (2,695,754)	\$ (2,695,754)	\$
Public safety	5,632,247	141,004	43,035		(5,448,208)	(5,448,208)	
Public works	2,481,154	1,230,027			(1,251,127)	(1,251,127)	
Health and welfare	2,290,937	1,057,246			(1,233,691)	(1,233,691)	
Community and economic development	348,989	10,304			(338,685)	(338,685)	
Culture and recreation	1,273,012	261,409			(1,011,603)	(1,011,603)	
Interest on long-term debt	328,928				(328,928)	(328,928)	
Total governmental activities	<u>15,328,377</u>	<u>2,977,346</u>	<u>43,035</u>		<u>(12,307,996)</u>	<u>(12,307,996)</u>	
Business-type activities:							
Water	4,455,742	4,622,573	59,050	905,157		1,131,038	1,131,038
Sewer	5,093,682	3,605,383		616,293		(872,006)	(872,006)
Total business activities	<u>9,549,424</u>	<u>8,227,956</u>	<u>59,050</u>	<u>1,521,450</u>		<u>259,032</u>	<u>259,032</u>
Total primary government	<u>\$ 24,877,801</u>	<u>\$ 11,205,302</u>	<u>\$ 102,085</u>	<u>\$ 1,521,450</u>		<u>(12,048,964)</u>	
Component unit:							
Economic Development Corporation	<u>\$ 16,142</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>			<u>(16,142)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					8,862,334	8,862,334	
Property taxes, levied for debt service					794,879	794,879	
Paramedic levy					1,311,099	1,311,099	
State sources					2,237,715	2,237,715	
Franchise fee-cable					438,733	438,733	
Investment earnings					1,425,524	1,231,522	8,499
Other					237,700	237,700	
Total general revenues					<u>15,307,984</u>	<u>1,231,522</u>	<u>8,499</u>
Change in net assets					2,999,988	1,490,554	(7,643)
Net assets, beginning of year, as restated					30,848,936	67,762,939	167,429
Net assets, end of year					<u>\$ 33,848,924</u>	<u>\$ 69,253,493</u>	<u>\$ 159,786</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	General	Paramedic fund (a special revenue fund)	Capital projects fund	Other governmental funds	Total governmental funds
ASSETS					
ASSETS:					
Cash	\$ 3,953,722	\$ 398,377	\$	\$ 627,811	\$ 4,979,910
Investments	12,452,957	1,255,521		1,231,182	14,939,660
Receivables:					
Accounts	627,357				627,357
Taxes	3,454,007	1,382,638		751,648	5,588,293
Interest	95,949	9,225	22,465	7,733	135,372
Due from other funds	80,685				80,685
Prepaid expenditures	84,225				84,225
Restricted cash			970,124		970,124
Restricted investments			3,057,436	163,530	3,220,966
TOTAL ASSETS	\$ 20,748,902	\$ 3,045,761	\$ 4,050,025	\$ 2,781,904	\$ 30,626,592

LIABILITIES AND FUND BALANCES

LIABILITIES:					
Accounts payable	\$ 442,529	\$	\$ 749,612	\$	\$ 1,192,141
Retainage payable	8,436		303,530		311,966
Accrued salaries and related items	370,119				370,119
Customer deposits	58,658				58,658
Deferred revenue - taxes and contributions	7,436,817	1,382,638		751,648	9,571,103
TOTAL LIABILITIES	8,316,559	1,382,638	1,053,142	751,648	11,503,987
FUND BALANCES:					
Reserved for prepaid expenditures	84,225				84,225
Reserved for debt service				186,061	186,061
Reserved for perpetual care fund				200,531	200,531

	General	Paramedic fund (a special revenue fund)	Capital projects fund	Other governmental funds	Total governmental funds
FUND BALANCES (Concluded):					
Designated:					
Compensated absences	860,338				860,338
Roads	1,200,000				1,200,000
Retiree health insurance	1,000,000				1,000,000
Non-motorized transportation	300,000				300,000
MEF	190,000				190,000
Capital improvements	500,000				500,000
Unreserved, undesignated reported in:					
General fund	8,297,780				8,297,780
Special revenue funds		1,663,123		1,643,664	3,306,787
Capital projects fund			2,996,883		2,996,883
TOTAL FUND BALANCES	12,432,343	1,663,123	2,996,883	2,030,256	19,122,605
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,748,902	\$ 3,045,761	\$ 4,050,025	\$ 2,781,904	\$ 30,626,592

Total Governmental Fund Balances

\$ 19,122,605

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

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

Cost of the capital assets	\$ 37,494,105	
Less accumulated depreciation	11,446,938	
		26,047,167

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds

Delinquent personal property taxes receivable, less allowance for doubtful accounts		22,787
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

General obligation debt		(8,200,000)
Other long-term debt		(2,263,126)
Bond discount, net of amortization of \$1,196		84,863
Bond issuance cost, net of amortization of \$1,929		52,604
Compensated absences		(860,338)
Accrued interest		(157,638)

Net assets of governmental activities **\$ 33,848,924**

CHARTER TOWNSHIP OF DELTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2007

	<u>General</u>	<u>Paramedic fund (a special revenue fund)</u>	<u>Capital projects fund</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
REVENUES:					
Local sources:					
Property taxes	\$ 8,872,809	\$	\$	\$ 794,879	\$ 9,667,688
Paramedic levy		1,311,099			1,311,099
Licenses and permits	1,200,463				1,200,463
Charges for services	1,804,177				1,804,177
Investment earnings	1,005,511	129,138	216,278	74,597	1,425,524
Rental income	35,128			130,906	166,034
Local grants	39,500				39,500
Other	435,101			8,504	443,605
Total local sources	<u>13,392,689</u>	<u>1,440,237</u>	<u>216,278</u>	<u>1,008,886</u>	<u>16,058,090</u>
State shared revenue	2,237,715				2,237,715
State and Federal grants	43,035				43,035
Total revenues	<u>15,673,439</u>	<u>1,440,237</u>	<u>216,278</u>	<u>1,008,886</u>	<u>18,338,840</u>
EXPENDITURES:					
Current:					
General government	2,852,853				2,852,853
Capital outlay - capital projects fund			4,181,876		4,181,876
Public safety	5,702,957				5,702,957
Public works	2,706,863				2,706,863
Health and welfare	2,239,976				2,239,976
Community and economic development	348,471				348,471
Culture and recreation	1,240,233				1,240,233
Debt service:					
Principal repayment	489,275			800,000	1,289,275
Interest expense	132,302			163,681	295,983
Other			86,792		86,792
Total expenditures	<u>15,712,930</u>	<u>1,440,237</u>	<u>4,268,668</u>	<u>963,681</u>	<u>20,945,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(39,491)</u>	<u>1,440,237</u>	<u>(4,052,390)</u>	<u>45,205</u>	<u>(2,606,439)</u>
OTHER FINANCING SOURCES (USES):					
Drain usage rights - Eaton County	218,250				218,250
Bonds issued at a discount			(53,800)		(53,800)
Proceeds from the sale of bonds			7,300,000		7,300,000
Interfund transfers from other funds	1,474,295			499,530	1,973,825
Interfund transfers to other funds	(336,000)	(1,211,928)	(163,530)	(262,367)	(1,973,825)
Total other financing sources (uses)	<u>1,356,545</u>	<u>(1,211,928)</u>	<u>7,082,670</u>	<u>237,163</u>	<u>7,464,450</u>
Net change in fund balances	1,317,054	228,309	3,030,280	282,368	4,858,011
FUND BALANCES:					
Beginning of year	<u>11,115,289</u>	<u>1,434,814</u>	<u>(33,397)</u>	<u>1,747,888</u>	<u>14,264,594</u>
End of year	<u>\$ 12,432,343</u>	<u>\$ 1,663,123</u>	<u>\$ 2,996,883</u>	<u>\$ 2,030,256</u>	<u>\$ 19,122,605</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007**

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

Net change in fund balances - total governmental funds	\$ 4,858,011
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(909,380)
Capital outlay	5,233,128
Realized loss on disposal of fixed assets	(43,437)
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	127,819
Accrued interest payable end of the year	(157,638)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	
Repayment of principal on long-term debt	1,289,275
Proceeds from long-term debt	(7,300,000)
Bonds issued at discount	53,800
Bond issuance cost	86,792
Amortization of bond discounts	(1,196)
Amortization of bond issuance cost	(1,929)
Drain assessments from Eaton County (long-term debt recorded as an other financing source at the fund level)	(218,250)
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	(33,262)
Accrued revenue end of the year - primarily delinquent personal property taxes	22,787
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	853,806
Accrued compensated absences end of the year	(860,338)
Change in net assets of governmental activities	\$ 2,999,988

**CHARTER TOWNSHIP OF DELTA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

ASSETS	Business-type activities-Enterprise funds		
	Sewer fund	Water fund	Total
CURRENT ASSETS:			
Cash	\$ 1,768,177	\$ 1,949,025	\$ 3,717,202
Investments	5,547,946	4,217,075	9,765,021
Receivables:			
Accounts		690,839	690,839
Interest	65,425	45,134	110,559
Special assessment - current	21,195	53,043	74,238
Special assessment - interest	9,852	12,776	22,628
Other	60,161	58,431	118,592
Current portion of long-term receivable		16,327	16,327
TOTAL CURRENT ASSETS	7,472,756	7,042,650	14,515,406
NONCURRENT ASSETS:			
Investments:			
Replacement account - temporarily restricted	4,413,202		4,413,202
Replacement account - designated		1,925,460	1,925,460
Deferred charges:			
Tap in charges - deferred	246,737	143,174	389,911
Unamortized bond issuance cost	33,888	416,904	450,792
Special assessment - deferred	23,414	307,258	330,672
Long-term receivable		427,272	427,272
TOTAL NONCURRENT ASSETS	4,717,241	3,220,068	7,937,309
PROPERTY, PLANT AND EQUIPMENT , net of accumulated depreciation	32,915,975	33,874,521	66,790,496
TOTAL ASSETS	45,105,972	44,137,239	89,243,211

LIABILITIES AND NET ASSETS	Business-type activities-Enterprise funds		
	Sewer fund	Water fund	Total
CURRENT LIABILITIES:			
Accounts payable	\$ 151,364	\$ 125,434	\$ 276,798
Accrued interest	14,689	117,919	132,608
Customer deposits	68,393	24,914	93,307
Current portion of long-term liabilities	205,645	851,150	1,056,795
Current portion of compensated absences	188,602	29,491	218,093
Contract retainers payable		92,770	92,770
Due to other funds	58,576	22,109	80,685
TOTAL CURRENT LIABILITIES	687,269	1,263,787	1,951,056
LONG-TERM LIABILITIES , net of current portion:			
Compensated absences	109,640	23,604	133,244
Other long-term debt	455,433		455,433
Unamortized bond premiums	78,387	241,598	319,985
Revenue bonds payable		3,200,000	3,200,000
General obligation tax bonds	1,893,850	12,036,150	13,930,000
TOTAL LONG-TERM LIABILITIES	2,537,310	15,501,352	18,038,662
TOTAL LIABILITIES	3,224,579	16,765,139	19,989,718
NET ASSETS:			
Invested in capital assets net of related debt	30,316,548	17,962,527	48,279,075
Restricted for capital outlay	4,413,202		4,413,202
Unrestricted	7,151,643	9,409,573	16,561,216
TOTAL NET ASSETS	\$ 41,881,393	\$ 27,372,100	\$ 69,253,493

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 YEAR ENDED DECEMBER 31, 2007**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 3,397,807	\$ 4,192,229	\$ 7,590,036
Capital charges	102,239	70,975	173,214
Hydrant rental		133,210	133,210
Forfeited discounts	44,856	51,458	96,314
Other services charges		112,444	112,444
State grant		59,050	59,050
Other	1,073	29,448	30,521
	<u>3,545,975</u>	<u>4,648,814</u>	<u>8,194,789</u>
OPERATING EXPENSES:			
Costs of sales and services	3,118,912	2,926,270	6,045,182
Depreciation	1,863,323	798,853	2,662,176
	<u>4,982,235</u>	<u>3,725,123</u>	<u>8,707,358</u>
Operating income (loss)	<u>(1,436,260)</u>	<u>923,691</u>	<u>(512,569)</u>
NON-OPERATING REVENUES (EXPENSES):			
Contributions - infrastructure	616,293	905,157	1,521,450
Main charges	59,408	32,809	92,217
Investment income - net	659,923	571,599	1,231,522
Interest and fiscal charges	(116,392)	(719,770)	(836,162)
Amortization of bond issuance cost	(3,765)	(37,693)	(41,458)
Amortization of bond premium	8,710	26,844	35,554
	<u>1,224,177</u>	<u>778,946</u>	<u>2,003,123</u>
Total non-operating revenues - net	<u>1,224,177</u>	<u>778,946</u>	<u>2,003,123</u>
Change in net assets	(212,083)	1,702,637	1,490,554
NET ASSETS , beginning of year	<u>42,093,476</u>	<u>25,669,463</u>	<u>67,762,939</u>
NET ASSETS , end of year	<u>\$ 41,881,393</u>	<u>\$ 27,372,100</u>	<u>\$ 69,253,493</u>

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2007**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
ACTIVITIES:			
Receipts from customers and users	\$ 3,397,807	\$ 4,178,291	\$ 7,576,098
Capital charges	102,239	70,975	173,214
Hydrant rental		133,210	133,210
Forfeited discounts	44,856	51,458	96,314
Other services charges		112,444	112,444
State grant		59,050	59,050
Other	1,073	29,448	30,521
Payment to suppliers	(1,216,618)	(2,895,880)	(4,112,498)
Payment to employees	(1,792,672)	(716,765)	(2,509,437)
Payment for interfund services	58,576	22,109	80,685
Net cash provided in operating activities	<u>595,261</u>	<u>1,044,340</u>	<u>1,639,601</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Contributions	616,293	905,157	1,521,450
Main and tap in charges	64,118	70,799	134,917
Net cash provided by noncapital financing activities	<u>680,411</u>	<u>975,956</u>	<u>1,656,367</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest received from special assessments	3,299	41,746	45,045
Proceeds (payments) from special assessments	(22,029)	51,233	29,204
Proceeds from sale of fixed assets	357	3,650	4,007
Principal repayments on debt	(206,870)	(829,925)	(1,036,795)
Interest paid on bonds and land contract	(117,142)	(724,087)	(841,229)
Payments for capital acquisitions	(1,180,540)	(4,798,826)	(5,979,366)
Net cash used by capital and related financing activities	<u>(1,522,925)</u>	<u>(6,256,209)</u>	<u>(7,779,134)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	655,234	554,405	1,209,639
Sale (purchase) of investments	(130,208)	3,184,169	3,053,961
Net cash provided by investing activities	<u>525,026</u>	<u>3,738,574</u>	<u>4,263,600</u>
NET INCREASE (DECREASE) IN CASH	277,773	(497,339)	(219,566)
CASH:			
Beginning of year	<u>1,490,404</u>	<u>2,446,364</u>	<u>3,936,768</u>
End of year	<u>\$ 1,768,177</u>	<u>\$ 1,949,025</u>	<u>\$ 3,717,202</u>

**CHARTER TOWNSHIP OF DELTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2007**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSE) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,436,260)	\$ 923,691	\$ (512,569)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,863,323	798,853	2,662,176
Gain on the sale of fixed assets	(357)	(3,650)	(4,007)
(Increase) decrease in assets:			
Receivables		(13,938)	(13,938)
Due to/from other funds - net	58,576	22,109	80,685
Increase (decrease) in liabilities:			
Accounts payable	86,816	(572,766)	(485,950)
Accrued compensated absences	23,163	8,961	32,124
Customer deposits		(28,221)	(28,221)
Contract retainers payable		(90,699)	(90,699)
	<u>\$ 595,261</u>	<u>\$ 1,044,340</u>	<u>\$ 1,639,601</u>
Net cash provided by operating activities			

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2007**

	Pension trust fund	Other post employment benefit trust fund	Agency fund
	Employee retirement	Retiree health benefits	Tax collection fund
ASSETS			
ASSETS:			
Cash	\$	\$	\$ 1,135,500
Investments	21,058,373	2,554,763	3,578,634
Taxes receivable - delinquent			325,019
Interest receivable			26,295
	<u>21,058,373</u>	<u>2,554,763</u>	<u>5,065,448</u>
TOTAL ASSETS	<u>21,058,373</u>	<u>2,554,763</u>	<u>5,065,448</u>
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Undistributed tax collections:			
Current			4,737,181
Delinquent and other			328,267
	<u></u>	<u></u>	<u>5,065,448</u>
TOTAL LIABILITIES	<u></u>	<u></u>	<u>5,065,448</u>
NET ASSETS:			
Held in trust for pension benefits and other purposes	<u>\$21,058,373</u>	<u>\$ 2,554,763</u>	<u>\$</u>

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED DECEMBER 31, 2007**

	<u>Pension trust fund</u>	<u>Other post employment benefit trust fund</u>
	<u>Employee retirement</u>	<u>Retiree health benefits</u>
ADDITIONS:		
Investment income - net	\$ 1,668,879	\$ 141,255
Contributions	620,744	316,737
Total additions	2,289,623	457,992
DEDUCTIONS:		
Distributions	108,908	
Change in net assets	2,180,715	457,992
NET ASSETS:		
Beginning of year	<u>18,877,658</u>	<u>2,096,771</u>
End of year	<u><u>\$21,058,373</u></u>	<u><u>\$ 2,554,763</u></u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 provides the following services as authorized by its charter; public safety (police and fire), public improvements (streets, sewers, water system, lighting), planning and zoning, recreation and general administrative services.

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

Discretely Presented Component Units

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

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 projects fund* accounts for the receipt of general debt proceeds and the acquisition of fixed assets or construction of related major capital projects.

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:

Special revenue funds - The *special revenue funds* account for revenue sources that are legally restricted for specific purpose (not including expendable trusts or major capital projects). The Township's special revenue funds include the improvement revolving, and budget stabilization funds.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Debt service fund - The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt payable from a property tax debt levy. The Township's only current debt service fund relates to the Central Fire Station and the Library building.

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

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Investments

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Concluded)

2. Receivables and payables

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

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

3. Prepaid Expenses

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

4. Restricted Assets

Restricted assets relate to amounts restricted for capital improvements by granting agencies.

5. Capital Assets

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets (Concluded)

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

Assets	Years
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	3

6. 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.

7. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 (Concluded)

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Comparative data/reclassifications

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

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to September 1 of each year, a proposed budget is submitted to the Township Board for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to December 31 the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.

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

NOTE 2 - LEGAL COMPLIANCE - BUDGETS (Concluded)

6. Budgets for general and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended by the Township Board during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of December 31, 2007, the Township had the following investments.

Investment Type	Fair value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
U.S. Treasury Notes	\$ 2,811,729	3.4073	AAA	10.5%
Commercial Paper exceeding 5%:				
UBS Financial, LLC	6,417,530	0.1441	A1+	24.0%
General Electric	3,848,456	0.0601	A1+	14.4%
Commercial Paper	755,007	0.0145	A1+	2.8%
Commercial Paper	378,494	0.0003	A1	1.4%
U.S. Agency Loans	10,480,900	2.8921	AAA	39.3%
Mortgage Backed Securities:				
U.S. Agency	520,630	18.8576	AAA	2.0%
Corporate	1,171,794	8.0603	AA+	4.4%
Other	27,610	19.3014	not rated	0.1%
MBIA External Investment Pool - CLASS	278,564	0.0027	not rated	1.1%
Total fair value	<u>\$26,690,714</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>2.2803</u>		

1 day maturity equals 0.0027, on year equals 1.00

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The Township voluntarily invests excess funds in pooled short term investment funds which included money market funds. One of the pooled investment funds utilized by the Township is MBIA. MBIA is an external pooled investment fund of “qualified” investments for Michigan townships. MBIA is not regulated nor is it registered with the SEC. MBIA reports as of December 31, 2007, the fair value of the Township’s investments is the same as the value of the pool shares.

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township’s cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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, 2007, \$21,313,653 of the Township’s bank balance of \$21,963,670 was exposed to custodial credit risk because it was uninsured and uncollateralized. Certificate of deposits and money market accounts are included in the above totals. The balance of \$22,114,751 is reported as deposits on the financial statements as of December 31, 2007.

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

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The above amounts as previously reported in Note 3:

Deposits	\$ 22,114,751
Investments	26,690,714
	\$ 48,805,465

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

Cash:	
Township wide	\$ 8,697,112
Component unit - Economic Development Corporation	159,786
Restricted cash	970,124
Tax collection fund (a fiduciary fund)	1,135,500
Investments:	
Township wide	24,704,681
Township wide temporarily restricted	4,413,202
Township wide restricted investments	3,220,966
Township wide designated	1,925,460
Tax collection fund (a fiduciary fund)	3,578,634
	\$ 48,805,465

Pension and post employment benefits

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

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS (Concluded)

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, 2007:

	Other post employment benefit trust fund	Pension Trust Fund
	<u> </u>	<u> </u>
Balanced funds	\$ 2,554,763	\$ 3,085,427
U.S. Stock funds		11,534,737
Stable Value funds		5,656,314
Bond funds		275,662
International Stock funds		506,233
	<u>\$ 2,554,763</u>	<u>\$ 21,058,373</u>

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

The capital assets are as follows:

	Balance December 31, 2006	Additions	Deletions	Balance December 31, 2007
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,655,383	\$ -	\$ -	\$ 5,655,383
Work in process	240,404	4,181,876		4,422,280
Total capital assets, not being depreciated	<u>5,895,787</u>	<u>4,181,876</u>	<u>-</u>	<u>10,077,663</u>
Capital assets, being depreciated:				
Buildings and building equipment	10,267,596	84,789		10,352,385
Land improvements and sidewalks	3,988,927	312,475		4,301,402
Vehicles	729,537	207,293	53,515	883,315
Flowage rights	6,853,662	218,250		7,071,912
Equipment	4,626,745	228,445	47,764	4,807,426
Total capital assets, being depreciated	<u>26,466,467</u>	<u>1,051,252</u>	<u>101,279</u>	<u>27,416,440</u>
Less accumulated depreciation for:				
Buildings and building equipment	4,002,962	172,641		4,175,603
Land improvements	2,176,284	157,333		2,333,617
Vehicles	491,081	108,207	48,290	550,998
Flowage rights	837,053	176,798		1,013,851
Equipment	3,088,018	294,401	9,552	3,372,867
Total accumulated depreciation	<u>10,595,398</u>	<u>909,380</u>	<u>57,842</u>	<u>11,446,936</u>
Total capital assets, being depreciated, net	<u>15,871,069</u>	<u>141,872</u>	<u>43,437</u>	<u>15,969,504</u>
Total	<u>\$ 21,766,856</u>	<u>\$ 4,323,748</u>	<u>\$ 43,437</u>	<u>\$ 26,047,167</u>

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

NOTE 4 - CAPITAL ASSETS (Continued)

	Balance December 31, 2006	Additions	Deletions	Balance December 31, 2007
Primary government:				
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 744,144	\$ 281,175	\$ -	\$ 1,025,319
Construction in progress	4,555,583	3,379,142	7,934,725	-
Total capital assets, not being depreciated	<u>5,299,727</u>	<u>3,660,317</u>	<u>7,934,725</u>	<u>1,025,319</u>
Capital assets, being depreciated:				
Buildings and building equipment	26,734,829	1,945,637		28,680,466
Land improvements/sidewalks	59,085			59,085
Equipment	2,132,756	234,357	36,999	2,330,114
Sewer and water mains	68,795,572	8,073,782		76,869,354
Total capital assets, being depreciated	<u>97,722,242</u>	<u>10,253,776</u>	<u>36,999</u>	<u>107,939,019</u>
Less accumulated depreciation for:				
Buildings and building equipment	17,870,803	1,063,413		18,934,216
Land improvements/sidewalks	33,051	5,401		38,452
Equipment	1,531,530	142,085	36,999	1,636,616
Sewer and water mains	20,113,281	1,451,277		21,564,558
Total accumulated depreciation	<u>39,548,665</u>	<u>2,662,176</u>	<u>36,999</u>	<u>42,173,842</u>
Total capital assets, being depreciated, net	<u>58,173,577</u>	<u>7,591,600</u>		<u>65,765,177</u>
Total	<u>\$ 63,473,304</u>	<u>\$ 11,251,917</u>	<u>\$ 7,934,725</u>	<u>\$ 66,790,496</u>

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

NOTE 4 - CAPITAL ASSETS (Concluded)

Depreciation expense was charged to functions/programs of the primary government at December 31, 2007 as follows:

Governmental activities:		
General government	\$	177,209
Public safety		264,523
Public works		347,611
Health and welfare		57,859
Community and economic development		518
Culture and recreation		61,660
		<u>909,380</u>
Total depreciation expense - governmental activities	\$	<u>909,380</u>
Business type activities:		
Water	\$	798,853
Sewer		1,863,323
		<u>2,662,176</u>
Total depreciation expense - business type activities	\$	<u>2,662,176</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances as of December 31, 2007 is as follows:

Due to/from other funds:

Receivable fund		Payable fund	Amount
General fund	<u>\$ 80,685</u>	Water fund	\$ 22,109
		Sewer fund	58,576
			<u>\$ 80,685</u>

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

NOTE 5 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS (Concluded)

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

Interfund transfers:

	Transfer in	
Transfer out:	General fund	Nonmajor special revenue
General fund	\$	\$ 336,000
Major special revenue	1,211,928	
Major capital projects		163,530
Nonmajor special revenue	251,000	
Cemetery perpetual care fund	11,367	
	\$ 1,474,295	\$ 499,530

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

NOTE 6 - LONG-TERM DEBT

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$22,775,000. During 2007 the Township issued \$7,300,000 of general obligation bonds for the purpose of construction of a new library building.

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

NOTE 6 - LONG-TERM DEBT (Continued)

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

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Governmental activities	2.5% - 4.5%	\$ 8,200,000
Business-type activities	3.0% - 5.0%	<u>14,810,000</u>
		<u>\$ 23,010,000</u>

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

<u>Year ending December 31</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 900,000	\$ 325,425	\$ 880,000	\$ 592,763
2009	100,000	312,051	1,030,000	561,764
2010	100,000	307,800	1,020,000	526,426
2011	100,000	303,612	1,170,000	486,388
2012	100,000	299,550	1,170,000	441,940
2013 - 2017	600,000	1,433,750	5,790,000	1,333,193
2018 - 2022	1,000,000	1,266,750	2,200,000	542,975
2023 - 2027	1,100,000	1,056,325	1,550,000	97,125
2028 - 2032	1,800,000	750,000		
2033 - 2037	2,400,000	279,000		
	<u>\$ 8,200,000</u>	<u>\$ 6,334,263</u>	<u>\$ 14,810,000</u>	<u>\$ 4,582,574</u>

Revenue Bonds

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

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Wastewater treatment Water fund	5.05% - 6.00%	<u>\$ 3,350,000</u>

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

NOTE 6 - LONG-TERM DEBT (Continued)

Revenue bond debt service requirements to maturity are as follows:

Year ending December 31	Business-type activities	
	Principal	Interest
2008	\$ 150,000	\$ 189,124
2009	175,000	181,400
2010	175,000	172,225
2011	200,000	163,000
2012	200,000	152,351
2013 - 2017	1,325,000	576,001
2018 - 2019	1,125,000	134,688
	<u>\$ 3,350,000</u>	<u>\$ 1,568,789</u>

Other Long-Term Debt

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

Purpose	Interest rate	Amount
Governmental activities	4.90% - 7.02%	\$ 2,263,126
Business type activities	5.25%	482,228
		<u>\$ 2,745,354</u>

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

NOTE 6 - LONG-TERM DEBT (Continued)

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

Year ending December 31	Governmental activities general assessment		Business type activities general assessment	
	Principal	Interest	Principal	Interest
2008	\$ 169,572	\$ 115,553	\$ 26,795	\$ 25,321
2009	168,072	110,706	26,795	23,915
2010	166,822	102,410	26,795	22,736
2011	166,822	92,831	26,795	21,101
2012	166,822	83,938	26,795	19,694
2013 - 2017	684,310	295,352	133,975	77,371
2018 - 2022	499,550	138,889	133,975	42,202
2023 - 2025	241,156	25,320	80,303	8,524
	<u>\$ 2,263,126</u>	<u>\$ 964,999</u>	<u>\$ 482,228</u>	<u>\$ 240,864</u>

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

NOTE 6 - LONG-TERM DEBT (Concluded)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2007, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 1,700,000	\$ 7,300,000	\$ 800,000	\$ 8,200,000	\$ 900,000
Other long-term debt	2,534,151	218,250	489,275	2,263,126	169,572
Compensated absences	853,806	6,532		860,338	732,348
	<u>\$ 5,087,957</u>	<u>\$ 7,524,782</u>	<u>\$ 1,289,275</u>	<u>\$ 11,323,464</u>	<u>\$ 1,801,920</u>
Business-type activities:					
Bonds payable:					
General obligation	\$ 15,695,000	\$ -	\$ 885,000	\$ 14,810,000	\$ 880,000
Revenue bonds	3,475,000		125,000	3,350,000	150,000
Other long-term debt	509,106		26,878	482,228	26,795
Add:					
Bond premiums	355,539		35,554	319,985	
	20,034,645	-	1,072,432	18,962,213	1,056,795
Compensated absences	319,213	32,124		351,337	218,093
	<u>\$ 20,353,858</u>	<u>\$ 32,124</u>	<u>\$ 1,072,432</u>	<u>\$ 19,313,550</u>	<u>\$ 1,274,888</u>

NOTE 7 - PROPERTY TAX REVENUE

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

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

NOTE 7 - PROPERTY TAX REVENUE (Concluded)

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 and an additional \$0.60 per \$1,000 specifically for improvements of the fire department. In 2007, the Township levied \$4.9287 per \$1,000 for general governmental purposes, \$0.9896 per \$1,000 for the paramedic operation, and \$0.5380 per \$1,000 for the fire department improvements for a total of \$6.4563 per \$1,000.

NOTE 8 - PENSION PLANS

Money Purchase Retirement Plan

The Charter Township of Delta has a Money Purchase Retirement Plan which was established on January 1, 1971. This defined contribution plan covers all full time employees and elected officials who have attained the age of eighteen years. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus results of investments transactions. The Plan assets are invested by ICMA Retirement Corporation who is the trustee of the Plan. The Township acts as a public plan sponsor for the retirement plan. Partial vesting occurs after three years of service at 20% and increases 20% per year until full vesting occurs at seven years of service. The Township contributes 12.5% of the employees' base annual compensation, based on the contribution provisions set up in the plan and trust agreement. The Township's total payroll was \$7,849,803 in 2007. The base salary amounted to \$4,965,953. The Township made the required contributions of \$620,744. No significant employee contributions were made. Plan provisions and contribution requirements are established and may be amended by the Township.

Deferred compensation plan

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

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

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

NOTE 8 - PENSION PLANS (Continued)

Defined Benefit Plan

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

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

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

The Township's pension cost for fiscal years ending December 31, 2007 and 2006 was \$151,956 and \$145,272, respectively. The required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method.

The significant actuarial assumptions to be used to compute the actuarial accrued liabilities are as follows: (1) the entry age normal actuarial cost method of valuation was used in determining age and service benefit liabilities and normal cost; (2) an 8% rate of return on investment of present and future assets was used based on estimated long-term yield considering (a) the nature and mix of current and expected investments; and (b) the basis used to value those assets; (3) projected salary increases are based on 4.5% raises for merit, seniority, and inflation rate allowances. Benefits will not increase after retirement except that some participants will receive cost of living allowances. Unfunded accrued liabilities are amortized over a 34 year period reduced by one year until it reaches 30.

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

NOTE 8 - PENSION PLANS (Concluded)

c. Trend Information

Year ending December 31,	Annual pension cost	Percentage of annual pension cost contributed	Net pension obligation
2005	\$ 137,400	100%	
2006	145,272	100%	
2007	151,956	100%	

d. Plan Membership

As of December 31 the Plan membership consisted of:

	2007	2006
Active employees	32	30
Inactive vested members	2	2
Retirees and beneficiaries currently receiving benefits	8	8
	<u>42</u>	<u>40</u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits and deferred compensation plan described in Note 8, the Township also sponsors a retiree health care plan (the "Plan"). The Plan provides other post employment benefits (OPEB) for all of its general employees through a single-employer defined benefit plan. Based on the plan, the Township is required to have an actuarial calculation every three years. The information provided is the results of the most recent actuarial valuation with a measurement date of December 31, 2006.

Plan Description. The purpose of the Plan is to provide health care benefits to all employees who retire from the Township with a minimum ten years of service based on the schedule of shared participation rates. Benefits under the Plan are administered under a third party agreement with the Municipal Employees' Retirement System of Michigan (MERS). The Plan is maintained as a trust fund in the Charter Township of Delta's financial statements. The Township Board of Trustees has the authority to establish and amend benefit provisions.

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

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Policy. The contribution requirements of plan members and the Township are established and may be amended by the Township. Retirees receiving benefits contribute to the cost of the premiums based on the number of years of service. The Township's share of costs ranges from 25% for those employees with ten years of service to 100% for those with 25 years of service. The Township is also required to contribute at a rate that is based on an actuarial valuation that is prepared in accordance within certain parameters, in addition to a pay-as-you-go basis for retiree health care cost. The current rate is 10.26 percent of annual covered payroll. The Township contributed \$106,983 for their portion of shared costs with retiree's premiums. At December 31, 2006, the date of the latest actuarial valuation, participants in the Plan consisted of:

Retirees and beneficiaries receiving benefits	23
Active employees	<u>119</u>
Total	<u><u>142</u></u>

Funding progress. For the year ended December 31, 2007 the Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2006. 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 \$366,737 which represents 54.6 % of the annual required contribution.

The funding progress of the plan as of the most recent valuation date of December 31, 2006, is as follows”

Actuarial accrued liability (AAL)	\$ 9,351,483
Actuarial value of plan assets	<u>2,096,771</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 7,254,712</u></u>
Funded ratio (actuarial value of plan assets/AAL)	<u><u>22.4%</u></u>
Covered payroll (active plan members)	<u><u>\$ 7,849,803</u></u>
UAAL as a percentage of covered payroll	<u><u>92.4%</u></u>

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

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

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Concluded)

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

In the December 31, 2006, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 8 percent investment rate of return and an annual healthcare cost trend rate of 12 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten years. Both rates include a 4.5 percent inflation assumption. The actuarial value of the assets was determined using the fair market value at the time of measurement. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006 was thirty years.

The Government Accounting Standards Board has recently released Statement Number 45, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any “other” post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended December 31, 2008.

NOTE 10 - 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, 2007 and 2006, there was no outstanding value of the long-term financing bonds receivable and bonds payable incurred in the aforementioned manner.

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Township and its component unit are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township and its component unit carry commercial insurance to cover any losses that may result from the above described activities. No settlements have incurred in excess of coverage in 2007 or any of the prior three years.

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

NOTE 12 - NATURE AND PURPOSE OF RESERVATIONS AND DESIGNATIONS OF FUND BALANCE

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

Designations in the general fund exist for compensated absences, roads, retiree health insurance, non-motorized transportation, manufacturing enhancement fund, and capital improvements.

NOTE 13 - BUILDING DEPARTMENT

The Township records the results of building department operations in the general fund. In accordance with Michigan Public Act 245 of 1999, the Township is required to maintain an accounting system that separately accumulates revenues and expenditures related to the building department function. For the year ended December 31, 2007 building department revenues were \$676,814 and expenditures were \$828,542.

NOTE 14 - USE OF ESTIMATES

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

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

NOTE 15 - RESTATEMENT

The net assets at the beginning of the year were restated by \$536,430 due to the removal of the library fund. In the previous year the library was considered a blended component unit and reported as a special revenue fund. The removal of the library fund was due to the Township no longer having financial accountability. The special revenue funds combining balance sheet and the special revenue funds combining statement of revenues, expenditures and changes in fund balances, in the additional information section, comparative totals have been restated to reflect the removal.

NOTE 16 - LIBRARY CONSTRUCTION

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

Year ending December 31,		
2008	\$	314,175
2009		412,051
2010		407,800
2011		403,612
2012		399,550
2013 and thereafter		11,685,825
		\$ 13,623,013

The building is expected to be completed in mid-2008. The costs are included in the statement of net assets as capital assets.

REQUIRED SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2007**

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
REVENUES:				
Taxes	\$ 8,387,338	\$ 8,387,338	\$ 8,872,809	\$ 485,471
Licenses and permits	812,600	812,600	1,200,463	387,863
Charges for services	2,253,500	2,253,500	1,804,177	(449,323)
Investment income - net	350,000	441,500	1,005,511	564,011
Rental income	38,500	38,500	35,128	(3,372)
Local grants	39,500	39,500	39,500	
Other	428,798	428,798	435,101	6,303
State shared revenue	2,192,948	2,192,948	2,237,715	44,767
State and federal grants	24,000	106,000	43,035	(62,965)
Total revenues	<u>14,527,184</u>	<u>14,700,684</u>	<u>15,673,439</u>	<u>972,755</u>
EXPENDITURES:				
Current:				
General government:				
Legislative - trustees	89,883	89,883	78,127	11,756
Manager	474,088	474,088	422,762	51,326
Assessing	412,308	412,308	362,882	49,426
Clerk	381,931	426,931	420,324	6,607
Treasurer	545,132	545,132	273,034	272,098
Computer	201,343	201,343	165,794	35,549
Township hall and grounds	461,428	461,428	369,999	91,429
General service administration	705,500	705,500	551,776	153,724
Cemetery	229,684	242,184	208,155	34,029
Total general government	<u>3,501,297</u>	<u>3,558,797</u>	<u>2,852,853</u>	<u>705,944</u>
Public safety:				
Law enforcement - police	2,767,000	2,767,000	2,674,473	92,527
Fire	2,235,337	2,235,337	2,091,215	144,122
Emergency operations center	12,200	112,200	108,726	3,474
Protective inspection	879,309	879,309	828,543	50,766
Total public safety	<u>5,893,846</u>	<u>5,993,846</u>	<u>5,702,957</u>	<u>290,889</u>

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2007**

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
EXPENDITURES (Concluded):				
Current:				
Public works:				
Department of public works	\$ 125,699	\$ 125,699	\$ 110,682	\$ 15,017
Drains	1,333	229,583	223,528	6,055
Streets and highways	508,000	1,408,000	1,349,986	58,014
Engineering	752,000	752,000	625,069	126,931
Street lighting	397,643	397,643	397,598	45
Total public works	1,784,675	2,912,925	2,706,863	206,062
Health and welfare:				
Paramedics	2,301,762	2,301,762	2,239,976	61,786
Community and economic development:				
Planning	369,285	369,285	305,781	63,504
Economic development	48,747	48,747	42,690	6,057
Total community and economic development	418,032	418,032	348,471	69,561
Culture and recreation:				
Parks and recreation	1,268,257	1,274,257	1,240,233	34,024
Debt service	621,577	621,577	621,577	
Total expenditures	15,789,446	17,081,196	15,712,930	1,368,266
OTHER FINANCING SOURCES (USES):				
Drain assessments issued by Eaton County		218,250	218,250	
Interfund transfers in	1,598,262	1,598,262	1,474,295	(123,967)
Interfund transfers out	(336,000)	(336,000)	(336,000)	
Total other financing sources (uses)	1,262,262	1,480,512	1,356,545	(123,967)
Net change in fund balances	\$	\$ (900,000)	1,317,054	\$ 2,217,054
FUND BALANCE:				
Beginning of year			11,115,289	
End of year			\$ 12,432,343	

**CHARTER TOWNSHIP OF DELTA
BUDGETARY COMPARISON SCHEDULE
PARAMEDIC SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2007**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
REVENUES:				
Taxes and special assessments	\$ 1,311,318	\$ 1,311,318	\$ 1,311,099	\$ (219)
Investment income - net	20,000	20,000	129,138	109,138
Total revenues	1,331,318	1,331,318	1,440,237	108,919
OTHER FINANCING SOURCES (USES):				
Interfund transfers out	(1,341,762)	(1,341,762)	(1,211,928)	129,834
Net change in fund balance	<u>\$ (10,444)</u>	<u>\$ (10,444)</u>	228,309	<u>\$ 238,753</u>
FUND BALANCE , beginning of year			<u>1,434,814</u>	
FUND BALANCE , end of year			<u><u>\$ 1,663,123</u></u>	

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION PLAN FUNDING PROGRESS
FOR THE UNION FIREFIGHTERS RETIREMENT PLAN
YEAR ENDED DECEMBER 31, 2007**

The six year historical information required to be disclosed, beginning as of December 31, 2001, is as follows:

Actuarial valuation date	(1) Actuarial value of assets	(2) Actuarial accrued liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded ratio (1) / (2)	(5) Annual covered payroll	(6) UAAL as a % of payroll [(2) - (1)] / (5)
2001	\$ 4,136,167	\$ 4,432,288	\$ 296,121	93%	\$ 1,444,712	20%
2002	4,297,469	4,918,682	621,213	87%	1,338,091	46%
2003	4,688,962	6,166,076	1,477,114	76%	1,470,816	100%
2004	5,004,212	6,844,052	1,839,840	73%	1,526,633	121%
2005	5,421,137	7,403,436	1,982,299	73%	1,614,096	123%
2006	5,947,528	8,019,928	2,072,400	74%	1,688,465	123%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2006, the latest actuarial valuation follows:

- A. The Actuarial Accrued Liability was determined as part of an actuarial valuation at December 31, 2006, the most recently filed actuarial valuation report.
- B. The report was based upon the plan's actuarial assumptions described in Note 8. The asset valuation method assumes the funds earn the expected rate of return (8%), and includes an adjustment to reflect market value. For the December 31, 2006 valuation, the actuarial asset value was 98.62% of market value (\$6,030,728).
- C. The amortization method used is level percent of payroll ranging from 20-60 years. The payroll is assumed to increase 4.5% a year for the purpose of determining the level percent contribution.

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEUDLE OF THE POSTRETIREMENT HEALTHCARE PLAN FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2007**

The historical information required to be disclosed, beginning as of December 31, 2006, is as follows:

Actuarial valuation date	(1) Actuarial value of assets	(2) Actuarial accrued liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded ratio (1) / (2)	(5) Annual covered payroll	(6) UAAL as a % of payroll [(2) - (1)] / (5)
2006	\$ 2,096,771	\$ 9,351,483	\$ 7,254,712	22%	\$ 7,849,803	92%

Schedule of employer contributions

Year ended December	Actual valuation date	Annual required contribution	Percentage contributed
2007	December 31, 2006	\$ 671,465	54.6%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2006 the latest actuarial valuation follows:

Actuarial cost method	Indiviudal entry age
Amortization method	Level percent open
Amortization period (perpetual)	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
Valuation health care cost trend rate	12% in 2007, grading to 4.5% in 2016

ADDITIONAL INFORMATION

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
BALANCE SHEETS
DECEMBER 31, 2007 AND 2006**

	2007	2006
ASSETS		
ASSETS:		
Cash	\$ 3,953,722	\$ 3,051,060
Investments	12,452,957	11,666,979
Receivables:		
Accounts	627,357	452,934
Taxes	3,454,007	3,433,155
Interest	95,949	88,991
Due from other funds	80,685	
Prepaid expenditures	84,225	50,248
TOTAL ASSETS	\$ 20,748,902	\$ 18,743,367
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 442,529	\$ 346,774
Retainage payable	8,436	
Accrued salaries and related items	370,119	290,566
Customer deposits	58,658	103,404
Deferred revenue	7,436,817	6,887,334
TOTAL LIABILITIES	8,316,559	7,628,078
FUND BALANCE:		
Reserved for prepaid expenditures	84,225	50,248
Designated:		
Compensated absences	860,338	853,806
Roads	1,200,000	1,200,000
Retiree health insurance	1,000,000	750,000
Non-motorized transportation	300,000	300,000
MEF	190,000	190,000
Capital improvements	500,000	
Unreserved - undesignated	8,297,780	7,771,235
TOTAL FUND BALANCE	12,432,343	11,115,289
TOTAL LIABILITIES AND FUND BALANCE	\$ 20,748,902	\$ 18,743,367

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
REVENUES:		
Taxes	\$ 8,872,809	\$ 7,786,852
Licenses and permits	1,200,463	807,690
Charges for services	1,804,177	1,481,499
Investment income - net	1,005,511	690,705
Rental income	35,128	39,541
Local grants	39,500	41,114
Other	435,101	424,948
State shared revenue	2,237,715	2,269,380
State and federal grants	43,035	145,787
	<hr/>	<hr/>
Total revenues	15,673,439	13,687,516
	<hr/>	<hr/>
EXPENDITURES:		
Current:		
General government:		
Legislative - trustees	78,127	76,775
Manager	422,762	387,602
Assessing	362,882	364,716
Clerk	420,324	468,252
Treasurer	273,034	243,360
Computer	165,794	149,007
Township hall and grounds	369,999	331,020
General service administration	551,776	548,479
Cemetery	208,155	157,594
	<hr/>	<hr/>
Total general government	2,852,853	2,726,805
	<hr/>	<hr/>
Public safety:		
Law enforcement - police	2,674,473	2,482,579
Fire	2,091,215	2,329,863
Emergency operations center	108,726	7,205
Protective inspection	828,543	745,035
	<hr/>	<hr/>
Total public safety	5,702,957	5,564,682
	<hr/>	<hr/>

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
EXPENDITURES (Concluded):		
Current:		
Public works:		
Recycling	\$ 110,682	\$ 98,373
Drains	223,528	388,121
Streets and highways	1,349,986	687,928
Engineering	625,069	519,786
Street lighting	397,598	382,697
Total public works	<u>2,706,863</u>	<u>2,076,905</u>
Health and welfare:		
Paramedics	<u>2,239,976</u>	<u>1,826,764</u>
Community and economic development:		
Planning	305,781	293,395
Economic development	42,690	23,195
Total community and economic development	<u>348,471</u>	<u>316,590</u>
Culture and recreation:		
Parks and recreation	<u>1,240,233</u>	<u>1,213,681</u>
Debt service	<u>621,577</u>	<u>344,317</u>
Total expenditures	<u>15,712,930</u>	<u>14,069,744</u>
OTHER FINANCING SOURCES (USES):		
Drain assessments issued by Eaton County	218,250	280,196
Interfund transfers from other funds	1,474,295	1,351,518
Interfund transfers to other funds	(336,000)	(476,500)
Total other financing sources (uses)	<u>1,356,545</u>	<u>1,155,214</u>
Net change in fund balance	1,317,054	772,986
FUND BALANCE:		
Beginning of year	<u>11,115,289</u>	<u>10,342,303</u>
End of year	<u>\$ 12,432,343</u>	<u>\$ 11,115,289</u>

CHARTER TOWNSHIP OF DELTA
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2007

	Lazell	Waldo & Branches	Armstrong Hills	Williamsburg	Upton	Edwards	Whitney	Carrier Creek	Lora	Watson	Graham	Total
2008	\$ 54,315	\$ 3,063	\$ 1,574	\$ 11,974	\$ 13,778	\$ 2,710	\$ 6,071	\$ 156,349	\$ 8,617	\$ 25,300	\$ 1,374	\$ 285,125
2009	52,142	2,934		15,585	13,375	2,623	5,881	152,129	8,270	24,533	1,305	278,777
2010	49,970	2,804		15,017	12,941	2,537	5,691	148,595	7,912	23,767		269,234
2011	47,797	2,675		14,461	12,522	2,448	5,501	143,688	7,560	23,000		259,652
2012	45,624	2,545		13,906	12,104	2,361	5,311	139,468	7,208	22,233		250,760
2013	43,451	2,416		13,359	11,696	2,274	5,121	135,248	6,856	21,467		241,888
2014	41,279	2,287		12,796	11,267	2,187	4,931	131,028		20,700		226,475
2015				12,241	10,848	2,099	4,740	126,808		19,933		176,669
2016				11,685	10,430	2,012	4,550	122,587		19,167		170,431
2017				11,132	10,018	1,924	4,360	118,367		18,400		164,201
2018					9,593	1,837	4,170	114,147		17,633		147,380
2019					9,174	1,750	3,980	109,927		16,867		141,698
2020					8,755		3,790	105,706		16,100		134,351
2021					8,338			101,486				109,824
2022					7,917			97,266				105,183
2023								93,046				93,046
2024								88,826				88,826
2025								84,605				84,605
	334,578	18,724	1,574	132,156	162,756	26,762	64,097	2,169,276	46,423	269,100	2,679	3,228,125
Less interest	60,836	3,625	74	26,406	50,256	6,810	17,297	722,343	7,407	69,766	179	964,999
	<u>\$ 273,742</u>	<u>\$ 15,099</u>	<u>\$ 1,500</u>	<u>\$ 105,750</u>	<u>\$ 112,500</u>	<u>\$ 19,952</u>	<u>\$ 46,800</u>	<u>\$ 1,446,933</u>	<u>\$ 39,016</u>	<u>\$ 199,334</u>	<u>\$ 2,500</u>	<u>\$ 2,263,126</u>

Note: Drains at large consists of drains installed by Eaton County Drain Commission in which the State of Michigan, homeowner, Delta Township, and the Eaton County Drain Commission share the cost of installment. Delta Township is assessed yearly for their share of the cost plus interest on the outstanding balance. Interest rates charged to the different projects range from 4.90% to 7.02%.

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
BALANCE SHEETS
DECEMBER 31, 2007 AND 2006**

ASSETS	<u>2007</u>	<u>2006</u>
ASSETS:		
Cash	\$ 398,377	\$ 296,449
Investments	1,255,521	1,130,205
Receivables:		
Taxes	1,382,638	1,313,465
Interest	<u>9,225</u>	<u>8,160</u>
TOTAL ASSETS	<u><u>\$ 3,045,761</u></u>	<u><u>\$ 2,748,279</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Deferred revenue	\$ 1,382,638	\$ 1,313,465
FUND BALANCE:		
Unreserved, undesignated	<u>1,663,123</u>	<u>1,434,814</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 3,045,761</u></u>	<u><u>\$ 2,748,279</u></u>

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007	2006
REVENUES:		
Taxes and special assessments	\$ 1,311,099	\$ 1,251,780
Investment income - net	129,138	99,875
Total revenues	1,440,237	1,351,655
EXPENDITURES:		
Current:		
Health and welfare		35,895
Excess of revenues over expenditures	1,440,237	1,315,760
OTHER FINANCING SOURCES (USES):		
Interfund transfers out	(1,211,928)	(933,480)
Net change in fund balance	228,309	382,280
FUND BALANCE:		
Beginning of year	1,434,814	1,052,534
End of year	\$ 1,663,123	\$ 1,434,814

**CHARTER TOWNSHIP OF DELTA
CAPITAL PROJECTS FUND
BALANCE SHEETS
DECEMBER 31, 2007 AND 2006**

	2007	2006
ASSETS		
ASSETS:		
Interest receivable	\$ 22,465	\$ 991
Restricted cash - capital outlay	970,124	35,994
Restricted investments - capital outlay	3,057,436	137,226
TOTAL ASSETS	\$ 4,050,025	\$ 174,211
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 749,612	\$ 57,243
Retainage payable	303,530	
Due to other funds		150,365
TOTAL LIABILITIES	1,053,142	207,608
FUND BALANCE (DEFICIT):		
Undesignated	2,996,883	372,811
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 4,050,025	\$ 580,419

**CHARTER TOWNSHIP OF DELTA
CAPITAL PROJECTS FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
REVENUES:		
Investment income - net	\$ 216,278	\$ 7,675
EXPENDITURES:		
Capital outlay	4,181,876	210,779
Debt service - other	<u>86,792</u>	<u> </u>
Total expenditures	<u>4,268,668</u>	<u>210,779</u>
Excess of expenditures over revenues	<u>(4,052,390)</u>	<u>203,104</u>
OTHER FINANCING SOURCES (USES):		
Interfund transfers out	(163,530)	
Bonds issued at a discount	(53,800)	
Proceeds from the sale of bonds	<u>7,300,000</u>	<u> </u>
Total other financing sources (uses)	<u>7,082,670</u>	<u> </u>
Net change in fund balance	3,030,280	203,104
FUND BALANCE (DEFICIT):		
Beginning of year	<u>(33,397)</u>	<u>169,707</u>
End of year	<u>\$ 2,996,883</u>	<u>\$ 372,811</u>

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

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

Budget Stabilization Fund - This fund is established to maintain funds the Township may need in times of budget short fall. This fund is established and limited pursuant to Michigan law.

Debt Service Fund

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

Permanent Fund

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

**CHARTER TOWNSHIP OF DELTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>Special revenue</u>	<u>Debt service</u>	<u>Permanent fund Cemetery perpetual care fund</u>	<u>Total nonmajor governmental funds</u>
ASSETS				
ASSETS:				
Cash	\$ 393,716	\$ 186,061	\$ 48,034	\$ 627,811
Investments	1,079,797		151,385	1,231,182
Receivables:				
Taxes		751,648		751,648
Interest	6,621		1,112	7,733
Restricted investments - capital outlay	163,530			163,530
	<u>\$ 1,643,664</u>	<u>\$ 937,709</u>	<u>\$ 200,531</u>	<u>\$ 2,781,904</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Deferred revenue	\$	\$ 751,648	\$	\$ 751,648
FUND BALANCES:				
Reserved for debt service		186,061		186,061
Reserved for perpetual care			200,531	200,531
Unreserved, undesignated	1,643,664			1,643,664
	<u>1,643,664</u>	<u>186,061</u>	<u>200,531</u>	<u>2,030,256</u>
TOTAL FUND BALANCES	<u>1,643,664</u>	<u>186,061</u>	<u>200,531</u>	<u>2,030,256</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,643,664</u>	<u>\$ 937,709</u>	<u>\$ 200,531</u>	<u>\$ 2,781,904</u>

**CHARTER TOWNSHIP OF DELTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2007**

	<u>Special revenue</u>	<u>Debt service</u>	<u>Permanent fund Cemetery perpetual care fund</u>	<u>Total nonmajor governmental funds</u>
REVENUES:				
Local sources:				
Property taxes	\$	\$ 794,879	\$	\$ 794,879
Investment earnings	52,382	10,848	11,367	74,597
Rental income		130,906		130,906
Other			8,504	8,504
Total local sources	<u>52,382</u>	<u>936,633</u>	<u>19,871</u>	<u>1,008,886</u>
EXPENDITURES:				
Debt service:				
Principal repayment		800,000		800,000
Interest expense		163,681		163,681
Total expenditures		<u>963,681</u>		<u>963,681</u>
EXCESS OF REVENUES (EXPENDITURES)	<u>52,382</u>	<u>(27,048)</u>	<u>19,871</u>	<u>45,205</u>
OTHER FINANCING SOURCES (USES):				
Interfund transfers from other funds	499,530			499,530
Interfund transfers to other funds	(251,000)		(11,367)	(262,367)
Total other financing sources (uses)	<u>248,530</u>		<u>(11,367)</u>	<u>237,163</u>
Net change in fund balances	300,912	(27,048)	8,504	282,368
FUND BALANCES:				
Beginning of year	<u>1,342,752</u>	<u>213,109</u>	<u>192,027</u>	<u>1,747,888</u>
End of year	<u>\$ 1,643,664</u>	<u>\$ 186,061</u>	<u>\$ 200,531</u>	<u>\$ 2,030,256</u>

**CHARTER TOWNSHIP OF DELTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007
(with restated comparative totals for December 31, 2006)**

ASSETS	Improvement revolving fund	Budget stabilization fund	Totals	
			2007	2006
Cash	\$ 285,925	\$ 107,791	\$ 393,716	\$ 277,428
Investments	737,588	342,209	1,079,797	1,060,247
Interest receivable	6,621		6,621	5,077
Restricted investments	163,530		163,530	
TOTAL ASSETS	\$ 1,193,664	\$ 450,000	\$ 1,643,664	\$ 1,342,752
FUND BALANCES				
FUND BALANCES:				
Unreserved, undesignated	\$ 1,193,664	\$ 450,000	\$ 1,643,664	\$ 1,342,752

**CHARTER TOWNSHIP OF DELTA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2007
(with restated comparative totals for the year ended December 31, 2006)**

	Improvement revolving fund	Budget stabilization fund	Totals	
			2007	2006
REVENUES:				
Investment income - net	\$ 52,382	\$	\$ 52,382	\$ 48,378
OTHER FINANCING SOURCES (USES):				
Interfund transfers from other funds	499,530		499,530	116,500
Interfund transfers to other funds	(251,000)		(251,000)	(409,500)
Total other financing sources (uses)	248,530		248,530	(293,000)
Net change in fund balances	300,912		300,912	(244,622)
FUND BALANCES:				
Beginning of year	892,752	450,000	1,342,752	1,587,374
End of year	\$ 1,193,664	\$ 450,000	\$ 1,643,664	\$ 1,342,752

**CHARTER TOWNSHIP OF DELTA
BUDGETARY COMPARISION SCHEDULE
IMPROVEMENT REVOLVING SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2007**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
REVENUES:				
Investment income - net	\$ 20,000	\$ 20,000	\$ 52,382	\$ 32,382
OTHER FINANCING SOURCES (USES):				
Interfund transfers in	336,000	336,000	499,530	163,530
Interfund transfers out	(251,000)	(251,000)	(251,000)	
Total other financing sources (uses)	<u>85,000</u>	<u>85,000</u>	<u>248,530</u>	<u>163,530</u>
Net change in fund balance	<u>\$ 105,000</u>	<u>\$ 105,000</u>	300,912	<u>\$ 195,912</u>
FUND BALANCE:				
Beginning of year			<u>892,752</u>	
End of year			<u>\$ 1,193,664</u>	

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
BALANCE SHEETS
DECEMBER 31, 2007 AND 2006**

	ASSETS	<u>2007</u>	<u>2006</u>
ASSETS:			
Cash		\$ 186,061	\$ 213,109
Taxes receivable		<u>751,648</u>	<u>796,353</u>
TOTAL ASSETS		<u><u>\$ 937,709</u></u>	<u><u>\$ 1,009,462</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Deferred revenue		\$ 751,648	\$ 796,353
FUND BALANCE:			
Reserved for debt service		<u>186,061</u>	<u>213,109</u>
TOTAL LIABILITIES AND FUND BALANCE		<u><u>\$ 937,709</u></u>	<u><u>\$ 1,009,462</u></u>

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
REVENUE:		
Taxes	\$ 794,879	\$ 758,961
Rental income	130,906	
Investment income - net	<u>10,848</u>	<u>9,957</u>
Total revenue	<u>936,633</u>	<u>768,918</u>
EXPENDITURES:		
Principal payments on debt	800,000	750,000
Interest and fiscal charges	<u>163,681</u>	<u>52,150</u>
Total expenditures	<u>963,681</u>	<u>802,150</u>
Net change in fund balance	(27,048)	(33,232)
FUND BALANCE:		
Beginning of year	<u>213,109</u>	<u>246,341</u>
End of year	<u><u>\$ 186,061</u></u>	<u><u>\$ 213,109</u></u>

**CHARTER TOWNSHIP OF DELTA
2001 GENERAL OBLIGATION DEBT
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2007**

<u>Interest rate</u>	<u>Due April 1</u>	<u>Principal</u>	<u>Interest</u>		<u>Total payment requirements</u>
			<u>April 1</u>	<u>October 1</u>	
2.50	2008	<u>\$ 900,000</u>	<u>\$ 11,250</u>	<u>\$</u>	<u>\$ 911,250</u>

NOTE: General obligation debt bonds dated September 18, 2001 were issued to provide funds for the construction of the central fire station under the provisions of Public Act 94. Original debt of \$4,990,000.

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

<u>Interest rate</u>	<u>Due April 1</u>	<u>Principal</u>	<u>Interest</u>		<u>Total payment requirements</u>
			<u>April 1</u>	<u>October 1</u>	
0.000%	2008	\$	\$ 157,087	\$ 157,088	\$ 314,175
4.250%	2009	100,000	157,088	154,963	412,051
4.250%	2010	100,000	154,963	152,837	407,800
4.125%	2011	100,000	152,837	150,775	403,612
4.000%	2012	100,000	150,775	148,775	399,550
4.000%	2013	100,000	148,775	146,775	395,550
4.000%	2014	100,000	146,775	144,775	391,550
4.000%	2015	100,000	144,775	142,775	387,550
4.000%	2016	150,000	142,775	139,775	432,550
4.000%	2017	150,000	139,775	136,775	426,550
4.000%	2018	200,000	136,775	132,775	469,550
4.000%	2019	200,000	132,775	128,775	461,550
4.100%	2020	200,000	128,775	124,675	453,450
4.125%	2021	200,000	124,675	120,550	445,225
4.125%	2022	200,000	120,550	116,425	436,975
4.200%	2023	200,000	116,425	112,225	428,650
4.250%	2024	200,000	112,225	107,975	420,200
4.250%	2025	200,000	107,975	103,725	411,700
4.250%	2026	200,000	103,725	99,475	403,200
4.250%	2027	300,000	99,475	93,100	492,575
4.300%	2028	300,000	93,100	86,650	479,750
4.300%	2029	300,000	86,650	80,200	466,850
4.300%	2030	400,000	80,200	71,600	551,800
4.300%	2031	400,000	71,600	63,000	534,600
4.500%	2032	400,000	63,000	54,000	517,000
4.500%	2033	400,000	54,000	45,000	499,000
4.500%	2034	500,000	45,000	33,750	578,750
4.500%	2035	500,000	33,750	22,500	556,250
4.500%	2036	500,000	22,500	11,250	533,750
4.500%	2037	500,000	11,250		511,250
		<u>\$ 7,300,000</u>	<u>\$ 3,240,050</u>	<u>\$ 3,082,963</u>	<u>\$ 13,623,013</u>

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

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
BALANCE SHEETS
DECEMBER 31, 2007 AND 2006**

	2007	2006
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,768,177	\$ 1,490,404
Investments	5,547,946	5,658,206
Receivables:		
Interest	65,425	64,754
Special assessment - current	21,195	47,260
Special assessment - interest	9,852	9,133
Other	60,161	8,028
TOTAL CURRENT ASSETS	7,472,756	7,277,785
NONCURRENT ASSETS:		
Investments:		
Replacement account - restricted	4,413,202	4,172,734
Deferred charges:		
Tap in charges - deferred	246,737	251,447
Unamortized bond issuance costs	33,888	37,653
Special assessment - deferred	23,414	27,453
TOTAL NONCURRENT ASSETS	4,717,241	4,489,287
PROPERTY, PLANT, AND EQUIPMENT, net of accumulated depreciation	32,915,975	33,598,756
TOTAL ASSETS	\$ 45,105,972	\$ 45,365,828

LIABILITIES AND NET ASSETS	<u>2007</u>	<u>2006</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 151,364	\$ 64,464
Accrued interest	14,689	15,439
Customer deposits	68,393	68,393
Current portion of long-term liabilities	205,645	206,870
Current portion of compensated absences	188,602	175,359
Due to other funds	<u>58,576</u>	
TOTAL CURRENT LIABILITIES	<u>687,269</u>	<u>530,525</u>
LONG-TERM LIABILITIES, net of current portion:		
Compensated absences	109,640	99,720
Other long-term debt	455,433	482,311
Unamortized bond premiums	78,387	87,096
General obligation bonds payable	<u>1,893,850</u>	<u>2,072,700</u>
TOTAL LONG-TERM LIABILITIES	<u>2,537,310</u>	<u>2,741,827</u>
TOTAL LIABILITIES	<u>3,224,579</u>	<u>3,272,352</u>
NET ASSETS:		
Invested in capital assets net of related debt	30,316,548	31,269,743
Restricted for capital outlay	4,413,202	4,172,734
Unrestricted	<u>7,151,643</u>	<u>6,650,999</u>
TOTAL NET ASSETS	<u>41,881,393</u>	<u>42,093,476</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 45,105,972</u>	<u>\$ 45,365,828</u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES:		
Charges for services	\$ 3,397,807	\$ 3,132,576
Capital charges	102,239	241,016
Forfeited discounts	44,856	48,293
Other	<u>1,073</u>	<u>6,598</u>
 Total operating revenues	 <u>3,545,975</u>	 <u>3,428,483</u>
OPERATING EXPENSES:		
Costs of sales and services	3,118,912	3,124,595
Depreciation	<u>1,863,323</u>	<u>1,862,620</u>
 Total operating expenses	 <u>4,982,235</u>	 <u>4,987,215</u>
 Operating loss	 <u>(1,436,260)</u>	 <u>(1,558,732)</u>
NON-OPERATING REVENUES (EXPENSES):		
Contributions-infrastructure	616,293	824,077
Main charges	59,408	27,075
Investment income - net	659,923	561,777
Interest and fiscal charges	(116,392)	(95,433)
Amortization of bond issuance cost	(3,765)	(3,765)
Amortization of bond premium	<u>8,710</u>	<u>8,710</u>
 Total non-operating revenues - net	 <u>1,224,177</u>	 <u>1,322,441</u>
 Net loss	 <u>(212,083)</u>	 <u>(236,291)</u>
NET ASSETS:		
Beginning of year	<u>42,093,476</u>	<u>42,329,767</u>
 End of year	 <u><u>\$ 41,881,393</u></u>	 <u><u>\$ 42,093,476</u></u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007	2006
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Operating loss	\$ (1,436,260)	\$ (1,558,732)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,863,323	1,862,620
Gain on disposal of fixed assets	(357)	(663)
Due to/from other funds - net	58,576	(43,066)
Accounts payable	86,816	625
Accrued compensated absences	23,163	16,439
Total adjustments	2,031,521	1,835,955
Net cash provided by operating activities	595,261	277,223
Cash flows from non-capital financing activities:		
Contributions	616,293	824,077
Main and tap in charges	64,118	40,651
Net cash provided by non-capital financing activities	680,411	864,728
Cash flows for capital and related financing activities:		
Principal repayments on debt	(206,870)	(210,545)
Net interest paid on bonds	(117,142)	(96,084)
Payments for capital acquisitions	(1,180,540)	(1,867,615)
Proceeds from special assessments	(22,029)	18,409
Interest received from special assessments	3,299	43,937
Proceeds from the sale of fixed assets	357	663
Net cash used by capital and related financing activities	(1,522,925)	(2,111,235)
Cash flows from investing activities:		
Interest received from investments	655,234	530,074
Purchase/proceeds of investments	(130,208)	526,796
Net cash provided by investing activities	525,026	1,056,870
NET INCREASE IN CASH	277,773	87,586
CASH:		
Beginning of year	1,490,404	1,402,818
End of year	\$ 1,768,177	\$ 1,490,404

CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULES OF COSTS OF SALES AND SERVICES
YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Salaries and wages	\$ 1,290,059	\$ 1,251,851
Payroll taxes	95,706	92,541
Employee fringe benefits	288,066	349,214
Pension expense	142,004	140,483
Office supplies	15,318	15,004
Chemicals	189,122	186,509
Supplies	37,659	37,554
Maintenance of plant	22,597	43,853
Maintenance of equipment	182,797	165,227
Accounting and auditing	135,949	143,564
Administrative fees	100,000	100,000
Contracted services	56,055	28,435
Engineering	74,397	56,096
Collection fees	576	563
Telephone	13,234	11,509
Transportation	35,757	32,568
Insurance	191,090	220,897
Utilities	227,483	230,768
Miscellaneous	21,043	17,959
	<u>\$ 3,118,912</u>	<u>\$ 3,124,595</u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND
AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2007**

Delta Township Bonds
General Obligation Limited Tax Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2008	3.000 %	\$ 178,850	\$ 44,066	\$ 41,384	\$ 85,450	\$ 264,300
2009	3.250 %	203,350	41,384	38,079	79,463	282,813
2010	3.500 %	200,900	38,079	34,563	72,642	273,542
2011	3.750 %	225,400	34,563	30,337	64,900	290,300
2012	3.875 %	225,400	30,337	25,970	56,307	281,707
2013	5.000 %	248,675	25,970	19,753	45,723	294,398
2014	5.000 %	252,350	19,753	13,444	33,197	285,547
2015	5.000 %	268,275	13,444	6,738	20,182	288,457
2016	5.000 %	269,500	6,738		6,738	276,238
		<u>\$ 2,072,700</u>	<u>\$ 254,334</u>	<u>\$ 210,268</u>	<u>\$ 464,602</u>	<u>\$ 2,537,302</u>

NOTE: The general obligation limited tax bonds were issued by the Charter Township of Delta on April 24, 2003 for the purpose of construction of sewer projects. Original amount was \$2,762,375.

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2007**

		<u>Carrier Creek</u>
2008	\$	52,116
2009		50,710
2010		49,532
2011		47,896
2012		46,489
2013		45,083
2014		43,676
2015		42,269
2016		40,862
2017		39,456
2018		38,049
2019		36,642
2020		35,235
2021		33,829
2022		32,422
2023		31,015
2024		29,609
2025		<u>28,202</u>
		723,092
Less interest		<u>240,864</u>
		<u><u>\$ 482,228</u></u>

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

**CHARTER TOWNSHIP OF DELTA
WATER FUND
BALANCE SHEETS
DECEMBER 31, 2007 AND 2006**

ASSETS	<u>2007</u>	<u>2006</u>
CURRENT ASSETS:		
Cash	\$ 1,949,025	\$ 2,446,364
Investments	4,217,075	7,506,159
Receivables:		
Customer accounts	690,839	635,690
Interest	45,134	67,338
Special assessment - current	53,043	57,422
Special assessment - interest	12,776	15,124
Other	58,431	83,285
Current portion of long-term receivable	<u>16,327</u>	<u>16,357</u>
TOTAL CURRENT ASSETS	<u>7,042,650</u>	<u>10,827,739</u>
NONCURRENT ASSETS:		
Investments:		
Replacement account	1,925,460	1,820,545
Deferred charges:		
Water tap charges - deferred	143,174	181,164
Unamortized bond issuance costs	416,904	454,598
Special assessments - deferred	307,258	354,112
Long-term receivable	<u>427,272</u>	<u>443,599</u>
TOTAL NONCURRENT ASSETS	<u>3,220,068</u>	<u>3,254,018</u>
PROPERTY, PLANT AND EQUIPMENT, less accumulated depreciation	<u>33,874,521</u>	<u>29,874,548</u>
TOTAL ASSETS	<u>\$ 44,137,239</u>	<u>\$ 43,956,305</u>

LIABILITIES AND NET ASSETS	<u>2007</u>	<u>2006</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 125,434	\$ 698,200
Accrued interest	117,919	122,236
Customer deposits	24,914	53,135
Current portion of long-term liabilities	851,150	829,925
Current portion of compensated absences	29,491	25,619
Contract retainers payable	92,770	183,469
Due to other funds	22,109	
	<u>1,263,787</u>	<u>1,912,584</u>
TOTAL CURRENT LIABILITIES		
LONG-TERM LIABILITIES , net of current portion:		
Compensated absences	23,604	18,515
Unamortized bond premiums	241,598	268,443
Revenue bonds payable	3,200,000	3,350,000
General obligation bonds payable	12,036,150	12,737,300
	<u>15,501,352</u>	<u>16,374,258</u>
TOTAL LONG-TERM LIABILITIES		
	<u>16,765,139</u>	<u>18,286,842</u>
TOTAL LIABILITIES		
NET ASSETS:		
Invested in capital assets net of related debt	17,962,527	13,143,478
Unreserved	9,409,573	12,525,985
	<u>27,372,100</u>	<u>25,669,463</u>
TOTAL NET ASSETS		
	<u>\$ 44,137,239</u>	<u>\$ 43,956,305</u>
TOTAL LIABILITIES AND NET ASSETS		

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007	2006
OPERATING REVENUES:		
Charges for services	\$ 4,192,229	\$ 3,742,575
Capital charges	70,975	135,044
Hydrant rental	133,210	128,660
Forfeited discounts	51,458	52,957
Other service charges	112,444	115,033
State grant	59,050	
Other	29,448	29,772
	4,648,814	4,204,041
OPERATING EXPENSES:		
Costs of sales and services	2,926,270	2,633,652
Depreciation	798,853	681,745
	3,725,123	3,315,397
Operating income	923,691	888,644
NON-OPERATING REVENUES (EXPENSES):		
Contributions - infrastructure	905,157	1,860,943
Main charges	32,809	70,578
Investment income - net	571,599	678,915
Interest and fiscal charges	(719,770)	(700,825)
Amortization of bond issuance cost	(37,693)	(37,693)
Amortization of bond premium	26,844	26,844
	778,946	1,898,762
Net income	1,702,637	2,787,406
NET ASSETS:		
Beginning of year	25,669,463	22,882,057
End of year	\$ 27,372,100	\$ 25,669,463

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Operating income	\$ 923,691	\$ 888,644
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	798,853	681,745
Gain on disposal of fixed assets	(3,650)	(279)
Receivables	(13,938)	(61,868)
Due to/from other funds - net	22,109	(17,012)
Accounts payable	(572,766)	660,163
Accrued compensated absences	8,961	5,967
Customer deposits	(28,221)	(13,734)
Contract retainers payable	(90,699)	179,257
	<u>120,649</u>	<u>1,434,239</u>
Total adjustments		
Net cash provided by operating activities	<u>1,044,340</u>	<u>2,322,883</u>
Cash flows from non-capital financing activities:		
Contributions	905,157	1,860,943
Main and tap in charges	70,799	70,260
	<u>975,956</u>	<u>1,931,203</u>
Net cash provided by non-capital financing activities		
Cash flows from capital and related financing activities:		
Principal repayments on debt	(829,925)	(691,250)
Net interest paid on bonds	(724,087)	(661,816)
Payments for capital acquisitions	(4,798,826)	(6,625,139)
Proceeds from special assessments	51,233	76,058
Interest received from special assessments	41,746	51,134
Proceeds from the sale of bonds		6,500,000
Bond issuance costs		(132,142)
Proceeds from sale of fixed assets	3,650	279
	<u>(6,256,209)</u>	<u>(1,482,876)</u>
Net cash used by capital and related financing activities		
Cash flows from investing activities:		
Interest received from investments	554,405	616,992
Proceeds (purchase) of investments	3,184,169	(1,724,318)
	<u>3,738,574</u>	<u>(1,107,326)</u>
Net cash provided (used) by investing activities		
NET INCREASE (DECREASE) IN CASH	(497,339)	1,663,884
CASH:		
Beginning of year	<u>2,446,364</u>	<u>782,480</u>
End of year	<u>\$ 1,949,025</u>	<u>\$ 2,446,364</u>

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULES OF COSTS OF SALES AND SERVICES
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Salaries and wages	\$ 503,916	\$ 471,640
Payroll taxes	37,263	34,786
Employee fringe benefits	130,001	148,883
Pension expense	54,546	51,511
Office supplies	10,289	10,736
Supplies	164,696	161,548
Water purchases	1,280,887	1,098,303
Maintenance of plant	74,088	40,388
Maintenance of equipment	80,383	94,659
Transportation	23,197	18,565
Administrative	100,000	100,000
Accounting and auditing	135,949	139,918
Contracted services	102,399	126,753
Engineering	30,583	31,012
Collection fees	176	179
Telephone	13,950	12,637
Insurance	56,334	29,114
Utilities	59,891	32,939
Printing	246	
Miscellaneous	67,476	30,081
	<u>\$ 2,926,270</u>	<u>\$ 2,633,652</u>

CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2007

Michigan Municipal Bond Authority
Water Supply System Revenue Bonds - 2000A

Interest rate	Due November 1	Principal	Interest		Total payment requirements
			May 1	November 1	
5.25	2008	\$ 75,000	\$ 45,300	\$ 45,300	\$ 165,600
5.35	2009	100,000	43,331	43,331	186,662
5.40	2010	100,000	40,656	40,657	181,313
5.45	2011	100,000	37,956	37,956	175,912
5.55	2012	100,000	35,231	35,232	170,463
5.60	2013	100,000	32,456	32,456	164,912
5.70	2014	125,000	29,656	29,657	184,313
5.75	2015	125,000	26,094	26,094	177,188
6.00	2016	125,000	22,500	22,500	170,000
6.00	2017	150,000	18,750	18,750	187,500
6.00	2018	150,000	14,250	14,250	178,500
6.00	2019	150,000	9,750	9,750	169,500
6.00	2020	175,000	5,250	5,250	185,500
		<u>\$ 1,575,000</u>	<u>\$ 361,180</u>	<u>\$ 361,183</u>	<u>\$ 2,297,363</u>

NOTE: Revenue bonds dated May 17, 2000 were issued to provide acquisition and construction of improvements and extensions to the Township's water supply systems under the provisions of Public Act 94. Original debt of \$2,000,000.

CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2007

Michigan Municipal Bond Authority
Water Supply System Revenue Bonds - 2000B

Interest rate	Due November 1	Principal	Interest		Total payment requirements
			May 1	November 1	
5.05	2008	\$ 75,000	\$ 49,262	\$ 49,262	\$ 173,524
5.10	2009	75,000	47,369	47,369	169,738
5.10	2010	75,000	45,456	45,456	165,912
5.20	2011	100,000	43,544	43,544	187,088
5.30	2012	100,000	40,944	40,944	181,888
5.40	2013	100,000	38,294	38,294	176,588
5.45	2014	125,000	35,594	35,594	196,188
5.50	2015	125,000	32,187	32,187	189,374
5.75	2016	175,000	28,750	28,750	232,500
5.75	2017	175,000	23,719	23,719	222,438
5.75	2018	200,000	18,687	18,687	237,374
5.75	2019	225,000	12,938	12,938	250,876
5.75	2020	225,000	6,469	6,469	237,938
		<u>\$ 1,775,000</u>	<u>\$ 423,213</u>	<u>\$ 423,213</u>	<u>\$ 2,621,426</u>

NOTE: Revenue bonds dated November 28, 2000 were issued to provide acquisition and construction of improvements and extensions to the Township's water supply system under the provisions of Public Act 94. Original debt of \$2,000,000.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND
AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2007**

Charter Township of Delta Bonds
General Obligation Limited Tax Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2008	3.000 %	\$ 551,150	\$ 135,796	\$ 127,529	\$ 263,325	\$ 814,475
2009	3.250 %	626,650	127,529	117,346	244,875	871,525
2010	3.500 %	619,100	117,346	106,512	223,858	842,958
2011	3.750 %	694,600	106,512	93,488	200,000	894,600
2012	3.875 %	694,600	93,488	80,030	173,518	868,118
2013	5.000 %	766,325	80,030	60,872	140,902	907,227
2014	5.000 %	777,650	60,872	41,431	102,303	879,953
2015	5.000 %	826,725	41,431	20,763	62,194	888,919
2016	5.000 %	830,500	20,763		20,763	851,263
		<u>\$ 6,387,300</u>	<u>\$ 783,767</u>	<u>\$ 647,971</u>	<u>\$ 1,431,738</u>	<u>\$ 7,819,038</u>

NOTE: The general obligation limited tax bonds were issued by Charter Township of Delta on April 24, 2003 for the purpose of refinancing the bonds Eaton County issued on behalf of the Township. The excess proceeds, after refinancing, was used for water construction projects. Original amount was \$8,512,625.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND
AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2007**

Charter Township of Delta Bonds
General Obligation Limited Tax Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2008	3.750 %	\$ 150,000	\$ 123,400	\$ 120,588	\$ 243,988	\$ 393,988
2009	3.750 %	200,000	120,588	116,838	237,426	437,426
2010	3.750 %	200,000	116,838	113,088	229,926	429,926
2011	3.750 %	250,000	113,088	108,400	221,488	471,488
2012	3.750 %	250,000	108,400	103,715	212,115	462,115
2013	3.750 %	250,000	103,715	99,025	202,740	452,740
2014	3.750 %	300,000	99,025	93,400	192,425	492,425
2015	3.750 %	300,000	93,400	87,775	181,175	481,175
2016	3.750 %	350,000	87,775	81,213	168,988	518,988
2017	3.750 %	350,000	81,213	74,650	155,863	505,863
2018	3.800 %	400,000	74,650	67,050	141,700	541,700
2019	3.875 %	400,000	67,050	59,300	126,350	526,350
2020	3.900 %	450,000	59,300	50,525	109,825	559,825
2021	4.000 %	450,000	50,525	41,525	92,050	542,050
2022	4.000 %	500,000	41,525	31,525	73,050	573,050
2023	4.000 %	500,000	31,525	21,525	53,050	553,050
2024	4.100 %	500,000	21,525	11,275	32,800	532,800
2025	4.100 %	550,000	11,275		11,275	561,275
		<u>\$ 6,350,000</u>	<u>\$ 1,404,817</u>	<u>\$ 1,281,417</u>	<u>\$ 2,686,234</u>	<u>\$ 9,036,234</u>

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

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007
(with comparative totals for December 31, 2006)**

		Pension trust fund	Other post employment benefit trust fund	Agency fund	Totals	
ASSETS		Employee retirement	Retiree health benefits	Tax collection fund	2007	2006
ASSETS:						
Cash		\$	\$	\$ 1,135,500	\$ 1,135,500	\$ 1,259,054
Investments		21,058,373	2,554,763	3,578,634	27,191,770	25,774,545
Taxes receivable - delinquent				325,019	325,019	467,358
Interest receivable				26,295	26,295	34,657
	TOTAL ASSETS	<u>\$ 21,058,373</u>	<u>\$ 2,554,763</u>	<u>\$ 5,065,448</u>	<u>\$ 28,678,584</u>	<u>\$ 27,535,614</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Undistributed tax collections:						
Current		\$	\$	\$ 4,737,181	\$ 4,737,181	\$ 6,090,660
Delinquent and other				328,267	328,267	470,525
	TOTAL LIABILITIES			5,065,448	5,065,448	6,561,185
FUND BALANCES:						
Reserved for retirement benefits		21,058,373	2,554,763		23,613,136	20,974,429
	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,058,373</u>	<u>\$ 2,554,763</u>	<u>\$ 5,065,448</u>	<u>\$ 28,678,584</u>	<u>\$ 27,535,614</u>

**CHARTER TOWNSHIP OF DELTA
AGENCY FUND
TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2007**

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
ASSETS				
Cash	\$ 1,259,054	\$	\$ 123,554	\$ 1,135,500
Investments	4,800,116	52,919,712	54,141,194	3,578,634
Taxes receivable delinquent	467,358	143,540	285,879	325,019
Interest receivable	34,657		8,362	26,295
TOTAL ASSETS	\$ 6,561,185	\$ 53,063,252	\$ 54,558,989	\$ 5,065,448
LIABILITIES				
Undistributed tax collections:				
Current	\$ 6,090,660	\$ 52,919,631	\$ 54,273,110	\$ 4,737,181
Delinquent and other	470,525	143,621	285,879	328,267
TOTAL LIABILITIES	\$ 6,561,185	\$ 53,063,252	\$ 54,558,989	\$ 5,065,448



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Dennis D. Theis
James A. McNeeley

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

April 16, 2008

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

In planning and performing our audit of the financial statements of Charter Township of Delta as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Charter Township of Delta's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated April 16, 2008 on the financial statements of Charter Township of Delta. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Prior Year Comments

Information systems comments

Several information systems comments are as stated below:

1. Data back-up procedures have been tested for accounting, but a full system restore test should be performed. All back-up procedures should be documented.
2. Although the Township maintains offsite data back-up, they need to implement and document a disaster recovery plan. Such a plan would highlight alternative locations including hardware and software replacement.

Status: The Township is in the process of implementing a disaster recovery plan and testing back up procedures.

Capital projects fund deficit

The capital projects fund incurred a fund deficit at year end of \$33,347. This arose from preliminary expenditures related to the construction of a new library. The Township has approved a bond issue together with a millage to fund the project and operate the new library.

Status: The deficit in the capital projects fund was eliminated when the Township approved the bond issuance.

Current Year Comment

GASB 45 - Other Postemployment Benefit (OPEB) Plans

GASB 45 establishes standards for measurement, recognition and display of OPEB expense and related liabilities and disclosures. This GASB is effective for the Township's year ended December 31, 2008.

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

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April 16, 2008

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of Charter Township of Delta, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner, Costantino & Ellis, P.C.



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April 16, 2008

To the Finance Committee
Charter Township of Delta
Lansing, Michigan

We have audited the financial statements of Charter Township of Delta for the year ended December 31, 2007, and have issued our report thereon dated April 16, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

As stated in our engagement letter dated February 6, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Charter Township of Delta are described in Note 1 to the financial statements. The Township adopted GASB #43 on January 1, 2007. No other accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by Charter Township of Delta during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were estimated fixed asset lives for depreciation, the allocation of expenses among the various funds, and the percentage allocation of flowage rights additions between funds.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the pension plan in note 8 and the other post employment benefits in note 9 to the financial statements describes that the contributions are determined on an actuarial valuation.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 16, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Charter Township of Delta’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Finance Committee, Board of Directors and management of Charter Township of Delta and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Maner, Costantino & Ellis, P.C.