

*Charter Township of Delhi
Ingham County, Michigan*

FINANCIAL STATEMENTS

Year ended December 31, 2019

INDEPENDENT AUDITOR'S REPORT

Township Board
Charter Township of Delhi, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Delhi, Michigan, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Delhi, Michigan, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 16 to the basic financial statements, the Township adopted GASB Statement No. 84 *Fiduciary Activities* in 2019, which represents a change in its policy for reporting fiduciary activities. Our opinions are not modified with respect to this matter.

Other Matters

Required supplementary information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Delhi, Michigan's basic financial statements. The combining nonmajor fund financial statements, component unit financial statements, combining special revenue fund statements, combining custodial fund financial statements, and combining component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, component unit financial statements, combining special revenue fund statements, combining custodial fund financial statements, combining component unit financial statements, and the General Fund financial statements (supplementary information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Township Board
Charter Township of Delhi, Michigan
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Other information - Statistical Section

The Statistical Section (other information) has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Siegfried Crandall P.C.

May 8, 2020

BALANCE SHEET - component units

December 31, 2019

	<u>Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>
ASSETS		
Cash	\$ 4,752,676	\$ 481,664
Investments	1,204,417	-
Taxes receivable	577,919	-
Other receivables	300,327	7,578
Prepays	227	-
Restricted assets:		
Cash	403,556	-
Investments	<u>382,292</u>	<u>-</u>
Total assets	<u>\$ 7,621,414</u>	<u>\$ 489,242</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Payables	\$ 43,316	\$ 9,688
Accrued liabilities	3,975	-
Due to other governments	2,388,279	-
Due to primary government	<u>520,684</u>	<u>-</u>
Total liabilities	<u>2,956,254</u>	<u>9,688</u>
Deferred inflows of resources:		
Unavailable property taxes	<u>1,390,095</u>	<u>289,515</u>
Fund balances:		
Nonspendable - prepaids	227	-
Restricted for capital projects	785,848	-
Assigned for subsequent year expenditures	455,970	40,330
Unassigned	<u>2,033,020</u>	<u>149,709</u>
Total fund balances	<u>3,275,065</u>	<u>190,039</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,621,414</u>	<u>\$ 489,242</u>
Reconciliation of the balance sheet to the statement of net position:		
Total fund balances	\$ 3,275,065	\$ 190,039
Amounts reported for <i>component unit activities</i> in the statement of net position (page 14) are different because:		
Capital assets used in <i>governmental funds</i> are not financial resources and, therefore, are not reported in the funds.	5,117,068	-
Deferred outflows of resources, related to a bond refunding, are not available to pay current period expenditures, and are not reported in the funds.	173,108	-
Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.	(12,025,471)	-
Interest payable, related to noncurrent liabilities, is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(52,334)</u>	<u>-</u>
Net position (deficit) of <i>component units</i>	<u>\$ (3,512,564)</u>	<u>\$ 190,039</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - component units

Year ended December 31, 2019

	<u>Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>
REVENUES		
Tax increment financing	\$ 1,853,598	\$ 252,115
State grants	302,000	55,129
Intergovernmental - local	480,000	-
Interest income	63,413	-
Other	56,854	-
	<u>2,755,865</u>	<u>307,244</u>
EXPENDITURES		
Current:		
Community and economic development	932,228	340,970
Debt service:		
Principal	766,844	-
Interest	327,261	-
Capital outlay	1,278,863	-
	<u>3,305,196</u>	<u>340,970</u>
	(549,331)	(33,726)
NET CHANGES IN FUND BALANCES		
	<u>3,824,396</u>	<u>223,765</u>
FUND BALANCES - BEGINNING		
	<u>\$ 3,275,065</u>	<u>\$ 190,039</u>
FUND BALANCES - ENDING		
Net changes in fund balances	\$ (549,331)	\$ (33,726)
Amounts reported for the <i>component unit</i> in the statement of activities (page 15) are different because:		
Capital assets:		
Capital asset acquisitions	31,193	-
Provision for depreciation	(338,436)	-
Basis of asset dispositions	(1,165,821)	-
Long-term debt - principal payments	766,844	-
Changes in other assets and liabilities:		
Decrease in deferred outflows of resources	(34,624)	-
Decrease in deferred inflows of resources	10,832	-
Decrease in interest payable	2,043	-
	<u>\$ (1,277,300)</u>	<u>\$ (33,726)</u>
Change in net position of the <i>component unit</i>		

BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority

Year ended December 31, 2019

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Tax increment financing	\$ 1,497,800	\$ 1,855,700	\$ 1,853,598	\$ (2,102)
State grant	304,000	304,000	302,000	(2,000)
Intergovernmental - local	400,000	480,000	480,000	-
Interest and rentals	21,000	63,000	63,413	413
Other	16,500	1,253,620	56,854	(1,196,766)
Total revenues	<u>2,239,300</u>	<u>3,956,320</u>	<u>2,755,865</u>	<u>(1,200,455)</u>
EXPENDITURES				
Community and economic development	521,970	1,033,660	932,228	101,432
Debt service:				
Principal	766,850	766,850	766,844	6
Interest	327,290	327,290	327,261	29
Capital outlay	1,016,660	1,277,000	1,278,863	(1,863)
Total expenditures	<u>2,632,770</u>	<u>3,404,800</u>	<u>3,305,196</u>	<u>99,604</u>
NET CHANGES IN FUND BALANCES	(393,470)	551,520	(549,331)	(1,100,851)
FUND BALANCES - BEGINNING	<u>3,824,396</u>	<u>3,824,396</u>	<u>3,824,396</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 3,430,926</u>	<u>\$ 4,375,916</u>	<u>\$ 3,275,065</u>	<u>\$ (1,100,851)</u>

GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION - Downtown Development Authority

Year ended December 31, 2019

	Governmental funds balance sheet						Statement of net position
	Downtown	2016	2016	2017	Total	Adjustments	
	Development Operating	Development Bond	Refunding Bond	Development Bond			
ASSETS							
Cash	\$ 4,752,676	\$ -	\$ -	\$ -	\$ 4,752,676	\$ -	\$ 4,752,676
Investments	1,204,417	-	-	-	1,204,417	-	1,204,417
Taxes receivable	577,919	-	-	-	577,919	-	577,919
Other receivables	300,327	-	-	-	300,327	-	300,327
Prepays	227	-	-	-	227	-	227
Restricted assets:							
Cash	403,556	-	-	-	403,556	-	403,556
Investments	382,292	-	-	-	382,292	-	382,292
Deferred outflows of resources - bond refunding	-	-	-	-	-	173,108	173,108
Capital assets not being depreciated	-	-	-	-	-	2,397,878	2,397,878
Capital assets being depreciated, net	-	-	-	-	-	2,719,190	2,719,190
Total assets	\$ 7,621,414	\$ -	\$ -	\$ -	\$ 7,621,414	\$ 5,290,176	\$ 12,911,590
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Payables	\$ 43,316	\$ -	\$ -	\$ -	\$ 43,316	\$ -	\$ 43,316
Accrued liabilities	3,975	-	-	-	3,975	-	3,975
Interest payable	-	-	-	-	-	52,334	52,334
Due to other governmental units	2,388,279	-	-	-	2,388,279	-	2,388,279
Due to primary government	520,684	-	-	-	520,684	-	520,684
Long term debt:							
Due within one year	-	-	-	-	-	784,840	784,840
Due in more than one year	-	-	-	-	-	11,240,631	11,240,631
Total liabilities	2,956,254	-	-	-	2,956,254	12,077,805	15,034,059
Deferred inflows of resources:							
Unavailable property taxes	1,390,095	-	-	-	1,390,095	-	1,390,095
Fund balances:							
Nonspendable - prepaids	227	-	-	-	227	(227)	-
Restricted for capital projects	785,848	-	-	-	785,848	(785,848)	-
Assigned for subsequent year expenditures	455,970	-	-	-	455,970	(455,970)	-
Unassigned	2,033,020	-	-	-	2,033,020	(2,033,020)	-
Total fund balances	3,275,065	-	-	-	3,275,065	(3,275,065)	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,621,414	\$ -	\$ -	\$ -	\$ 7,621,414		
Net position:							
Net investment in capital assets						(6,331,737)	(6,331,737)
Restricted for capital projects						785,848	785,848
Unrestricted						2,033,325	2,033,325
Total net position (deficit)						\$ (3,512,564)	\$ (3,512,564)

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

AND STATEMENT OF ACTIVITIES - Downtown Development Authority

Year ended December 31, 2019

	<i>Governmental funds statement of revenues, expenditures, and changes in fund balances</i>				<i>Total</i>	<i>Adjustments</i>	<i>Statement of activities</i>
	<i>Downtown Development Operating</i>	<i>2016 Development Bond</i>	<i>2016 Refunding Bond</i>	<i>2017 Development Bond</i>			
REVENUES							
Property taxes	\$ 1,853,598	\$ -	\$ -	\$ -	\$ 1,853,598	\$ -	\$ 1,853,598
State grants	302,000	-	-	-	302,000	-	302,000
Intergovernmental - local	480,000	-	-	-	480,000	-	480,000
Interest and rentals	63,413	-	-	-	63,413	-	63,413
Other	56,854	-	-	-	56,854	-	56,854
Total revenues	2,755,865	-	-	-	2,755,865	-	2,755,865
EXPENDITURES							
Current - Community and economic development	932,228	-	-	-	932,228	1,588,454	2,520,682
Debt service:							
Principal	-	65,000	701,844	-	766,844	(766,844)	-
Interest and fees	-	42,233	71,984	213,044	327,261	(12,875)	314,386
Capital outlay	1,278,863	-	-	-	1,278,863	(1,278,863)	-
Loss on disposal of property	-	-	-	-	-	1,181,105	1,181,105
Total expenditures/expenses	2,211,091	107,233	773,828	213,044	3,305,196	710,977	4,016,173
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	544,774	(107,233)	(773,828)	(213,044)	(549,331)	(710,977)	(1,260,308)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	107,233	773,828	213,044	1,094,105	-	1,094,105
Transfers out	(1,094,105)	-	-	-	(1,094,105)	-	(1,094,105)
Net other financing sources (uses)	(1,094,105)	107,233	773,828	213,044	-	-	-
NET CHANGES IN FUND BALANCES/NET POSITION	(549,331)	-	-	-	(549,331)	(710,977)	(1,260,308)
FUND BALANCES/NET POSITION (DEFICIT) - BEGINNING	3,824,396	-	-	-	3,824,396	(6,059,660)	(2,235,264)
FUND BALANCES/NET POSITION (DEFICIT) - ENDING	\$ 3,275,065	\$ -	\$ -	\$ -	\$ 3,275,065	\$ (6,770,637)	\$ (3,495,572)

DELHI CHARTER TOWNSHIP
DOWNTOWN DEVELOPMENT AUTHORITY GENERAL OPERATING HISTORICAL INFORMATION
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Taxable Value-Ad Valorem	\$ 214,579,630	\$ 221,574,763	\$ 206,199,563	\$ 209,406,132	\$ 209,156,252	\$ 211,844,001	\$ 209,933,722	\$ 214,220,450	\$ 234,528,048	\$ 249,966,786
Base Value	48,650,975	48,650,975	48,650,975	48,650,975	48,650,975	48,663,625	48,663,625	48,663,625	48,651,575	48,651,575
Captured Value	165,928,655	172,923,788	157,548,588	160,755,157	160,505,277	163,180,376	161,270,097	165,556,825	185,876,473	201,315,211
*Revenue shared with Township	169,826	316,446	304,938	275,632	276,671	284,264	415,891	423,570	432,486	484,355
*Revenue shared with other entities	705,432	1,079,582	1,270,429	1,188,895	782,377	1,259,201	1,166,677	1,818,175	1,856,399	2,222,363
Revenues										
Tax Revenue	3,440,887	2,433,722	2,226,781	2,207,667	2,247,120	2,357,679	1,533,141	1,511,335	1,623,298	1,853,598
Other	45,128	232,818	47,358	51,922	45,108	52,207	401,312	75,781	171,001	857,267
Total Revenue	3,486,015	2,666,540	2,274,139	2,259,589	2,292,228	2,409,886	1,934,453	1,587,116	1,794,299	2,710,865
Expenditures										
Community & Economic Development	4,297,057	1,216,214	985,280	586,009	558,820	466,104	468,124	1,233,015	5,739,031	932,228
Debt Service	107,236	89,325	133,943	136,505	162,032	163,488	251,080	203,170	89,325	-
Capital Outlay	14,150	-	11,298	20,397	150,826	69,649	427,063	145,435	602,991	1,278,863
Total Expenditures	4,418,443	1,305,539	1,130,521	742,911	871,678	699,241	1,146,267	1,581,620	6,431,347	2,211,091
Other Financing Sources (uses)										
Sale of Capital Assets	-	-	-	77,454	-	-	-	-	-	45,000
Land Contract	-	-	-	-	75,000	-	-	-	-	-
Bond Proceeds	2,540,000	-	-	-	-	-	5,998,998	6,944,981	-	-
Bond Escrow Payments	-	-	-	-	-	-	(4,483,537)	-	-	-
Transfers Out to Debt Service Funds	(1,034,238)	(1,254,338)	(1,266,236)	(1,283,286)	(1,292,238)	(1,296,639)	(778,687)	(858,686)	(1,010,677)	(1,094,105)
Total other financing sources (uses)	1,505,762	(1,254,338)	(1,266,236)	(1,205,832)	(1,217,238)	(1,296,639)	736,774	6,086,295	(1,010,677)	(1,049,105)
Change in net position	573,334	106,663	(122,618)	310,846	203,312	414,006	1,524,960	6,091,791	(5,647,725)	(549,331)
Fund Balance										
Beginning of the year	369,827	943,161	1,049,824	927,206	1,238,052	1,441,364	1,855,370	3,380,330	9,472,121	3,824,396
End of the year	\$ 943,161	\$ 1,049,824	\$ 927,206	\$ 1,238,052	\$ 1,441,364	\$ 1,855,370	\$ 3,380,330	\$ 9,472,121	\$ 3,824,396	\$ 3,275,065

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