

For Charter Township of Canton Wayne County, Michigan

Comprehensive Annual Financial Report with Supplemental Information For the Fiscal Year Ended December 31, 2008

Supervisor

Philip J. LaJoy

Clerk

Terry Bennett

Treasurer

Melissa McLaughlin

Trustees

John Anthony

Todd Caccamo

Syed S. Taj

Pat Williams

Finance Director

Richard A. Eva, Jr.

Prepared by the Finance Department

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Charter Township of Canton

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June 16, 2009

GENERAL OFFICES

1150 Canton Center S
Canton, MI 48188-1699
734/394-5100
734/394-5128 FAX

Philip J. LaJoy
Supervisor

394-5185
394-5234 FAX

Terry G. Bennett
Clerk

394-5120
394-5128 FAX

Melissa McLaughlin
Treasurer

394-5130
394-5139 FAX

John Anthony
Todd Caccamo
Syed S. Taj
Pat Williams
Trustees

To the Board of Trustees and Citizens
Charter Township of Canton
Wayne County, Michigan

Transmittal

This letter serves to formally transmit to the board of trustees the Comprehensive Annual Financial Report for the 2008 fiscal year. This report was prepared by the finance and budget department. Responsibility for the accuracy, completeness, and fairness of the data herein, including all disclosures rests with the Charter Township. We would ask that the board review and accept this report, which details the Township of Canton's financial condition. Additional information can be obtained by referring to the management's discussion and analysis section of this report.

Economic Development

Canton continued to see growth in the commercial sector during 2008. The Township saw the opening of various completed projects that began in 2007 such as JC Penney, Kohls, Target, Gordon Food Services, Hampton Suites Inn, and Comfort Suites, among others like the Schoolhouse Montessori Academy School, the Singh Sabha Temple. In addition, there were industrial projects completed at A.D. Transport and Poco Signs. Planning Services data from 2008 showed development was limited to industrial uses (school and churches) while commercial activity remained strong with almost 500,000 square feet of space in 23 projects reviewed. Industrial activity also picked up slightly and included major projects such as the 74,000 square-foot addition to Sysco Foods.

There were 70 new single-family home permits issued in 2008, while housing remodeling permits remained steady.

Public Facilities

Improvements continued at Fellows Creek Golf Course using the \$1.3 million proceeds from the 2006 Bond issue. This project will continue into 2009 with improvements being made to the clubhouse, course and grounds.

The Downtown Development Authority continues to use the \$8.5 million proceeds from the 2006 Downtown Development Authority bonds issued to facilitate various infrastructure and streetscape improvements. The projects are expected to be completed by 2010.

Budgeting

The Canton board of trustees adopts an annual budget in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978. The Charter Township's fiscal year is January through December. The annual budget is adopted each October for the subsequent year. Budgetary controls include the fact that expenditures cannot exceed revenues for the year plus beginning fund balance. An encumbrance system is in place to ensure that this control is not violated. In addition, the board of trustees must approve all budget amendments made throughout the fiscal year. Transfers within a fund may be approved by the Township supervisor, except for changes to capital or personnel. These changes require board approval regardless of the amount.

An Internal Control Committee was established in 1991. This committee establishes and reviews internal controls to help safeguard the Townships assets as well as to ensure financial accountability, reliability, and accuracy. The committee is comprised of members from the Treasurers office, Finance and Budget, and IT.

Pension and Post Employment Benefits

The Charter Township has defined contribution and defined benefit plans. The defined contribution plans are administrated by private insurance companies. These are closed plans in that no new members will be added as all new hires are required to be placed in the MERS plan. It is mandatory for employees to contribute 5 percent of their base pay. The Charter Township matches it with 15 percent. There is a pension committee currently comprised of the Township Treasurer, Finance and Budget Director, IT Manager and one member of each of the union and nonunion groups.

The defined benefit plan is administrated by the Municipal Employees Retirement System (MERS). Employees are required to contribute 5 to 6% of their wages and the Township's required contribution is determined actuarially. The Finance and Budget Director acts in the capacity of administrator to the plan.

A fund was created in 1997 to account for retiree health insurance premium costs. It is anticipated that the investments in this fund along with future contributions will provide for health care benefit costs for retired Charter Township employees. In 2008 there was a requirement by the Governmental Accounting Standards Board (GASB) to determine the annual expense required to be recognized by the plan. The Township has complied with this requirement, and the results are shown in the Comprehensive Annual Financial Report.

Component Units

The Charter Township of Canton Building Authority is governed by a board that is appointed by the Charter Township Supervisor. Although it is legally separate from the Charter Township, its activities are reported as if it were part of the primary government because its sole purpose is to finance and construct the Charter Township's public buildings.

Included in the financial statements is the Charter Township's discretely presented component unit, the Downtown Development Authority (DDA). The DDA captures tax revenues that are used to fund improvements to the downtown area.

Cash Management

The Charter Township's investment policies follow the legal requirements of municipalities covered under Michigan Public Act No. 20 of 1943, as amended December 1997. We maximize the use of funds and ultimately try to increase the return of our dollars while minimizing risk. Investments are placed with institutions that are deemed to provide minimal risk to Charter Township assets. Our investment portfolio consists of U.S. Treasury and other obligations of the U.S. and its agencies, certificates of deposit, commercial paper, and authorized pooled funds, in compliance with the Charter Township's investment policy and Public Act 20 as amended.

Risk Management

Canton Township is a member of the Michigan Municipal Risk Management Authority (MMRMA). The MMRMA is a self-insured association with a membership of approximately 1,170 Michigan local government units. It provides risk management, claims administration, legal defense, and reinsurance services for its members. As a member of MMRMA, Canton has liability coverage of up to \$15,000,000 per occurrence. Our self-insured retention for liability is \$250,000 per occurrence. We are actively involved in risk control through supervisory and employee training, facilities inspections, and utilization of the MMRMA risk control staff. The Charter Township is also self-insured for our workers' compensation coverage. We utilize Broadspire as a third-party administrator of our workers' compensation program. Working with the Broadspire professional staff, we conduct an active risk management program with regard to reducing on-the-job injuries. This program includes safety training, employee safety committees, wellness programs, employee fitness programs, safety inspections, and aggressive claims management.

Independent Audit

State law requires an annual audit of the Charter Township's financial records and transactions by an independent certified accountant. This has been done for Canton Township by Plante & Moran, PLLC. They have given the Charter Township an "unqualified opinion," which is the best opinion an organization can receive on its financial statements. This indicates that Plante & Moran, PLLC has found nothing to cause them to believe that the financial statements are not fairly stated in all material respects.

A single audit was also performed by Plante & Moran, PLLC and is under separate cover.

Achievements and Awards

Canton was once again one of the safest communities in the United States, ranking in the top 20 for the seventh consecutive year. Canton Cable Television was the recipient of a number of awards by the National Association of Telecommunications Officers and Advisors.

Canton's Leisure Services Department received the Gold Medal Award for being the top Leisure Services Department in the Nation in Class III population of 50,000 to 100,000 residents. Canton's strengths continue to be exceptional strategic planning, as well as strong financial management; sound finances with surpluses and significant fund balances stimulated by economic growth; low tax rates and strengthened wealth levels among its residents.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Canton for its comprehensive annual report for the fiscal year end December 31, 2007. This was the 16th consecutive year the Charter Township has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive financial annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

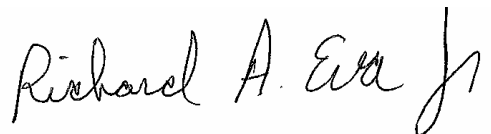
I would like to take this opportunity to thank all those who assisted in the preparation of this document, especially the finance and budget staff. Its completion represents the hard work of many individuals, without whom it would not be possible to present this report. Their professionalism and expertise is greatly appreciated by the organization. Given the extraordinary growth of Canton, the demands placed on our finance department have increased dramatically, but we continue to provide an extremely high level of service. I would also like to express my appreciation to the Township board for their continued support of the finance and budget department.

Readers may also want to refer to the management's discussion and analysis for further information.

Sincerely,



Philip J. LaJoy
Canton Supervisor



Richard A. Eva, Jr.
Director of Finance and Budget

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charter Township of Canton Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

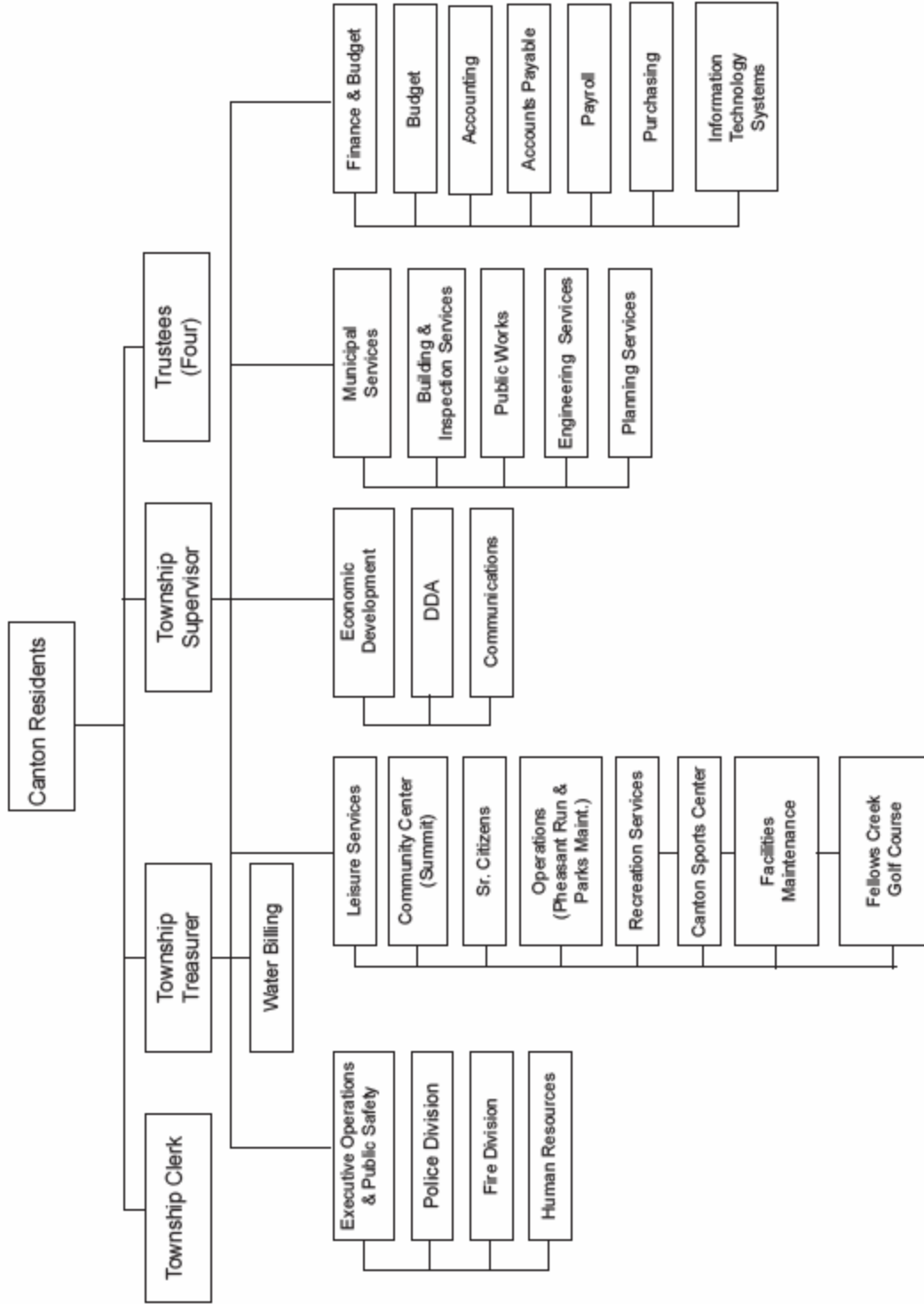
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CHARTER TOWNSHIP OF CANTON



Charter Township of Canton

List of Principal Officials as of December 31, 2008

Supervisor's Office

Supervisor Philip J. LaJoy

Clerk's Office

Clerk Terry G. Bennett
Deputy Clerk Pam Popejoy

Treasurer's Office

Treasurer Melissa McLaughlin
Assistant Deputy Treasurer Bruce Malinczak

Finance and Budget Division

Director Richard A. Eva, Jr.
Accounting Manager Britt Winter
Budget, Benefits and Internal Audit Manager Carolyn Cox
Information Technology Manager John Spencer

Municipal Services Department

Director Timothy Faas
Building Official John Weyer
Township Engineer Thomas Casari
Community Planner Jeffrey Goulet

Leisure Services Department

Director Ann Conklin
Community Services Manager Mike Ager
Chief of Recreation and Facilities Debra Bilbrey-Honsowetz
Chief of Parks Brad Sharp

Executive Operations and Public Safety Department

Director John Santomauro
Deputy Chief Patrick Nemecek
Deputy Chief Robert Kerr
Fire Chief Michael Rorabacher
Fire Marshall Frank Barrett
Human Resources Manager David Medley

Charter Township of Canton

Labor Agreements as of December 31, 2008

| Bargaining Unit | Expiration Date | Number of Employees |
|--|-----------------|---------------------|
| Police: | | |
| Deputy chiefs | 12/31/09 | 2 |
| Sergeants and lieutenants | 12/31/09 | 15 |
| Police Officers Association of Michigan - Represents police officers and dispatchers | 06/30/11 | 80 |
| International Association of Firefighters - Represents firefighters | 06/30/11 | 60 |
| Technical, Professional, and Officeworkers Association of Michigan - Represents clerical employees | 12/31/11 | 62 |
| American Federation of State, County, and Municipal Employees - Represents public works employees, facilities maintenance employees, building inspectors, and ordinance officers | 03/31/12 | <u>67</u> |
| Total | | <u><u>286</u></u> |

Charter Township of Canton

Summary of Personnel - Budgeted Positions As of December 31, 2008

| | <u>Full-time</u> | <u>Part-time</u> |
|---|-------------------|------------------|
| Supervisor's Office | 3 | 1 |
| Economic Development | 1 | 1 |
| Clerk's Office | 7 | - |
| Treasurer's Office | 6 | - |
| Executive Operations and Public Safety: | | |
| Fire and Emergency Management | 72 | - |
| Police | 117 | 1 |
| Human Resources | 5 | 1 |
| Finance and Budget: | | |
| Finance and Budget | 11 | - |
| Information Technology Systems | 7 | - |
| Community Services | 2 | - |
| Cable Television | 3 | 3 |
| Facilities Maintenance | 11 | - |
| Utility Billing | 4 | - |
| Municipal Services: | | |
| Director's Office | 3 | - |
| Building and Inspection Services | 11 | - |
| Engineering Services | 15 | - |
| Planning Services | 6 | - |
| Public Works | 33 | 1 |
| Stormwater Drains | 4 | - |
| Leisure Services: | | |
| Director's Offices | 8 | 2 |
| Parks Division | 12 | - |
| Summit Community Center | 11 | - |
| Pheasant Run Golf Course | 2 | 1 |
| Parks and Recreation | 8 | - |
| Softball Center | 2 | - |
| Performing Arts | 2 | 1 |
| | <u>366</u> | <u>12</u> |
| Total budgeted employees | <u><u>366</u></u> | <u><u>12</u></u> |

Charter Township of Canton

Fund Organization Chart

| Fund Name | Fund Number |
|-----------------------------------|-----------------|
| Governmental Funds | |
| General Fund | 101 |
| Special Revenue Funds | |
| Fire | 206 |
| Police | 207 |
| Community Center | 208 |
| Street Lighting | 219 |
| Cable TV | 230 |
| Public Improvement | 245 |
| Community Improvement | 246 |
| 911 Service | 261 |
| Special Investigation | 266, 267, & 289 |
| Community Development Block Grant | 274 |
| Debt Service Funds | |
| Special Assessment Debt Service | 852 |
| Building Authority | 369 |
| Capital Projects Funds | |
| Capital Projects- Road | 403 |
| Saltz Road Paving | 805 |
| Proprietary Fund | |
| Enterprise Fund | |
| Water and Sewer | 592 & 402 |
| Golf Course | 584 & 469 |
| Fiduciary Funds | |
| Trust and Agency Funds | |
| Tax Collections | 703 |
| Other Agency | 701 |
| Construction Escrow | 702 |
| Postemployment Benefits | 736 |

Independent Auditor's Report

To the Township Board
Charter Township of Canton

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of and for the year ended December 31, 2008, which collectively comprise the Charter Township of Canton's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Canton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of December 31, 2008 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Canton's basic financial statements. The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance 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

To the Township Board
Charter Township of Canton

statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2009 on our consideration of the Charter Township of Canton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 12, the Charter Township of Canton has implemented a new financial reporting standard, as required by the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as of December 31, 2008.

Plante & Moran, PLLC

June 10, 2009

Charter Township of Canton

Management's Discussion and Analysis

Overview of the Financial Statements

Canton's 2008 annual report is presented in conformity with the requirements of GASB 34. This annual report consists of five parts - management's discussion and analysis, the basic financial statements, required supplementary information, other supplemental information, which presents combining statements for nonmajor governmental funds and fiduciary funds, and a statistical section. The basic financial statements include two sets of statements that present different views of the Charter Township. The first set of statements is government-wide financial statements that provide both long-term and short-term information about the Charter Township's overall financial status. The second set of statements is fund financial statements that focus on individual parts of the Charter Township's government, reporting the Charter Township's operations in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the Charter Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Charter Township's net assets and how they have changed. Net assets, the difference between the Charter Township's assets and liabilities, are one way to measure the Charter Township's financial health or position.

The government-wide financial statements of the Charter Township are divided into three categories:

- **Governmental Activities** - Most of the Charter Township's basic services are included here, such as the police, fire, public works, leisure services, and general administration. Property taxes, state-shared revenue, charges for services, and two special operating millages provide most of the funding.
- **Business-type Activities** - The Charter Township charges fees to customers to help it cover the costs of certain services it provides. The Charter Township's water and sewer system and golf operations are treated as business-type activities.
- **Component Units** - The Charter Township includes one other entity in its report, the Canton Downtown Development Authority. Although legally separate, this "component unit" is important because the Charter Township is financially accountable for them, including debt, which was issued on behalf of the authorities by the Charter Township.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the Charter Township's most significant funds - not the Charter Township as a whole. Funds are accounting devices that the Charter Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and bond covenants. The Charter Township board establishes other funds to control and manage money for particular purposes.

The Charter Township has three types of funds:

- **Governmental Funds** - Most of the Charter Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter Township's programs.
- **Proprietary Funds** - Services for which the Charter Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information.
- **Fiduciary Funds** - The Charter Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Charter Township's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the Charter Township's government-wide financial statements because the Charter Township cannot use these assets to finance its operations.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

Financial Overview

The Charter Township has combined total net assets of \$221.3 million. This is a decrease from 2007 of approximately \$2.3 million. Business-type activities comprise \$140.5 million, and governmental activities make up \$80.8 million of the total net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Assets | | | | | | |
| Current and other assets | \$ 68,296,302 | \$ 70,583,899 | \$ 49,793,551 | \$ 68,805,130 | \$ 118,089,853 | \$ 139,389,029 |
| Noncurrent assets | 4,719,809 | 4,997,326 | - | - | 4,719,809 | 4,997,326 |
| Capital assets and investments in joint ventures | 85,184,991 | 84,632,093 | 149,273,902 | 132,174,444 | 234,458,893 | 216,806,537 |
| Total assets | 158,201,102 | 160,213,318 | 199,067,453 | 200,979,574 | 357,268,555 | 361,192,892 |
| Liabilities | | | | | | |
| Current liabilities | 36,513,109 | 38,708,787 | 7,672,414 | 6,135,731 | 44,185,523 | 44,844,518 |
| Long-term liabilities | 40,902,098 | 40,205,226 | 50,891,033 | 52,583,398 | 91,793,131 | 92,788,624 |
| Total liabilities | 77,415,207 | 78,914,013 | 58,563,447 | 58,719,129 | 135,978,654 | 137,633,142 |
| Net Assets | | | | | | |
| Invested in capital assets - Net of related debt | 53,231,465 | 50,304,473 | 88,787,902 | 87,895,407 | 142,019,367 | 138,199,880 |
| Restricted: | | | | | | |
| Police and fire | 7,913,805 | 6,889,821 | - | - | 7,913,805 | 6,889,821 |
| Street lighting | 64,470 | 51,524 | - | - | 64,470 | 51,524 |
| 911 activities | 1,963,406 | 1,757,731 | - | - | 1,963,406 | 1,757,731 |
| Special Investigation | 994,419 | 1,130,259 | - | - | 994,419 | 1,130,259 |
| Debt service | 5,427,462 | 6,000,133 | - | - | 5,427,462 | 6,000,133 |
| Unrestricted | 11,190,868 | 15,165,364 | 51,716,104 | 54,365,038 | 62,906,972 | 69,530,402 |
| Total net assets | <u>\$ 80,785,895</u> | <u>\$ 81,299,305</u> | <u>\$ 140,504,006</u> | <u>\$ 142,260,445</u> | <u>\$ 221,289,901</u> | <u>\$ 223,559,750</u> |

In the governmental activities, unrestricted net assets were reduced by \$4 million, of which \$2.6 million was attributable to the other postemployment required annual contribution.

The most significant change in the business-type activities was a decrease in current and other assets and long-term liabilities which reflects the repayment of bonds for water and sewer improvements. Other changes are minimal and balances are fairly consistent with last year.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets for 2008 and 2007:

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2008 | 2007* | 2008 | 2007 | 2008 | 2007 |
| Revenue | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 9,607,734 | \$ 8,032,935 | \$ 27,027,981 | \$ 25,025,540 | \$ 36,635,715 | \$ 33,058,475 |
| Operating grants and contributions | 1,784,920 | 2,401,625 | - | - | 1,784,920 | 2,401,625 |
| Capital grants and contributions | 880,719 | 675,083 | 432,834 | 1,193,248 | 1,313,553 | 1,868,331 |
| General revenue: | | | | | | |
| Property taxes | 10,526,330 | 8,903,181 | - | - | 10,526,330 | 8,903,181 |
| Public safety operating levy | 22,762,912 | 22,467,032 | - | - | 22,762,912 | 22,467,032 |
| State-shared revenue | 5,852,220 | 5,994,198 | - | - | 5,852,220 | 5,994,198 |
| Franchise fees and royalties | 2,339,226 | 1,196,560 | - | - | 2,339,226 | 1,196,560 |
| Investment earnings | 1,646,081 | 2,408,528 | 1,953,054 | 1,983,256 | 3,599,135 | 4,391,784 |
| Miscellaneous | 796,726 | 1,300,708 | 48,635 | 54,959 | 845,361 | 1,355,667 |
| Total revenue | 56,196,868 | 53,379,850 | 29,462,504 | 28,257,003 | 85,659,372 | 81,636,853 |
| Program Expenses | | | | | | |
| General government | 8,458,738 | 4,616,647 | - | - | 8,458,738 | 4,616,647 |
| Public safety | 27,409,325 | 25,433,467 | - | - | 27,409,325 | 25,433,467 |
| Public works | 7,502,335 | 5,557,528 | - | - | 7,502,335 | 5,557,528 |
| Health and welfare | 398,253 | 358,741 | - | - | 398,253 | 358,741 |
| Community and economic development | 1,269,725 | 1,268,296 | - | - | 1,269,725 | 1,268,296 |
| Recreation and culture | 9,704,756 | 10,527,383 | - | - | 9,704,756 | 10,527,383 |
| Interest on long-term debt | 1,437,625 | 1,557,826 | - | - | 1,437,625 | 1,557,826 |
| Water and sewer | - | - | 29,805,654 | 29,715,467 | 29,805,654 | 29,715,467 |
| Golf course | - | - | 1,942,810 | 2,084,397 | 1,942,810 | 2,084,397 |
| Total program expenses | 56,180,757 | 49,319,888 | 31,748,464 | 31,799,864 | 87,929,221 | 81,119,752 |
| Excess of Revenue Over (Under) Expenses - Before transfers | | | | | | |
| | 16,111 | 4,059,962 | (2,285,960) | (3,542,861) | (2,269,849) | 517,101 |
| Transfers | | | | | | |
| | (529,521) | (1,976,521) | 529,521 | 1,976,521 | - | - |
| Change in Net Assets | | | | | | |
| | (513,410) | 2,083,441 | (1,756,439) | (1,566,340) | (2,269,849) | 517,101 |
| Net Assets - Beginning of year | | | | | | |
| | 81,299,305 | 79,215,864 | 142,260,445 | 143,826,785 | 223,559,750 | 223,042,649 |
| Net Assets - End of year | | | | | | |
| | <u>\$ 80,785,895</u> | <u>\$ 81,299,305</u> | <u>\$ 140,504,006</u> | <u>\$ 142,260,445</u> | <u>\$ 221,289,901</u> | <u>\$ 223,559,750</u> |

* The 2007 Program Expenses have been restated based on the 2008 reported function for the purpose of comparison.

Governmental Activities

Revenues for governmental activities totaled \$56.2 million in 2008. A total of \$10.5 million was in the form of property tax collections, an increase of \$1.6 million over 2007. This increase is caused by a significant increase in taxable value from 2006 to 2007 of \$212 million and the additional 0.25 mill that was allocated for road construction projects. The police and fire special assessment millage generated \$22.8 million.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

Business-type Activities

The Charter Township has two business-type activities. These include the water and sewer operations, and the operating fund for the Pheasant Run and Fellows Creek golf courses. Revenues for business-type activities were \$26.4 million. A total of \$1.4 million was attributable to golf operations. The Charter Township owns two golf courses. The Pheasant Run course is operated by the Charter Township and is an upscale public course. Operating revenues were impacted in 2008 as in 2007 by a downturn in the State of Michigan's economy and poor weather throughout the season. Fellows Creek is leased to an operator, and the lessee pays a fixed fee to the Charter Township. The amount received in 2008 was approximately \$130,000.

The water and sewer operation is much larger. Water is provided to the Charter Township residents via the Detroit Water and Sewer Department. Sewage treatment is provided by contracts with Western Township Utility Authority, Wayne County, and the Ypsilanti Community Utility Authority. The Charter Township is funding the WTUA project for the Lower Rouge Equalization Basin. Of the \$44 million in bonds that were issued in 2007, \$18 million was spent in 2008 on Water and Sewer infrastructure. The remaining bond proceeds will be spent during 2009 and 2010 to complete the project. The bonds will be repaid with dollars generated from Water & Sewer rates over the life of the bonds.

Current Economic Events

As is with the State of Michigan and the nation, the Charter Township of Canton is experiencing a downturn in the economy. New housing starts continue to be slow with 70 new housing permits being issued in 2008 versus 68 in 2007.

Canton continues to see growth in the commercial sector with various projects, started in 2007, opening their doors in 2008: JC Penney, Kohls, Target, Gordon Food Services, Hampton Suites In and Comfort Suites. Also opening in 2008 were the Montessori Academy School and the Singh Sabha Temple. There were two industrial projects completed at A.D. Transport and Poco Signs.

Planning services data from 2008 showed development was limited to industrial uses (schools and churches) while commercial activity remained strong with almost 500,000 square feet of space among 23 projects reviewed. Industrial activity also picked up slightly and included major projects such as the 74,000 square foot addition to Sysco Foods.

The Charter Township of Canton continues to receive various inquiries and is taking an active role in encouraging companies to develop their projects in Canton.

Revenue sharing remains to be a significant budgetary concern. The State of Michigan is experiencing significant structural budget problems, and as they look for solutions, revenue sharing has been cut. The governor's current budget calls for a reduction in the 2009 revenue sharing from \$5.8 million to \$5.6 million. These levels continue to be below prior year funding

Charter Township of Canton

Management's Discussion and Analysis (Continued)

levels.

The Charter Township local operating millage, levied in December 2008, remained the same 2.616 mills with 0.616 mills planned for improving road intersections in the community. The Police millage remained at 3.676 mills and the Fire millage remained at 2.358 mills. Overall, the total direct millage rate remained the same as 2007 at 8.65 mills.

Financial Analysis of Township Funds and Budgets

The General Fund ended 2008 with a fund balance of \$7.5 million, with \$135,335 reserved for encumbrances. Tax revenue was up due to increased taxable value and the additional 0.25 mill designated for road construction projects. The General Fund millage rate remained the same in 2008. Tax collections were \$10.5 million in 2008. This is an increase of \$1.6 million over 2007. The amount of state-shared revenue received in 2008 was \$5.9 million, approximately the same level as 2007. Investment income was decreased by \$762,447 from last year. Expenditures were below final budget by \$1.8 million. This is reflective of adjustments made in operating budgets throughout the General Fund that reduced costs.

The General Fund budget is amended throughout the year as deemed necessary. This is primarily done to prevent overexpenditures. With that in mind, the General Fund expenditures were 93.7 percent of budget.

Police and fire operations are funded separately through special assessment millages. These funds are expended exclusively for operations of police and fire, respectively. The Police Fund balance is \$4.25 million and the Fire Fund balance is \$3.67 million. The Special Assessment Debt Fund is funded from special assessments for property improvements and used to repay the debt used to finance those projects. It's fund balance is \$1.5 million.

Capital Assets and Debt Administration

The Charter Township started and continued several capital projects in 2008. Projects that were in progress include the Lower Rouge Trail System, continued improvements at Fellows Creek Golf Course, intersection improvements at Beck at Warren, Cherry Hill at Beck, Saltz at Canton Center, Haggerty at Palmer, and Geddes at Canton Center. The Sanitary Sewer Relief project was started in 2005 and is in progress. For more detailed information on capital asset activity, please refer to Note 4 – Capital Assets on pages 34-37. For more detailed information on long-term debt activity, please refer to Note 7 – Long-Term Debt on pages 40-43.

Contact Us

This report is intended to aid our residents and other interested parties in understanding the Charter Township's financial condition. Should you have further questions, please contact the finance and budget department at the Canton administration building.

Charter Township of Canton

Statement of Net Assets December 31, 2008

| | Primary Government | | | Component Unit |
|---|----------------------------|-----------------------------|-----------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Cash and cash equivalents (Note 3) | \$ 21,458,590 | \$ 2,226,723 | \$ 23,685,313 | \$ 3,652,635 |
| Investments (Note 3) | 22,308,398 | 8,783,473 | 31,091,871 | 2,477,060 |
| Receivables, net: | | | | |
| Property taxes | 14,089,259 | - | 14,089,259 | 1,569,217 |
| Customers | - | 8,319,697 | 8,319,697 | - |
| Special assessments | 4,508,451 | - | 4,508,451 | - |
| Accrued interest and other receivables | 836,369 | 512,745 | 1,349,114 | 26,500 |
| Internal balances | 1,747,679 | (1,747,679) | - | - |
| Due from other governmental units | 1,539,157 | 29,982 | 1,569,139 | 936,183 |
| Other assets | 1,808,399 | 32,514 | 1,840,913 | 87 |
| Inventories | - | 993,878 | 993,878 | - |
| Restricted assets (Note 8) | - | 30,368,273 | 30,368,273 | 4,854,275 |
| Investment in joint venture (Note 13): | | | | |
| 35th District Courthouse Authority | 1,805,477 | - | 1,805,477 | - |
| Western Townships Utilities Authority (WTUA) | - | 53,833,963 | 53,833,963 | - |
| Capital lease receivable | 4,719,809 | - | 4,719,809 | - |
| Nondepreciable capital assets (Note 4) | 20,739,766 | 10,952,230 | 31,691,996 | 4,957,754 |
| Depreciable capital assets, net (Note 4) | 62,639,748 | 84,487,709 | 147,127,457 | 2,281,103 |
| Net unamortized bond issuance costs | - | 273,945 | 273,945 | 48,885 |
| Total Assets: | 158,201,102 | 199,067,453 | 357,268,555 | 20,803,699 |
| Liabilities | | | | |
| Accounts payable | 1,035,709 | 4,573,570 | 5,609,279 | 434,934 |
| Accrued and other liabilities | 1,576,169 | 600,446 | 2,176,615 | 29,080 |
| Due to other governmental units | 91,477 | 2,121 | 93,598 | 428,013 |
| Cash bonds and deposits | 1,510,195 | 1,425,168 | 2,935,363 | - |
| Unearned revenue (Note 5): | | | | |
| Special assessments | 257,223 | - | 257,223 | - |
| Property taxes and other | 32,042,336 | - | 32,042,336 | 2,511,589 |
| Noncurrent liabilities:: | | | | |
| Due within one year (Note 7): | | | | |
| Bond and other contractual obligations | 2,187,359 | 1,822,533 | 4,009,892 | 651,034 |
| Other long-term obligations | 1,585,753 | 100,625 | 1,686,378 | - |
| Due in more than one year: | | | | |
| Net other post employment benefit obligations | 2,635,130 | 278,578 | 2,913,708 | - |
| Bond and other long-term obligations (Note 7) | 32,450,999 | 48,469,885 | 80,920,884 | 8,079,310 |
| Other long-term obligations (Note 7) | 2,042,857 | 219,412 | 2,262,269 | - |
| Net unamortized bond issuance premium | - | 1,071,109 | 1,071,109 | 58,050 |
| Total Liabilities: | 77,415,207 | 58,563,447 | 135,978,654 | 12,192,010 |
| Net Assets | | | | |
| Invested in capital assets, net of related debt | 53,231,465 | 88,787,902 | 142,019,367 | 3,362,788 |
| Restricted: | | | | |
| Police and Fire | 7,913,805 | - | 7,913,805 | - |
| Street lighting | 64,470 | - | 64,470 | - |
| 911 activities | 1,963,406 | - | 1,963,406 | - |
| Special Investigation | 994,419 | - | 994,419 | - |
| Debt service | 5,427,462 | - | 5,427,462 | - |
| Unrestricted | 11,190,868 | 51,716,104 | 62,906,972 | 5,248,901 |
| Total Net Assets: | \$ 80,785,895 | \$ 140,504,006 | \$ 221,289,901 | \$ 8,611,689 |

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Canton

| Functions/Programs | Expenses | Program Revenues | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities: | | | | |
| General government | \$ 8,458,738 | \$ 2,466,563 | \$ 3,820 | \$ - |
| Public safety | 27,409,325 | 2,483,345 | 1,052,688 | - |
| Public works | 7,502,335 | 1,136,033 | 322,797 | 714,856 |
| Health and welfare | 398,253 | - | - | - |
| Community and economic development | 1,269,725 | 167,448 | 252,611 | - |
| Recreation and culture | 9,704,756 | 3,354,345 | 153,004 | 165,863 |
| Interest on long-term debt | 1,437,625 | - | - | - |
| Total Governmental Activities: | <u>56,180,757</u> | <u>9,607,734</u> | <u>1,784,920</u> | <u>880,719</u> |
| Business-Type Activities: | | | | |
| Water and sewer | 29,805,654 | 25,678,395 | - | 432,834 |
| Golf course | 1,942,810 | 1,349,586 | - | - |
| Total Business-Type Activities: | <u>31,748,464</u> | <u>27,027,981</u> | <u>-</u> | <u>432,834</u> |
| Total Primary Government: | <u>\$ 87,929,221</u> | <u>\$ 36,635,715</u> | <u>\$ 1,784,920</u> | <u>\$ 1,313,553</u> |
| Component Unit | | | | |
| Downtown development authority | 1,613,007 | - | - | - |
| Total Component Unit: | <u>\$ 1,613,007</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Taxes: | | | | |
| Property taxes | | | | |
| Public safety operating levy | | | | |
| State shared revenues (unrestricted) | | | | |
| Royalties | | | | |
| Investment earnings | | | | |
| Miscellaneous | | | | |
| Transfers | | | | |
| Total General Revenues, Special Items, and Transfers: | | | | |
| Change in Net Assets: | | | | |
| Net Assets - Beginning | | | | |
| Net Assets - Ending: | | | | |

Statement of Activities Year Ended December 31, 2008

| Net (Expense) Revenue and Changes in Net Assets | | | |
|---|-----------------------------|-----------------------|---------------------|
| Primary Government | | | |
| Governmental Activities | Business-Type Activities | Total | Component Unit |
| \$ (5,988,355) | \$ - | \$ (5,988,355) | \$ - |
| (23,873,292) | - | (23,873,292) | - |
| (5,328,649) | - | (5,328,649) | - |
| (398,253) | - | (398,253) | - |
| (849,666) | - | (849,666) | - |
| (6,031,544) | - | (6,031,544) | - |
| (1,437,625) | - | (1,437,625) | - |
| (43,907,384) | - | (43,907,384) | - |
| - | (3,694,425) | (3,694,425) | - |
| - | (593,224) | (593,224) | - |
| - | (4,287,649) | (4,287,649) | - |
| (43,907,384) | (4,287,649) | (48,195,033) | - |
| - | - | - | (1,613,007) |
| - | - | - | (1,613,007) |
| 10,526,330 | - | 10,526,330 | 2,376,522 |
| 22,762,912 | - | 22,762,912 | - |
| 5,852,220 | - | 5,852,220 | - |
| 2,339,226 | - | 2,339,226 | - |
| 1,646,081 | 1,953,054 | 3,599,135 | 263,989 |
| 796,726 | 48,635 | 845,361 | 91,499 |
| (529,521) | 529,521 | - | - |
| 43,393,974 | 2,531,210 | 45,925,184 | 2,732,010 |
| (513,410) | (1,756,439) | (2,269,849) | 1,119,003 |
| 81,299,305 | 142,260,445 | 223,559,750 | 7,492,686 |
| \$ 80,785,895 | \$ 140,504,006 | \$ 221,289,901 | \$ 8,611,689 |

Charter Township of Canton

| | General | Fire | Police |
|---|-----------------------------|-----------------------------|-----------------------------|
| Assets | | | |
| Cash and cash equivalents (Note 3) | \$ 4,859,106 | \$ 5,486,692 | \$ 6,192,805 |
| Investments (Note 3) | 6,111,133 | 2,859,450 | 6,575,606 |
| Receivables, net: | | | |
| Property taxes | 4,655,062 | 3,690,737 | 5,743,460 |
| Special assessments | 7,870 | - | - |
| Accrued interest and other receivables | 105,489 | 24,565 | 70,189 |
| Other assets | 34,585 | 198,424 | 159,289 |
| Due from other funds (Note 6) | 2,695,241 | 313,295 | 27,203 |
| Due from other governmental units | 1,516,350 | 4,700 | 900 |
| Total Assets: | <u>\$ 19,984,836</u> | <u>\$ 12,577,863</u> | <u>\$ 18,769,452</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 595,948 | \$ 67,879 | \$ 116,593 |
| Accrued and other liabilities | 217,869 | 226,768 | 692,088 |
| Due to other funds (Note 6) | 74,753 | 8,621 | 310,423 |
| Due to other governmental units | 8,633 | 4,348 | 5,844 |
| Cash bonds and deposits | 1,510,195 | - | - |
| Deferred revenue (Note 5): | | | |
| Special assessments | 5,607 | - | - |
| Property taxes and other | 10,046,090 | 8,604,485 | 13,396,461 |
| Total Liabilities: | <u>12,459,095</u> | <u>8,912,101</u> | <u>14,521,409</u> |
| Fund Balances: | | | |
| Reserved for encumbrances | 135,335 | 57,893 | 11,655 |
| Unreserved, undesignated reported in: | | | |
| General Fund | 7,390,406 | - | - |
| Special Revenue Funds | - | 3,607,869 | 4,236,388 |
| Debt Service Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Total Fund Balances: | <u>7,525,741</u> | <u>3,665,762</u> | <u>4,248,043</u> |
| Total Liabilities and Fund Balances: | <u>\$ 19,984,836</u> | <u>\$ 12,577,863</u> | <u>\$ 18,769,452</u> |

**Governmental Funds
Balance Sheet
December 31, 2008**

| Special Assessment Debt Service | Other Governmental Funds | Total Governmental Funds |
|------------------------------------|--------------------------------|--------------------------------|
| \$ 924,225 | \$ 3,995,762 | \$ 21,458,590 |
| 200,978 | 6,561,231 | 22,308,398 |
| - | - | 14,089,259 |
| 4,148,250 | 352,331 | 4,508,451 |
| 1,269 | 634,857 | 836,369 |
| - | 1,661,419 | 2,053,717 |
| 274,302 | 51,223 | 3,361,264 |
| - | 17,207 | 1,539,157 |
| <u>\$ 5,549,024</u> | <u>\$ 13,274,030</u> | <u>\$ 70,155,205</u> |

| | | |
|------------------|------------------|-------------------|
| \$ - | \$ 255,289 | \$ 1,035,709 |
| 10,121 | 113,684 | 1,260,530 |
| 111,441 | 1,108,347 | 1,613,585 |
| - | 72,652 | 91,477 |
| - | - | 1,510,195 |
| 3,915,268 | 506,028 | 4,426,903 |
| - | 1,656,000 | 33,703,036 |
| <u>4,036,830</u> | <u>3,712,000</u> | <u>43,641,435</u> |

| | | |
|----------------------------|-----------------------------|-----------------------------|
| - | 378,778 | 583,661 |
| - | - | 7,390,406 |
| - | 9,053,933 | 16,898,190 |
| 1,512,194 | - | 1,512,194 |
| - | 129,319 | 129,319 |
| <u>1,512,194</u> | <u>9,562,030</u> | <u>26,513,770</u> |
| <u>\$ 5,549,024</u> | <u>\$ 13,274,030</u> | <u>\$ 70,155,205</u> |

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Charter Township of Canton

Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets December 31, 2008

Total Fund Balances for Governmental Funds \$ 26,513,770

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 are not reported in the funds | 83,379,514 |
| Capital lease receivable from the Library is not a financial resource and is not reported in the funds | 4,719,809 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds | (34,638,358) |
| Interest amounts on long-term liabilities are not payable until due in the funds | (315,639) |
| Prepaid debt service | (245,318) |
| Land contract receivables expected to be collected in the future | 1,656,000 |
| Special assessment and other receivables are expected to be collected over several years and are not available to pay for current year expenditures | 4,174,380 |
| Compensated absences are not due and payable in the current period and are not reported in the funds | (2,830,659) |
| Other post employment benefit obligations are recognized for the statement of activities | (2,635,130) |
| Self-insurance liabilities are not due and payable in the current period and are not reported in the funds | (797,951) |
| Investment in joint venture is not a financial resource and is not reported in the funds | <u>1,805,477</u> |

Net Assets of Governmental Activities **\$ 80,785,895**

Charter Township of Canton

| | General | Fire | Police |
|--|---------------------|---------------------|---------------------|
| Revenues | | | |
| Property taxes | \$ 10,526,330 | \$ 8,896,193 | \$ 13,866,719 |
| Licenses and permits | 1,186,733 | - | 10,497 |
| Federal sources | 175,000 | 14,285 | 8,606 |
| State sources | 6,080,223 | - | 34,832 |
| Charges for services | 3,977,718 | 1,128,419 | 158,066 |
| Administration charges | 3,673,117 | - | - |
| Special assessments | 5,925 | - | - |
| Royalties | - | - | - |
| Contributions and donations | 46,722 | - | 30,951 |
| Summit recreation fees | - | - | - |
| Other revenues | 1,255,475 | 251,328 | 503,828 |
| Total Revenues: | <u>26,927,243</u> | <u>10,290,225</u> | <u>14,613,499</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 6,975,008 | - | - |
| Public safety | 1,099,738 | 8,902,850 | 14,033,343 |
| Public works | 5,687,762 | - | - |
| Health and welfare | 398,253 | - | - |
| Community and economic development | 657,906 | - | - |
| Recreation and culture | 6,843,677 | - | - |
| Capital outlay: | | | |
| Capital outlay | 924,475 | 76,339 | 325,044 |
| Debt service: | | | |
| Principal payments | 25,000 | 355,855 | 51,952 |
| Interest and fiscal charges | 199,550 | 117,943 | 16,414 |
| Total Expenditures: | <u>22,811,369</u> | <u>9,452,987</u> | <u>14,426,753</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures: | <u>4,115,874</u> | <u>837,238</u> | <u>186,746</u> |
| Transfers in (Note 6) | <u>111,441</u> | <u>-</u> | <u>-</u> |
| Total Transfers in (Note 6): | <u>111,441</u> | <u>-</u> | <u>-</u> |
| Transfers out (Note 6) | <u>(3,559,618)</u> | <u>-</u> | <u>-</u> |
| Total Transfers out (Note 6): | <u>(3,559,618)</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances: | 667,697 | 837,238 | 186,746 |
| Fund Balances - Beginning | 6,858,044 | 2,828,524 | 4,061,297 |
| Fund Balances - Ending: | <u>\$ 7,525,741</u> | <u>\$ 3,665,762</u> | <u>\$ 4,248,043</u> |

**Governmental Funds
Statement of Revenue, Expenditures, and
Changes in Fund Balances
Year Ended December 31, 2008**

| Special Assessment Debt Service | Other Governmental Funds | Total Governmental Funds |
|------------------------------------|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ 33,289,242 |
| - | - | 1,197,230 |
| - | 619,722 | 817,613 |
| - | 598,782 | 6,713,837 |
| - | 275,872 | 5,540,075 |
| - | 472,700 | 4,145,817 |
| 502,106 | 305,671 | 813,702 |
| - | 2,339,227 | 2,339,227 |
| - | 43,589 | 121,262 |
| - | 1,356,919 | 1,356,919 |
| <u>138,255</u> | <u>924,666</u> | <u>3,073,552</u> |
| <u>640,361</u> | <u>6,937,148</u> | <u>59,408,476</u> |
| - | 777,573 | 7,752,581 |
| - | 923,353 | 24,959,284 |
| - | 643,901 | 6,331,663 |
| - | - | 398,253 |
| - | 252,611 | 910,517 |
| - | 2,533,292 | 9,376,969 |
| - | 3,173,124 | 4,498,982 |
| 775,000 | 1,242,750 | 2,450,557 |
| <u>118,869</u> | <u>984,849</u> | <u>1,437,625</u> |
| <u>893,869</u> | <u>10,531,453</u> | <u>58,116,431</u> |
| <u>(253,508)</u> | <u>(3,594,305)</u> | <u>1,292,045</u> |
| <u>323,283</u> | <u>4,808,779</u> | <u>5,243,503</u> |
| <u>323,283</u> | <u>4,808,779</u> | <u>5,243,503</u> |
| <u>(111,441)</u> | <u>(2,101,965)</u> | <u>(5,773,024)</u> |
| <u>(111,441)</u> | <u>(2,101,965)</u> | <u>(5,773,024)</u> |
| (41,666) | (887,491) | 762,524 |
| <u>1,553,860</u> | <u>10,449,521</u> | <u>25,751,246</u> |
| <u>\$ 1,512,194</u> | <u>\$ 9,562,030</u> | <u>\$ 26,513,770</u> |

Charter Township of Canton

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2008

| | |
|--|----------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 762,524 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures (\$4,498,982); in the statement of activities, these costs are allocated over their estimated useful lives as depreciation (\$3,942,733) | 556,249 |
| Governmental funds report proceeds from fixed asset disposals; in the statement of activities, losses on disposals are reported | (18,750) |
| Repayment of bond principal and amortization of deferred costs of financing are expenditures in the governmental funds, but not in the statement of activities (where it reduces long-term debt) | 2,634,103 |
| Accrued interest is an expenditure in the statement of activities, but not in the governmental funds | 54,052 |
| Change in prepaid debt service | (245,318) |
| Governmental activities record payments received as a reduction in the capital lease receivable; governmental funds record as revenue when received | (277,517) |
| Accumulated employee sick and vacation pay is recorded when earned in the statement of activities | (435,783) |
| Other post employment benefit obligations are recognized for the statement of activities | (2,635,130) |
| Special assessment revenues are recorded in the statement of activities when the assessment is earned (i.e., work is substantially complete); they are not reported in the funds until collected or collectible within 60 days of year end | (288,125) |
| Monies recorded when earned in the statement of activities that did not provide current financial resources | (375,052) |
| The change in equity interest in 35th District Courthouse Authority is not reported in the governmental funds | 15,399 |
| Change in self-insurance liabilities | (260,062) |
| Change in Net Assets of Governmental Activities | <u>\$ (513,410)</u> |

Charter Township of Canton

Proprietary Funds Statement of Net Assets December 31, 2008

| | Enterprise Funds | | Total |
|--|-----------------------|---------------------|-----------------------|
| | Water and Sewer | Golf Course | |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents (Note 3) | \$ 2,107,294 | \$ 119,429 | \$ 2,226,723 |
| Investments (Note 3) | 8,783,473 | - | 8,783,473 |
| Receivables, net: | | | |
| Customers | 8,319,697 | - | 8,319,697 |
| Accrued interest and other receivables | 462,991 | 49,754 | 512,745 |
| Other assets | 28,901 | 3,613 | 32,514 |
| Due from other funds (Note 6) | 1,316,666 | 133,221 | 1,449,887 |
| Due from other governmental units | 1,074 | 28,908 | 29,982 |
| Inventories | 970,158 | 23,720 | 993,878 |
| Restricted assets (Note 8) | <u>29,790,020</u> | <u>578,253</u> | <u>30,368,273</u> |
| Total Current assets: | <u>51,780,274</u> | <u>936,898</u> | <u>52,717,172</u> |
| Noncurrent assets: | | | |
| Net amortized bond issuance costs | 265,548 | 8,397 | 273,945 |
| Investment in joint venture - WTUA (Note 13) | 53,833,963 | - | 53,833,963 |
| Nondepreciable capital assets (Note 4) | 1,292,869 | 9,659,361 | 10,952,230 |
| Depreciable assets, net (Note 4) | <u>81,579,295</u> | <u>2,908,414</u> | <u>84,487,709</u> |
| Total Noncurrent assets: | <u>136,971,675</u> | <u>12,576,172</u> | <u>149,547,847</u> |
| Total Assets: | <u>188,751,949</u> | <u>13,513,070</u> | <u>202,265,019</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 1,679,518 | 15,725 | 1,695,243 |
| Accrued and other liabilities | 40,537 | 3,815 | 44,352 |
| Cash bonds and deposits | 1,424,541 | - | 1,424,541 |
| Due to other funds (Note 6) | 2,430,801 | 766,765 | 3,197,566 |
| Due to other governmental units | 1,877 | 244 | 2,121 |
| Current liabilities payable from restricted assets | 3,397,074 | 37,974 | 3,435,048 |
| Current portion of long-term liabilities (Note 7) | <u>1,685,797</u> | <u>237,361</u> | <u>1,923,158</u> |
| Total Current liabilities: | <u>10,660,145</u> | <u>1,061,884</u> | <u>11,722,029</u> |
| Noncurrent liabilities: | | | |
| Net unamortized bond issuance premium | 1,061,541 | 9,568 | 1,071,109 |
| Provision for compensated absences (Note 7) | 44,216 | 36 | 44,252 |
| Provision for uninsured losses (Note 7) | 155,698 | 19,462 | 175,160 |
| Net other post employment benefit obligations | 262,658 | 15,920 | 278,578 |
| Long-term liabilities, net of current portion (Note 7) | <u>42,050,000</u> | <u>6,419,885</u> | <u>48,469,885</u> |
| Total Noncurrent liabilities: | <u>43,574,113</u> | <u>6,464,871</u> | <u>50,038,984</u> |
| Total Liabilities: | <u>54,234,258</u> | <u>7,526,755</u> | <u>61,761,013</u> |
| Net Assets | | | |
| Investment in capital assets - Net of related debt | 82,467,164 | 6,320,738 | 88,787,902 |
| Unrestricted | <u>52,050,527</u> | <u>(334,423)</u> | <u>51,716,104</u> |
| Total Net Assets: | <u>\$ 134,517,691</u> | <u>\$ 5,986,315</u> | <u>\$ 140,504,006</u> |

Charter Township of Canton

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2008

| | Enterprise Funds | | Total |
|---|-----------------------|---------------------|-----------------------|
| | Water and Sewer | Golf Course | |
| Operating Revenues | | | |
| Sale of water | \$ 10,405,793 | \$ - | \$ 10,405,793 |
| Sewage disposal revenues | 13,260,090 | - | 13,260,090 |
| Service charges | 445,104 | 1,220,028 | 1,665,132 |
| Operating lease | - | 129,557 | 129,557 |
| Other revenues | 903,369 | 23,427 | 926,796 |
| Total Operating Revenues: | <u>25,014,356</u> | <u>1,373,012</u> | <u>26,387,368</u> |
| Operating Expenses | | | |
| Salaries and wages | 2,208,695 | 543,193 | 2,751,888 |
| Payroll taxes and fringe benefits | 1,028,512 | 112,304 | 1,140,816 |
| Supplies | 85,479 | 139,604 | 225,083 |
| Engineering fees | 108,684 | - | 108,684 |
| Professional service | 281,018 | 160,066 | 441,084 |
| Vehicle expense | 209,855 | 21,806 | 231,661 |
| Water purchases | 7,457,326 | - | 7,457,326 |
| Sewage disposal charges | 7,075,770 | - | 7,075,770 |
| Maintenance | 380,910 | 330,103 | 711,013 |
| Administration charges | 1,612,110 | - | 1,612,110 |
| Depreciation (Note 4) | 2,592,936 | 233,547 | 2,826,483 |
| Other expenses | 3,454,513 | 105,693 | 3,560,206 |
| Total Operating Expenses: | <u>26,495,808</u> | <u>1,646,316</u> | <u>28,142,124</u> |
| Operating Income (Loss): | <u>(1,481,452)</u> | <u>(273,304)</u> | <u>(1,754,756)</u> |
| Nonoperating Revenues (Expenses) | | | |
| Customer connection fees | 689,249 | - | 689,249 |
| Investment income | 1,931,910 | 21,144 | 1,953,054 |
| Interest expense | (3,309,847) | (296,494) | (3,606,341) |
| Total Nonoperating Revenues (Expenses): | <u>(688,688)</u> | <u>(275,350)</u> | <u>(964,038)</u> |
| Income (Loss) Before Contributions and Transfers: | <u>(2,170,140)</u> | <u>(548,654)</u> | <u>(2,718,794)</u> |
| Capital contributions | 432,834 | - | 432,834 |
| Transfers from Other Funds | - | 529,521 | 529,521 |
| Change in Net Assets: | <u>(1,737,306)</u> | <u>(19,133)</u> | <u>(1,756,439)</u> |
| Total Net Assets - Beginning | <u>136,254,997</u> | <u>6,005,448</u> | <u>142,260,445</u> |
| Total Net Assets - Ending: | <u>\$ 134,517,691</u> | <u>\$ 5,986,315</u> | <u>\$ 140,504,006</u> |

Charter Township of Canton

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2008

| | Enterprise Funds | | |
|---|----------------------|---------------------|----------------------|
| | Water and Sewer | Golf Course | Total |
| Cash Flows from Operating Activities | | | |
| Receipts from customers | \$ 22,759,665 | \$ 1,193,701 | \$ 23,953,366 |
| Payments to suppliers and vendors | (16,169,046) | (787,756) | (16,956,802) |
| Payments to employees | (3,052,123) | (643,597) | (3,695,720) |
| Payments connected with interfund services | - | (4,537) | (4,537) |
| Receipts connected with interfund services | 850,533 | - | 850,533 |
| Other payments | (2,709,794) | 78,937 | (2,630,857) |
| Net cash provided by (used in) operating activities | 1,679,235 | (163,252) | 1,515,983 |
| Cash Flows from Noncapital Financing Activities - Transfers from other funds | - | 529,521 | 529,521 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Investment in joint venture | (15,041,572) | - | (15,041,572) |
| Purchase of capital assets | (1,396,536) | (176,672) | (1,573,208) |
| Connection fees | 689,249 | - | 689,249 |
| Principal and interest paid on capital debt | (4,900,563) | (1,075,818) | (5,976,381) |
| Net cash used in capital and related financing activities | (20,649,422) | (1,252,490) | (21,901,912) |
| Cash Flows from Investing Activities | | | |
| Interest received on investments | 2,011,527 | 21,144 | 2,032,671 |
| Purchase of investment securities | (7,167,632) | - | (7,167,632) |
| Sale of investment securities | 5,230,000 | - | 5,230,000 |
| Net cash provided by (used in) investing activities | 73,895 | 21,144 | 95,039 |
| Net Decrease in Cash and Cash Equivalents | (18,896,292) | (865,077) | (19,761,369) |
| Cash and Cash Equivalents - Beginning of year | 50,793,606 | 1,562,759 | 52,356,365 |
| Cash and Cash Equivalents - End of year | <u>\$ 31,897,314</u> | <u>\$ 697,682</u> | <u>\$ 32,594,996</u> |
| Statement of Net Assets Classification of Cash and Cash Equivalents | | | |
| Cash and cash equivalents | \$ 2,107,294 | \$ 119,429 | \$ 2,226,723 |
| Restricted assets (Note 8) | 29,790,020 | 578,253 | 30,368,273 |
| Total cash and cash equivalents | <u>\$ 31,897,314</u> | <u>\$ 697,682</u> | <u>\$ 32,594,996</u> |
| Reconciliation of Operating Loss to Net Cash from Operating Activities | | | |
| Operating loss | \$ (1,481,452) | \$ (273,304) | \$ (1,754,756) |
| Adjustments to reconcile operating loss to net cash from operating activities: | | | |
| Depreciation and amortization | 2,592,936 | 233,547 | 2,826,483 |
| Changes in assets and liabilities: | | | |
| Receivables | (1,351,322) | (49,754) | (1,401,076) |
| Other assets | 38,930 | 55,073 | 94,003 |
| Due from other funds | 130,085 | (133,221) | (3,136) |
| Due from other governmental units | 13,972 | - | 13,972 |
| Inventory | (66,800) | (5,203) | (72,003) |
| Accounts payable | (503,204) | (22,600) | (525,804) |
| Accrued and other liabilities | (115,025) | (108,374) | (223,399) |
| Cash bonds and deposits | (211,552) | - | (211,552) |
| Due to other funds | 2,332,558 | 128,684 | 2,461,242 |
| Due to other governmental units | 1,877 | 244 | 2,121 |
| Provisions for compensated absences and uninsured losses | 35,574 | (4,264) | 31,310 |
| Net other post employment benefit obligations | 262,658 | 15,920 | 278,578 |
| Net cash provided by (used in) operating activities | <u>\$ 1,679,235</u> | <u>\$ (163,252)</u> | <u>\$ 1,515,983</u> |

Noncash Investing, Capital, and Financing Activities – During the year ended December 31, 2008, developers constructed water and sewer lines with an estimated value of \$432,834 and donated them to the Charter Township's Water and Sewer Fund. The Township's Water and Sewer Fund also recognized an unrealized gain on investments of \$75,577.

Charter Township of Canton

Fiduciary Funds Statement of Net Assets December 31, 2008

| | Pension and Other Employee Benefits Fund | Agency Funds |
|---|---|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,566,935 | \$ 15,803,465 |
| Receivables - Accrued interest and other | 1,819 | - |
| Other assets | 21,259 | - |
| Total Assets: | <u>2,590,013</u> | <u>\$ 15,803,465</u> |
| Liabilities | | |
| Accounts payable | 41,542 | \$ 8,295 |
| Cash bonds and deposits | - | 520,196 |
| Due to other governmental units | - | 15,274,974 |
| Total Liabilities: | <u>41,542</u> | <u>\$ 15,803,465</u> |
| Net Assets | | |
| Held in trust for pension and other employee benefits | <u>2,548,471</u> | |
| Total Net Assets: | <u>\$ 2,548,471</u> | |

Charter Township of Canton

Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2008

| | Pension and Other Employee Benefits Fund |
|---|--|
| Additions | |
| Contributions (Employer only) | \$ 364,040 |
| Investment income (loss) | (703,473) |
| Reimbursements | <u>23,398</u> |
| Total Additions: | <u>(316,035)</u> |
| Deductions | |
| Benefit payments | 919,947 |
| Administrative expenses | <u>14,130</u> |
| Total Deductions: | <u>934,077</u> |
| Net Decrease | (1,250,112) |
| Net Assets Held in Trust for Pension and Other Employee Benefits | |
| Beginning of year | <u>3,798,583</u> |
| End of year | <u><u>\$ 2,548,471</u></u> |

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Charter Township of Canton

**Notes to Financial Statements
December 31, 2008**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Canton (the "Charter Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Canton:

Reporting Entity

The Charter Township of Canton is governed by an elected seven-member board of trustees. The accompanying financial statements present the Charter Township and its component units, entities for which the Charter Township is considered to be financially accountable.

Blended Charter Township Building Authority - The Charter Township Building Authority (the "Building Authority") is governed by a board that is appointed by the Charter Township supervisor and approved by the board of trustees. Although it is legally separate from the Charter Township, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the Charter Township's public buildings. The Building Authority's net assets and activities have been included as a Capital Project Fund.

Discretely Presented Component Unit - The following component unit is reported within the component unit column in the combined financial statements. It is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Charter Township. The Charter Township has the ability to impose its will upon the Downtown Development Authority (DDA).

The DDA was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the district. The DDA's governing body, which consists of 11 individuals, is selected by the Charter Township supervisor. Although no separate financial statements are prepared for this component unit, all financial information can be obtained from the Charter Township's finance department. The Charter Township has the ability to impose its will upon the DDA.

Financial statements for the DDA are available during office hours at the Charter Township of Canton, 1150 S. Canton Center Road, Canton, MI 48188.

The Canton Public Library (the "Library") is not a component unit and has not been included in the Charter Township's financial statements. The Library holds its own cash and investments in accounts separate from the control of the Charter Township treasurer. The Library Board is elected directly, and it is fiscally independent.

Note I - Summary of Significant Accounting Policies (Continued)

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 nonfiduciary 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, normally 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 certain 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 revenue.

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.

Measurement Focus, Basis of Accounting, and Financial Statement 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, fiduciary fund, and component unit financial statements. Revenue is 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 revenue 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Street Lighting Fund has a “service type” special assessment that is billed in 2007 for services performed in 2008. Therefore, the revenue is recognized in 2008 and classified as unearned revenue within the government-wide statements.

The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a “deferred revenue” liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Charter Township reports the following major governmental funds:

- The General Fund is the Charter Township’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 Police Fund is a full-service department consisting of 83 sworn personnel and 37 civilian employees. The main source of revenue for the police department comes from a voter-approved special assessment on all real property.
- The Fire Fund has a full-service fire department consisting of 56 sworn fire personnel and three support personnel, which provides fire suppression, fire prevention, and emergency medical service. The main source of revenue for the fire department comes from a voter-approved special assessment on real property.
- The Special Assessment Debt Service Fund accounts for the repayment of Special Assessment debt. Revenues come from the collection of special assessment receivables and interest earnings.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Charter Township reports the following major proprietary funds:

- The Water and Sewer Fund accounts for the results of operations that provide water and sewer services to citizens, financed primarily by a user charge for the provision of those services.
- The Golf Course Fund accounts for the activities of both the Fellows Creek Golf Course and the Pheasant Run Golf Course. Revenue from both courses is combined to fund overall golf operations.

Additionally, the Charter Township reports the following fund types:

- The Postemployment Benefit Fund accounts for the accumulation of resources to provide for retiree health insurance premium costs.
- Agency Funds account for assets held by the Charter Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Charter Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

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 between the Charter Township's water and sewer function and various other functions of the Charter Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue 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 revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note I - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with proprietary funds' principal on-going operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Charter Township's 2007 tax is levied and collectible on December 1, 2007 and is recognized as revenue in the year ended December 31, 2008, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2007 taxable valuation of the Charter Township totaled approximately \$4,062 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 2.6160 mills for operating purposes, 2.3580 mills for fire operating services, and 3.6760 mills for police operating. This resulted in approximately \$10 million for operating, \$8.9 million for fire operating, and \$13.9 million for police operating. All tax amounts are recognized in the respective General, Police, and Fire Funds' financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

Cash and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note I - Summary of Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets - The Charter Township has unspent bond proceeds in the Water and Sewer Fund for the construction of sewer infrastructure and in the Golf Course Fund for the renovation of buildings and land improvements and as such, the amounts have been classified as restricted assets. Additionally, the component unit also has restricted assets for unspent bond proceeds.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road rights, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Charter Township as assets with an initial individual cost of more than \$250 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets (other than land and construction in progress) are depreciated using the straight-line method over the following useful lives:

| | |
|--------------------------------------|----------------|
| Infrastructure | 10 to 25 years |
| Buildings and improvements | 10 to 40 years |
| Vehicles and equipment | 3 to 20 years |
| Furniture and fixtures | 3 to 40 years |
| Computer equipment | 2 to 5 years |
| Land improvements | 10 years |
| Water and sewer distribution systems | 50 years |

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences - It is the Charter Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The liability for unpaid accumulated sick leave is limited to certain employment groups that receive payment for unused sick leave when those employees separate from service with the Charter Township. All sick and 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 as it comes due for payment (when employees terminate).

Long-term Obligations - 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. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

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

Fund Reclassification – In 2008, the Special Assessment Debt Service Fund was created by combining the following Debt Service funds: Beck Road Paving, South Haggerty Paving, Koppnick Corporate Park, Tonquish Creek Storm Sewer, Lotz Road Paving, Denton Road Paving, Saltz Road Paving, and Cherry Hill Road Paving.

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.

Net Assets - In the government-wide financial statements, net assets that are legally restricted by outside parties for use for a specific purpose are shown as restricted. The following restrictions apply to net assets as of December 31, 2008:

- **Police and Fire** - Special tax levies to fund police and fire activities
- **Western Wayne Criminal Investigation** - Amounts directed by consortium for funding various narcotics and auto theft programs
- **Street Lighting** - Special assessment tax levy to fund street lighting program

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

- **911 Activities** - Fees collected to fund 911 activities
- **Debt Service** - Amounts remaining from debt issuance related to special assessments and amounts collected from residents in special assessment districts that must be used to service the related outstanding debt.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

State Construction Code Act - The Charter Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Charter Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and cumulative shortfall is as follows:

| | | |
|---|------------------|-----------------------|
| Cumulative shortfall at January 1, 2008 | | (\$5,263,681) |
| Building permit revenue | | 1,170,893 |
| Related expenses: | | |
| Direct costs | \$1,272,658 | |
| Estimated indirect costs | <u>1,101,801</u> | |
| Total construction code expenses | | <u>2,374,459</u> |
| Cumulative shortfall at December 31, 2008 | | <u>\$ (6,467,247)</u> |

Charter Township of Canton

**Notes to Financial Statements
December 31, 2008**

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Postemployment Benefits Fund is also authorized to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Charter Township has designated 10 banks for the deposit of its funds. The investment policy adopted by the Charter Township in accordance with Public Act 20 of 1943 (as amended) authorizes investments in U.S. Treasuries, U.S. agencies and instrumentalities, certificates of deposit, commercial paper (meeting certain rating and maturity requirements), investment pools, and mutual funds. The Treasurer may invest in investment pools organized under the Local Government Investment Pool Act of 1985 and under the Urban Cooperation Act of 1967. For mutual funds, the Treasurer may invest in funds registered under the Investment Company Act of 1940. This authorization is limited to investment pools and mutual funds whose intent is to maintain a net asset value of \$1.00 per share and allows for indirect investment in repurchase agreements and bankers' acceptances of United States banks, as allowable for direct investment by public corporations.

The Charter Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter Township's deposits may not be returned to it. The Charter Township does not have a deposit policy for custodial credit risk. At year end, the Charter Township had \$38,201,822 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized; the component unit had \$6,055,437 of uninsured and uncollateralized bank deposits. In addition, the Charter Township has \$4,493,643 of negotiable certificates of deposit, of which \$3,109,266 is FDIC insured. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Charter Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

| Investment | Fair Value | Weighted Average Maturity |
|--|-------------|---------------------------------|
| Government-wide | | |
| Money markets | \$4,973,632 | 0 months |
| Federal National Mortgage Association | 12,809,362 | 8.3 months |
| Federal Home Loan Bank | 18,540,020 | 5.7 months |
| Federal Home Loan Mortgage Corporation | 4,365,920 | 2.2 years |
| Federal Farm Credit Bank | 1,012,573 | 1.4 months |
| Negotiable certificates of deposit | 4,493,643 | 1 year |
| U.S. Treasury | 25,903 | 1.1 years |
| Component Unit | | |
| Money markets | 2,286,198 | 0 months |
| Commerical paper | 699,685 | 0.5 months |
| Federal Home Loan Mortgage Corporation | 1,276,125 | 2.2 years |
| Federal National Mortgage Association | 501,250 | 2.3 years |

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Charter Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

| Investment | Fair Value | Rating | Rating Organization |
|--|------------|---------|---------------------|
| Government-wide | | | |
| Money market | \$ 805,623 | Unrated | N/A |
| Money market | 4,168,009 | AAA | S&P |
| Federal National Mortgage Association | 12,809,362 | AAA | S&P |
| Federal Home Loan Mortgage Corporation | 4,365,920 | AAA | S&P |
| Federal Farm Credit Bank | 1,012,573 | AAA | S&P |
| Negotiable certificates of deposit | 4,493,643 | Unrated | N/A |
| Federal Home Loan Bank | 18,540,020 | AAA | S&P |
| Component Unit | | | |
| Money market | 2,286,198 | AAA | S&P |
| Commercial paper | 699,685 | AIPI | S&P |
| Federal Home Loan Mortgage Corporation | 1,276,125 | AAA | S&P |
| Federal National Mortgage Association | 501,250 | AAA | S&P |

The above amounts do not include approximately \$2,163,000 of investments in the Municipal Employees' Retirement System (MERS) Retiree Health Funding Vehicle which are held in a separate reserve but invested on a pooled basis by MERS with other governmental units.

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 4 - Capital Assets

Capital asset activity of the Charter Township's governmental and business-type activities was as follows:

| | Balance | | | Balance December 31, 2008 |
|---------------------------------------|--------------------|-------------|-------------|---------------------------------|
| | January 1, 2008 | Increases | Decreases | |
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 16,360,204 | \$ 6,689 | \$ - | \$ 16,366,893 |
| Construction in progress | 1,964,868 | 2,408,005 | - | 4,372,873 |
| Subtotal | 18,325,072 | 2,414,694 | - | 20,739,766 |
| Capital assets being depreciated: | | | | |
| Infrastructure | 12,652,152 | - | - | 12,652,152 |
| Buildings and improvements | 62,993,018 | 841,788 | - | 63,834,806 |
| Vehicles and equipment | 9,733,146 | 379,985 | (922,765) | 9,190,366 |
| Furniture and fixtures | 14,223,627 | 149,045 | (42,019) | 14,330,653 |
| Computer equipment | 1,696,403 | 713,470 | - | 2,409,873 |
| Subtotal | 101,298,346 | 2,084,288 | (964,784) | 102,417,850 |
| Accumulated depreciation: | | | | |
| Infrastructure | 6,589,580 | 519,216 | - | 7,108,796 |
| Buildings and improvements | 12,955,355 | 1,637,375 | - | 14,592,730 |
| Vehicles and equipment | 6,080,020 | 746,844 | (904,018) | 5,922,846 |
| Furniture and fixtures | 9,742,343 | 795,485 | (42,016) | 10,495,812 |
| Computer equipment | 1,414,105 | 243,813 | - | 1,657,918 |
| Subtotal | 36,781,403 | 3,942,733 | (946,034) | 39,778,102 |
| Net capital assets being depreciated | 64,516,943 | (1,858,445) | (18,750) | 62,639,748 |
| Net governmental capital assets | \$ 82,842,015 | \$ 556,249 | \$ (18,750) | \$ 83,379,514 |

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 4 - Capital Assets (Continued)

| Business-type Activities | Balance January 1, 2008 | Increases | Decreases | Adjustments | Balance December 31, 2008 |
|---------------------------------------|-------------------------------|---------------------|-------------|-------------|---------------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 9,364,807 | \$ - | \$ - | \$ - | \$ 9,364,807 |
| Construction in progress | 77,556 | 1,509,867 | - | - | 1,587,423 |
| Subtotal | 9,442,363 | 1,509,867 | - | - | 10,952,230 |
| Capital assets being depreciated: | | | | | |
| Land improvements | 1,544,246 | - | - | 1,272,555 | 2,816,801 |
| Water and sewer distribution systems | 115,176,541 | 432,834 | - | - | 115,609,375 |
| Buildings and building improvements | 10,488,461 | - | - | 43,179 | 10,531,640 |
| Vehicles and equipment | 6,099,030 | 26,561 | - | 9,289 | 6,134,880 |
| Office furnishings | 2,201,454 | 30,351 | - | (1,330,023) | 901,782 |
| Computer equipment | 67,617 | 6,429 | - | 5,000 | 79,046 |
| Subtotal | 135,577,349 | 496,175 | - | - | 136,073,524 |
| Accumulated depreciation: | | | | | |
| Land improvements | 1,103,249 | 15,962 | - | 966,794 | 2,086,005 |
| Water and sewer distribution systems | 38,289,152 | 2,303,531 | - | - | 40,592,683 |
| Buildings and building improvements | 2,478,874 | 275,608 | - | 27,418 | 2,781,900 |
| Vehicles and equipment | 5,084,805 | 180,854 | - | 8,631 | 5,274,290 |
| Office furnishings | 1,735,944 | 48,633 | - | (1,007,843) | 776,734 |
| Computer equipment | 67,308 | 1,895 | - | 5,000 | 74,203 |
| Subtotal | 48,759,332 | 2,826,483 | - | - | 51,585,815 |
| Net capital assets being depreciated | 86,818,017 | (2,330,308) | - | - | 84,487,709 |
| Net business-type capital assets | <u>\$ 96,260,380</u> | <u>\$ (820,441)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 95,439,939</u> |

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 4 - Capital Assets (Continued)

Capital asset activity of the Charter Township's component unit was as follows:

| Component Unit | Balance January 1, 2007 | Increases | Decreases | Balance December 31, 2007 |
|--|-------------------------------|---------------------|--------------------|---------------------------------|
| Capital assets not being depreciated - | | | | |
| Construction in progress | \$ 2,095,232 | \$ 2,917,962 | \$ (55,440) | \$ 4,957,754 |
| Capital assets being depreciated: | | | | |
| Infrastructure | 1,361,560 | 55,440 | - | 1,417,000 |
| Buildings | 13,258 | - | - | 13,258 |
| Furniture, fixtures, and equipment | <u>3,446,872</u> | <u>6,130</u> | <u>-</u> | <u>3,453,002</u> |
| Subtotal | 4,821,690 | 61,570 | - | 4,883,260 |
| Accumulated depreciation: | | | | |
| Infrastructure | 505,275 | 74,515 | - | 579,790 |
| Buildings | 994 | 332 | - | 1,326 |
| Furniture, fixtures, and equipment | <u>1,833,403</u> | <u>187,638</u> | <u>-</u> | <u>2,021,041</u> |
| Subtotal | <u>2,339,672</u> | <u>262,485</u> | <u>-</u> | <u>2,602,157</u> |
| Net capital assets being depreciated | <u>2,482,018</u> | <u>(200,915)</u> | <u>-</u> | <u>2,281,103</u> |
| Net component unit capital assets | <u>\$ 4,577,250</u> | <u>\$ 2,717,047</u> | <u>\$ (55,440)</u> | <u>\$ 7,238,857</u> |

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

| | |
|------------------------------------|---------------------|
| General government | \$ 764,377 |
| Public safety | 1,074,979 |
| Public works | 736,881 |
| Community and economic development | 24,597 |
| Recreation and culture | <u>1,341,899</u> |
| Total governmental activities | <u>\$ 3,942,733</u> |

Business-type activities:

| | |
|--------------------------------|---------------------|
| Water and sewer | \$ 2,592,936 |
| Golf course | <u>233,547</u> |
| Total business-type activities | <u>\$ 2,826,483</u> |

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 4 - Capital Assets (Continued)

Construction Commitments - The Charter Township has active construction projects at year end related primarily to the sewer relief expansion and the pedestrian trail as well as construction of several intersections. At year end, the Charter Township's commitments with contractors are as follows:

| | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|---------------------------|----------------------|---------------------------------|
| Fellows Creek Golf Course | \$ 837,457 | \$ 522,543 |
| Pedestrian Trail Bridges | 50,950 | 21,485 |
| Sanitary Relief Sewer | 21,349,505 | 733,452 |
| Intersection projects | 1,841,660 | 119,795 |
| 2008 Road Paving | 938,328 | 26,672 |
| Cell Block Renovation | 17,970 | 7,030 |
| Other | <u>143,867</u> | <u>79,614</u> |
| Total | <u>\$ 25,179,737</u> | <u>\$ 1,510,591</u> |

The component unit has commitments with contractors where it has spent \$4,543,521 to date with \$5,964,555 remaining.

Note 5 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|--------------------------|---------------------|----------------------|----------------------|
| Special assessments | \$ 4,169,680 | \$ 257,223 | \$ 4,426,903 |
| Property taxes and other | <u>1,660,700</u> | <u>32,042,336</u> | <u>33,703,036</u> |
| Total | <u>\$ 5,830,380</u> | <u>\$ 32,299,559</u> | <u>\$ 38,129,939</u> |

The component unit reported unearned property tax revenue in the amount of \$2,511,589.

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|-----------------------------------|----------------|
| Due to/from other funds: | | |
| General Fund | SAD Debt | 111,441 |
| | Water and Sewer | 2,430,801 |
| | Nonmajor governmental funds | <u>152,999</u> |
| | Total General Fund | 2,695,241 |
| Special Revenue Funds: | | |
| Fire | General | 12,952 |
| | Police | <u>300,343</u> |
| | Total Fire Fund | 313,295 |
| Police | General | 27,203 |
| Debt Service Funds: | | |
| SAD Debt | Nonmajor governmental funds | <u>274,302</u> |
| Nonmajor Governmental Funds | General | 30,898 |
| | Nonmajor governmental funds | <u>20,325</u> |
| | Total nonmajor governmental funds | <u>51,223</u> |
| | Total governmental funds | 3,361,264 |

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

| Receivable Fund | Payable Fund | Amount |
|--------------------------------------|-----------------------------|---------------------|
| Due to/from other funds (Continued): | | |
| Enterprise Funds - | | |
| Water and Sewer | Police | \$ 10,080 |
| | Fire | 8,621 |
| | Golf Course | 766,765 |
| | Nonmajor governmental funds | <u>531,200</u> |
| | Total Water and Sewer | <u>1,316,666</u> |
| Golf Course | General | 3,700 |
| | Nonmajor governmental funds | <u>129,521</u> |
| | Total Golf Course | <u>133,221</u> |
| | Total Enterprise funds | <u>1,449,887</u> |
| | Total | <u>\$ 4,811,151</u> |

These balances result from the time lag between the dates that good and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund statements were as follows:

| Fund Transferred From | Fund Transferred To | Amount |
|-----------------------------|-------------------------------------|---------------------|
| General | Nonmajor governmental funds (1,2,3) | \$ 3,559,618 |
| SAD Debt | General (1) | 111,441 |
| Nonmajor governmental funds | SAD Debt (3) | 323,283 |
| | Golf Course (3) | 529,521 |
| | Nonmajor governmental funds (1,2,3) | <u>1,249,161</u> |
| | Total nonmajor governmental funds | <u>2,101,965</u> |
| | Total governmental funds | <u>\$ 5,773,024</u> |

The following describes the nature of significant transfers:

- (1) Transfers of discretionary funds to be used for the benefit of the community
- (2) Transfers for capital improvements
- (3) Transfers for debt service

Note 7 - Long-term Debt

The Charter Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Charter Township. County contractual agreements are also general obligations of the Charter Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Charter Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------------|---------------------------------|----------------------|-----------|--------------|----------------|------------------------|
| Governmental Activities | | | | | | | |
| 1998 Building Authority Bonds (Softball Center): | | | | | | | |
| Amount of issue - \$2,500,000 | | | | | | | |
| Maturing through 2008 | | | | | | | |
| - | - | \$ | 300,000 | \$ - | \$ (300,000) | \$ - | \$ - |
| 1999 (Refunded Bonds) Building Authority Bonds (Library)*: | | | | | | | |
| Amount of issue - \$6,000,000 | | | | | | | |
| Maturing through 2008 | | | | | | | |
| - | - | | 250,000 | - | (250,000) | - | - |
| 2000 (Refunded Bonds) Building Authority Recreation Bonds (debt issue split between governmental and business-type activities): | | | | | | | |
| Amount of issue - \$2,100,000 | | | | | | | |
| 4.75% | \$70,000- | | | | | | |
| 6.75% | \$105,000 | | 280,000 | - | (87,500) | 192,500 | 87,500 |
| Limited Tax General Obligations: | | | | | | | |
| 2003 Capital Improvement (Limited Tax): | | | | | | | |
| Amount of issue - \$23,000,000 | | | | | | | |
| Maturing through 2023 | | | | | | | |
| 2.75% | \$700,000 - | | | | | | |
| 4.50% | \$2,100,000 | | 21,250,000 | - | (600,000) | 20,650,000 | 700,000 |
| Limited Tax General Obligations Series 2003: | | | | | | | |
| Amount of issue - \$2,675,000 | | | | | | | |
| Maturing through 2016 | | | | | | | |
| 3.00% | \$213,937 - | | | | | | |
| 3.90% | \$297,475 | | 2,049,543 | - | (421,744) | 1,627,799 | - |
| 2004 Capital Improvement (Limited Tax) - Fire Station: | | | | | | | |
| Amount of issue - \$2,500,000 | | | | | | | |
| Maturing through 2014 | | | | | | | |
| 3.30% | \$250,000 - | | | | | | |
| 3.65% | \$325,000 | | 1,950,000 | - | (200,000) | 1,750,000 | 200,000 |
| Limited Tax General Obligation Refunding Bonds, Series 2005 (debt issue split between governmental and business-type activities) | | | | | | | |
| Amount of issue - \$9,450,000 | | | | | | | |
| 3.50% | \$330,250- | | | | | | |
| 4.00% | \$681,500 | | 6,413,000 | - | (30,250) | 6,382,750 | 330,250 |
| Deferred cost of financing | | | | | | | |
| | | | (395,082) | | 30,391 | (364,691) | (30,391) |
| Special Assessment Bonds: | | | | | | | |
| 1998 Special Assessment Bonds: | | | | | | | |
| Amount of issue - \$3,480,000 | | | | | | | |
| Maturing through 2008 | | | | | | | |
| - | - | | 375,000 | - | (375,000) | - | - |
| 2004 Special Assessment Bond: | | | | | | | |
| Amount of issue - \$4,100,000 | | | | | | | |
| Maturing through 2018 | | | | | | | |
| 3.25% | \$50,000 - | | | | | | |
| 4.25% | \$400,000 | | 3,300,000 | - | (400,000) | 2,900,000 | 400,000 |
| 2004 Special Assessment Bond: | | | | | | | |
| Amount of issue - \$1,500,000 *** | | | | | | | |
| Maturing through 2011 | | | | | | | |
| 2.75% | \$500,000 | | 1,500,000 | - | - | 1,500,000 | 500,000 |
| Total bond obligations | | | | | | | |
| | | | 37,272,461 | - | (2,634,103) | 34,638,358 | 2,187,359 |
| Other long-term obligations: | | | | | | | |
| Accumulated employee benefits** | | | | | | | |
| | | | 2,394,876 | 1,638,132 | (1,202,349) | 2,830,659 | 1,585,753 |
| Provision for uninsured losses** | | | | | | | |
| | | | 537,889 | 260,062 | - | 797,951 | - |
| Total other long-term obligations | | | | | | | |
| | | | 2,932,765 | 1,898,194 | (1,202,349) | 3,628,610 | 1,585,753 |
| Total governmental activities | | | | | | | |
| | | | 40,205,226 | 1,898,194 | (3,836,452) | 38,266,968 | 3,773,112 |

* The Library Building Authority bonds debt service requirements are being provided by the Canton Township Library. The Charter Township and the Library have entered into an agreement that calls for annual payments from the Library equal to the debt service requirements on the bonds. A portion of the bond was refunded during the year ended December 31, 2005, although it did not change the terms of the capital lease. A capital lease for \$4,719,809 has been recorded at December 31, 2008.

** For the governmental activities, accumulated benefits and provision for uninsured losses are normally liquidated by the General Fund, Police Fund, and Fire Fund. See also Note 9.

*** Bonds have a variable interest rate; the rate was 2.750% as of December 31, 2008 and is determined by the prime rate.

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 7 - Long-term Debt (Continued)

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------------|---|----------------------|--------------|----------------|----------------|------------------------|
| Business-type Activities | | | | | | | |
| General Obligation Bonds: | | | | | | | |
| Building Authority Recreation Bonds, Series 2000 (Refunded Bonds) (debt issue split between governmental and business-type activities): | | | | | | | |
| | 4.75% - | \$130,000 - | | | | | |
| | 6.75% | \$195,000 | \$ 520,000 | \$ - | \$ (162,500) | \$ 357,500 | \$ 162,500 |
| | | Maturing through 2020 | | | | | |
| Building Authority Limited Tax GO Bonds: | | | | | | | |
| | 3.00% - | \$311,062 - | | | | | |
| | 3.90% | \$482,525 | 2,980,457 | - | (613,256) | 2,367,201 | - |
| | | Maturing through 2016 | | | | | |
| Limited Tax General Obligation Refunding Bonds, Series 2005 (debt issue split between governmental and business-type activities): | | | | | | | |
| | 3.50%- | \$9,750- | | | | | |
| | 4.00% | \$383,500 | 2,847,000 | - | (9,750) | 2,837,250 | 9,750 |
| | | Maturing through 2020 | | | | | |
| | | Deferred cost of financing | (177,871) | - | 13,682 | (164,189) | (13,683) |
| Limited Tax General Obligation Refunding Bonds, Series 2006 (debt issue split between business-type and component unit activities): | | | | | | | |
| | 4.00% | \$68,966 - | | | | | |
| | | \$165,517 | 1,304,828 | - | (55,172) | 1,249,656 | 68,966 |
| | | Maturing through 2018 | | | | | |
| Limited Tax General Obligation, Series 2007 | | | | | | | |
| | 4.00% - | \$1,465,000 - | | | | | |
| | 5.00% | \$3,415,000 | 44,300,000 | - | (1,060,000) | 43,240,000 | 1,465,000 |
| | | Maturing through 2027 | | | | | |
| Michigan State Revolving Loan Fund: | | | | | | | |
| | 2.00% | \$130,000 - | | | | | |
| | | \$140,000 | 535,000 | - | (130,000) | 405,000 | 130,000 |
| | | Maturing through 2012 | | | | | |
| | | Total bonds and other contractual obligations | 52,309,414 | - | (2,016,996) | 50,292,418 | 1,822,533 |
| Other long-term obligations: | | | | | | | |
| | | Accumulated employee benefits | 155,910 | 74,849 | (85,882) | 144,877 | 100,625 |
| | | Provision for uninsured losses | 118,074 | 57,086 | - | 175,160 | - |
| | | Total other long-term obligations | 273,984 | 131,935 | (85,882) | 320,037 | 100,625 |
| | | Total business-type activities | 52,583,398 | 131,935 | (2,102,878) | 50,612,455 | 1,923,158 |
| | | Total governmental and business-type activities | \$ 92,788,624 | \$ 2,030,129 | \$ (5,939,330) | \$ 88,879,423 | \$ 5,696,270 |

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------------|---------------------------------------|----------------------|-----------|--------------|----------------|------------------------|
| Component Unit | | | | | | | |
| General obligation bonds: | | | | | | | |
| 1994 Downtown Development Bonds: | | | | | | | |
| | 5.85% | \$95,000 | \$ 185,000 | \$ - | \$ (90,000) | \$ 95,000 | \$ 95,000 |
| | | Maturing through 2009 | | | | | |
| 1999 Downtown Development Bonds: | | | | | | | |
| | 4.25% - | \$125,000 - | | | | | |
| | 4.60% | \$150,000 | 925,000 | - | (100,000) | 825,000 | 125,000 |
| | | Maturing through 2014 | | | | | |
| 2006 Downtown Development Bonds (debt issue split between business-type and component unit activities): | | | | | | | |
| | 4.00% - | \$431,034 - | | | | | |
| | | \$1,034,483 | 8,155,172 | - | (344,828) | 7,810,344 | 431,034 |
| | | Maturing through 2018 | | | | | |
| | | Total component unit bond obligations | \$ 9,265,172 | \$ - | \$ (534,828) | \$ 8,730,344 | \$ 651,034 |

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds, contractual, and note obligations are as follows:

| | Governmental Activities | | | Business-type Activities | | | Component Units | | |
|-----------|-------------------------|----------------------|----------------------|--------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2009 | \$ 2,267,732 | \$ 1,284,209 | \$ 3,551,941 | \$ 1,836,235 | \$ 2,270,493 | \$ 4,106,728 | \$ 651,034 | \$ 340,902 | \$ 991,936 |
| 2010 | 2,630,840 | 1,251,906 | 3,882,746 | 2,309,849 | 2,232,533 | 4,542,382 | 629,310 | 314,011 | 943,321 |
| 2011 | 2,797,139 | 1,180,556 | 3,977,695 | 2,414,413 | 2,142,809 | 4,557,222 | 728,448 | 286,294 | 1,014,742 |
| 2012 | 2,375,937 | 1,099,591 | 3,475,528 | 2,423,201 | 2,047,329 | 4,470,530 | 925,862 | 252,520 | 1,178,382 |
| 2013 | 2,508,449 | 1,011,579 | 3,520,028 | 2,512,241 | 1,945,256 | 4,457,497 | 904,310 | 215,091 | 1,119,401 |
| 2014-2018 | 11,565,702 | 3,659,595 | 15,225,297 | 12,847,918 | 8,024,870 | 20,872,788 | 4,891,380 | 498,278 | 5,389,658 |
| 2019-2023 | 10,857,250 | 1,377,798 | 12,235,048 | 13,417,750 | 4,866,850 | 18,284,600 | - | - | - |
| 2024-2027 | - | - | - | 12,695,000 | 1,309,125 | 14,004,125 | - | - | - |
| Total | <u>\$ 35,003,049</u> | <u>\$ 10,865,234</u> | <u>\$ 45,868,283</u> | <u>\$ 50,456,607</u> | <u>\$ 24,839,265</u> | <u>\$ 75,295,872</u> | <u>\$ 8,730,344</u> | <u>\$ 1,907,096</u> | <u>\$ 10,637,440</u> |

Defeased Debt - In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At December 31, 2008, \$9,075,000 of bonds outstanding are considered defeased.

Note 8 - Restricted Assets

The balance of restricted assets is as follows:

| | Governmental Activities | Business-type Activities | Component Units |
|-----------------------|----------------------------|-----------------------------|--------------------|
| Cash and equivalents: | | | |
| Unspent bond proceeds | \$ - | \$ 30,368,273 | \$ 4,854,275 |
| Total | \$ - | \$ 30,368,273 | \$ 4,854,275 |

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 9 - Risk Management

The Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Charter Township has purchased commercial insurance for medical claims and participates in the Michigan Municipal Risk Management Authority for claims relating to property and general liability. The Charter Township is uninsured for employee injuries (workers' compensation).

Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Charter Township.

The Charter Township estimates the liability for property loss, general liability, and employee injuries claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported.

Changes in the estimated liability for the past two fiscal years were as follows:

| | Year Ended December 31 | |
|--|------------------------|-------------------|
| | 2008 | 2007 |
| Estimated liability - Beginning of year | \$ 655,963 | \$ 1,117,817 |
| Estimated claims incurred, including changes in estimates | 908,458 | (273,260) |
| Claim payments, administration fees, and excess payments | <u>(591,310)</u> | <u>(188,594)</u> |
| Estimated liability - End of year | <u>\$ 973,111</u> | <u>\$ 655,963</u> |

Charter Township of Canton

**Notes to Financial Statements
December 31, 2008**

Note 10 - Defined Contribution Retirement Plan

The Charter Township participates in the Charter Township of Canton Retirement Plan, a defined contribution plan, which is administered by The Charles Schwab Trust Co. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate as of the date of employment. As established by the Charter Township Board, the Charter Township contributes 15 percent of employees' gross earnings and employees contribute 5 percent of earnings. In accordance with these requirements, the Charter Township contributed approximately \$860,556 during the current year, and employees contributed approximately \$286,852.

Note 11 - Defined Benefit Pension Plan

The Charter Township participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit plan that covers all nonunion and union employees that choose to participate by majority vote. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the MERS. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

The obligation to contribute to and maintain the MERS for these full-time employees was established by the Charter Township's board of trustees and requires a contribution from the employees of 5 percent to 6 percent of gross wages and a contribution from the employer ranging from 9.31 percent to 22.36 percent of participating employees' gross wages depending on their membership agreement.

Annual Pension Cost

For the year ended December 31, 2008, the Charter Township's annual pension cost of \$3,635,958 for the plan was equal to the required and actual contribution. The 2008 annual required contribution was determined as part of the actuarial valuation as of December 31, 2006, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year plus percentage based on an age-related scale to reflect merit longevity and promotional salary increases, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 11 - Defined Benefit Pension Plan (Continued)

period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 28 years.

Additional actuarial information for the Municipal Employees' Retirement System of Michigan is as follows:

| | Year Ended December 31 | | |
|-------------------------------|------------------------|--------------|--------------|
| | 2008 | 2007 | 2006 |
| Annual pension cost (APC) | \$ 3,635,958 | \$ 2,819,498 | \$ 2,613,122 |
| Percentage of APC contributed | 100% | 100% | 100% |
| Net pension obligation | \$ - | \$ - | \$ - |

| | December 31 | | |
|---|---------------|---------------|---------------|
| | 2007 | 2006 | 2005 |
| Actuarial value of assets | \$ 51,739,771 | \$ 47,405,556 | \$ 27,793,881 |
| Actuarial accrued liability (AAL) (entry age) | \$ 74,058,136 | \$ 68,615,503 | \$ 35,268,889 |
| Unfunded AAL (UAAL) | \$ 22,318,365 | \$ 21,209,947 | \$ 7,475,008 |
| Funded ratio | 69.86% | 69.09% | 78.81% |
| Covered payroll | \$ 17,150,699 | \$ 16,252,352 | \$ 9,019,572 |
| UAAL as a percentage of covered payroll | 130.13% | 130.50% | 82.88% |

In 2006, three bargaining units consisting of over one hundred employees transferred from the defined contribution plan to the defined benefit pension plan. This accounts for the significant increase in the value of the assets and the accrued liability.

Note 12 - Postemployment Benefits

New Accounting Pronouncement – The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, in 2004.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of other postemployment benefits (OPEB) and related liabilities and note disclosures in other plans in which the Township participates. GASB No. 45 was effective for the Township for the year beginning January 1, 2008. The changes in financial reporting as a result of this statement are outlined below.

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 12 - Postemployment Benefits (Continued)

Plan description - The Charter Township provides retiree health care benefits to eligible employees and their spouses. Benefits are provided to public safety and general employees. Currently, the plan has 400 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The Charter Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contributions required by the participants. The Charter Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

This is a single employer defined benefit plan administered by the Charter Township. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

Funding policy - The collective bargaining agreements do not require a contribution from employees. Retiree health care costs are recognized when paid by the Charter Township on a "pay-as-you-go" basis. The Charter Township has no obligation to make contributions in advance of when the insurance premiums are due for payment.

Funding progress - For the year ended December 31, 2008 the Charter 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 thirty years. This valuation's computed contribution and actual funding are summarized as follows:

| | |
|---|----------------------------|
| Annual required contribution (recommended) | \$ 3,467,348 |
| Interest on the prior year's net OPEB obligation | - |
| Less adjustment to the annual required contribution | - |
| Annual OPEB cost | <u>\$ 3,467,348</u> |
| Amounts contributed: | |
| Payment of current premiums | (553,640) |
| Advance funding | - |
| Increase in net OPEB obligation | <u>2,913,708</u> |
| OPEB obligation - beginning of year | - |
| OPEB obligation - end of year | <u><u>\$ 2,913,708</u></u> |

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 12 - Postemployment Benefits (Continued)

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year was as follows:

| Fiscal Year Ended December 31 | |
|-------------------------------|--------------|
| | 2008 |
| Annual OPEB Costs | \$ 3,467,348 |
| Percentage contributed | 15.97% |
| Net OPEB obligation | \$ 2,913,708 |

The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of December 31, 2006:

| | |
|----------------------------------|---------------|
| Actuarial value of assets | \$ 3,414,941 |
| Actuarial accrued liability | \$ 44,514,949 |
| Unfunded AAL | \$ 41,100,008 |
| Funded ratio | 7.67% |
| Annual covered payroll | \$ 16,252,352 |
| Ratio of UAAL to covered payroll | 252.89% |

Actuarial methods and assumptions - 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Charter Township of Canton

Notes to Financial Statements December 31, 2008

Note 12 - Postemployment Benefits (Continued)

In the December 31, 2006, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is set to equal fair market value. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006, was thirty years.

Note 13 - Joint Ventures

The Charter Township is a member of the Western Townships Utilities Authority (WTUA), which provides sewage disposal services to the residents of Canton, Northville, and Plymouth Townships. The participating communities provide annual funding for its operations. During the current year, the Charter Township paid approximately \$21,425,000 to WTUA for operations, debt, and capital. The Charter Township's equity interest is recorded within the Water and Sewer Fund. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, Michigan 48187.

The Charter Township is a member of the 35th District Court System and has an equity interest in the 35th District Courthouse Authority (the "Courthouse"), which provides judicial services to the Charter Township and various other surrounding communities. The Charter Township appoints one member to the joint venture's board, which then approves the annual budget. The Charter Township's equity interest is recorded within the governmental activities column in the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Charter Township and various other surrounding communities agreed to become guarantors of bonds issued by the Courthouse during 1999. There were bonds outstanding of \$2,980,000 at December 31, 2008, of which the Charter Township guarantees 47 percent, or \$1,400,600. Complete financial statements for the Courthouse can be obtained from the administrative offices at 660 Plymouth Road, Plymouth, Michigan 48170.

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Required Supplemental Information

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Charter Township of Canton

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2008

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|------------------------------------|----------------------|----------------------|----------------------|---|
| Revenues | | | | |
| Property taxes | \$ 10,450,313 | \$ 10,594,806 | \$ 10,526,330 | \$ (68,476) |
| Licenses and permits | 985,200 | 1,185,200 | 1,186,733 | 1,533 |
| Federal sources | 141,000 | 156,229 | 175,000 | 18,771 |
| State sources | 6,121,184 | 6,121,184 | 6,080,223 | (40,961) |
| Charges for services | 3,886,118 | 4,161,118 | 3,977,718 | (183,400) |
| Administration charges | 144,493 | 4,035,953 | 3,673,117 | (362,836) |
| Special assessments | 6,468 | 6,468 | 5,925 | (543) |
| Contributions and donations | 200,250 | 229,250 | 46,722 | (182,528) |
| Other revenues | 1,147,169 | 1,147,169 | 1,255,475 | 108,306 |
| Transfers in | 4,330,965 | 239,528 | 111,441 | (128,087) |
| Fund balance appropriation | 339,803 | 984,886 | - | (984,886) |
| Total Revenues: | \$ 27,752,963 | \$ 28,861,791 | \$ 27,038,684 | \$ (1,823,107) |
| Expenditures | | | | |
| General government | \$ 7,598,241 | \$ 7,972,295 | \$ 6,975,008 | \$ 997,287 |
| Public safety | 1,170,800 | 1,177,173 | 1,099,738 | 77,435 |
| Public works | 6,201,245 | 6,500,478 | 5,687,762 | 812,716 |
| Health and welfare | 472,218 | 472,218 | 398,253 | 73,965 |
| Community and economic development | 870,029 | 904,902 | 657,906 | 246,996 |
| Recreation and culture | 6,262,124 | 6,851,574 | 6,843,677 | 7,897 |
| Capital outlay | 562,425 | 1,064,532 | 924,475 | 140,057 |
| Debt principal payments | 224,670 | 25,120 | 25,000 | 120 |
| Interest and fiscal charges | - | 199,550 | 199,550 | - |
| Transfers out | 4,391,211 | 3,693,949 | 3,559,618 | 134,331 |
| Transfer to fund balance | - | - | 667,697 | (667,697) |
| Total Expenditures: | \$ 27,752,963 | \$ 28,861,791 | \$ 27,038,684 | \$ 1,823,107 |

Charter Township of Canton

| Fire | | | | |
|-----------------------------|----------------------------|-----------------------------|-----------------------------|--|
| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
| Revenues | | | | |
| Property taxes | \$ 8,916,645 | \$ 8,916,645 | \$ 8,896,193 | \$ (20,452) |
| Licenses and permits | - | - | - | - |
| Federal sources | - | - | 14,285 | 14,285 |
| State sources | - | - | - | - |
| Charges for services | 700,000 | 1,074,000 | 1,128,419 | 54,419 |
| Special assessments | - | - | - | - |
| Contributions and donations | - | - | - | - |
| Other revenues | 233,600 | 233,600 | 251,328 | 17,728 |
| Transfers in | - | - | - | - |
| Fund balance appropriation | - | - | - | - |
| Total Revenues: | <u>\$ 9,850,245</u> | <u>\$ 10,224,245</u> | <u>\$ 10,290,225</u> | <u>\$ 65,980</u> |
| Expenditures | | | | |
| Public safety | \$ 8,185,511 | \$ 9,155,673 | \$ 8,902,850 | \$ 252,823 |
| Capital outlay | 439,750 | 443,087 | 76,339 | 366,748 |
| Debt principal payments | 355,855 | 355,855 | 355,855 | - |
| Interest and fiscal charges | 117,728 | 117,728 | 117,943 | (215) |
| Transfers out | 560,262 | - | - | - |
| Transfer to fund balance | 191,139 | 151,902 | 837,238 | (685,336) |
| Total Expenditures: | <u>\$ 9,850,245</u> | <u>\$ 10,224,245</u> | <u>\$ 10,290,225</u> | <u>\$ (65,980)</u> |

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Year Ended December 31, 2008

| Police | | | | Special Assessment Debt Service | | | |
|----------------------|----------------------|----------------------|--|---------------------------------|---------------------|---------------------|--|
| Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
| \$ 13,919,299 | \$ 13,919,299 | \$ 13,866,719 | \$ (52,580) | \$ - | \$ - | \$ - | \$ - |
| 9,000 | 9,000 | 10,497 | 1,497 | - | - | - | - |
| 45,482 | 48,202 | 35,493 | (12,709) | - | - | - | - |
| 18,500 | 18,500 | 34,832 | 16,332 | - | - | - | - |
| 143,100 | 143,100 | 158,066 | 14,966 | - | - | - | - |
| - | - | - | - | 461,311 | 461,311 | 502,106 | 40,795 |
| 4,000 | 4,000 | 4,064 | 64 | - | - | - | - |
| 165,100 | 165,100 | 503,828 | 338,728 | 63,305 | 76,581 | 138,255 | 61,674 |
| - | - | - | - | 251,307 | 251,307 | 323,283 | 71,976 |
| 870,056 | 1,012,871 | - | (1,012,871) | 571,601 | 558,325 | 41,666 | (516,659) |
| \$ 15,174,537 | \$ 15,320,072 | \$ 14,613,499 | \$ (706,573) | \$ 1,347,524 | \$ 1,347,524 | \$ 1,005,310 | \$ (342,214) |
| | | | | | | | |
| \$ 13,414,374 | \$ 14,883,166 | \$ 14,033,343 | \$ 849,823 | \$ - | \$ - | \$ - | \$ - |
| 336,266 | 368,500 | 325,044 | 43,456 | - | - | - | - |
| 51,952 | 51,952 | 51,952 | - | 775,000 | 775,000 | 775,000 | - |
| 16,454 | 16,454 | 16,414 | 40 | 211,122 | 211,122 | 118,869 | 92,253 |
| 1,355,491 | - | - | - | 361,402 | 361,402 | 111,441 | 249,961 |
| - | - | 186,746 | (186,746) | - | - | - | - |
| \$ 15,174,537 | \$ 15,320,072 | \$ 14,613,499 | \$ 706,573 | \$ 1,347,524 | \$ 1,347,524 | \$ 1,005,310 | \$ 342,214 |

Charter Township of Michigan

Note to Required Supplemental Information December 31, 2008

Note - Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds except that fund balance appropriation, proceeds from sale of capital assets, and transfers are budgeted as either revenue or expenditures to balance the budget. All annual appropriations lapse at fiscal year end.

The statement comparing actual to budgeted revenue and expenditures is presented in the format of the operating statement.

Following is a reconciliation of the budget statement of the General Fund and other major Special Revenue and Debt Service Funds to the operating statement:

| | Budget Statement | Fund Balance Appropriation | Transfers | Operating Statement |
|---------------------------------------|---------------------|-------------------------------|--------------|------------------------|
| General Fund: | | | | |
| Total revenue | \$ 27,038,684 | \$ - | \$ (111,441) | \$ 26,927,243 |
| Total expenditures | 27,038,684 | (667,697) | (3,559,618) | 22,811,369 |
| Fire Fund - Total expenditures | 10,290,225 | (837,238) | - | 9,452,987 |
| Police Fund - Total expenditures | 14,613,499 | (186,746) | - | 14,426,753 |
| Special Assessment Debt Service Fund: | | | | |
| Total revenue | 1,005,310 | (41,666) | (323,283) | 640,361 |
| Total expenditures | 1,005,310 | - | (111,441) | 893,869 |

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

- Prior to the last Friday in August, the Charter Township Supervisor submits to the board of trustees (the "Board") a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted in September to obtain taxpayer comments.
- In October, the budget is legally adopted by the Board through adoption of the appropriation ordinance.

Charter Township of Michigan

Note to Required Supplemental Information December 31, 2008

Note - Budgetary information (Continued)

- The Charter Township Supervisor is authorized to transfer budgeted amounts within budgetary centers (activity); however, any revisions that alter the total expenditure of any budgetary center (activity) must be approved by the Board.

The budgets for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds have been adopted on a fund basis. The General Fund budget-to-actual results are reported at the activity level. The adopted budget is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations. The Board must approve all budget amendments made throughout the year. Transfers within a fund may be approved by the Charter Township Supervisor. During the current year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year.

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Other Supplemental Information

Charter Township of Canton



| | Nonmajor Special Revenue Funds | | | | |
|---|--------------------------------|-------------------|---------------------|-----------------------|--------------------------|
| | Community Center Fund | Street Lighting | Cable TV | Public Improvement | Community Improvement |
| Assets | | | | | |
| Cash and cash equivalents | \$ 77,022 | \$ 256,702 | \$ 688,370 | \$ 162,100 | \$ 51,939 |
| Investments | - | - | 438,768 | 4,813,827 | - |
| Receivables, net: | | | | | |
| Special assessments | - | 83,447 | - | - | - |
| Accrued interest and other receivables | 228 | - | 297,666 | 45,243 | 275,601 |
| Other assets | 5,419 | - | - | 1,656,000 | - |
| Due from other funds | 17,934 | - | - | 18,276 | 774 |
| Due from other governmental units | - | - | - | - | - |
| Total Assets: | \$ 100,603 | \$ 340,149 | \$ 1,424,804 | \$ 6,695,446 | \$ 328,314 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 25,225 | \$ 18,456 | \$ 4,267 | \$ - | \$ 28,820 |
| Accrued and other liabilities | 41,083 | - | 2,572 | - | - |
| Due to other funds | 5,355 | - | - | 525,670 | 147,797 |
| Due to other governmental units | 2,922 | - | 197 | - | - |
| Deferred revenue: | | | | | |
| Special assessments | - | 257,223 | - | - | - |
| Property taxes and other | - | - | - | 1,656,000 | - |
| Total Liabilities: | 74,585 | 275,679 | 7,036 | 2,181,670 | 176,617 |
| Fund Balances: | | | | | |
| Reserved for encumbrances | - | - | - | 1,200 | 51,091 |
| Unreserved, undesignated reported in: | | | | | |
| Special Revenue Funds | 26,018 | 64,470 | 1,417,768 | 4,512,576 | 100,606 |
| Debt Service Fund | - | - | - | - | - |
| Capital Project Funds | - | - | - | - | - |
| Total Fund Balances: | 26,018 | 64,470 | 1,417,768 | 4,513,776 | 151,697 |
| Total Liabilities and Fund Balances: | \$ 100,603 | \$ 340,149 | \$ 1,424,804 | \$ 6,695,446 | \$ 328,314 |

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008**

| Nonmajor Special Revenue Funds | | | | Nonmajor Debt Service Fund | |
|--------------------------------|----------------------------|--------------------------|-----------------------------|----------------------------|--------------------|
| 911 Service | Special Investigation | CDBG | Total | Building Authority | Total |
| \$ 775,717 | \$ 1,094,253 | \$ 153,731 | \$ 3,259,834 | \$ - | \$ - |
| 1,175,731 | 132,905 | - | 6,561,231 | - | - |
| - | - | - | 83,447 | - | - |
| 13,523 | 1,849 | - | 634,110 | - | - |
| - | - | - | 1,661,419 | - | - |
| - | - | - | 36,984 | - | - |
| - | 7,611 | 9,596 | 17,207 | - | - |
| <u>\$ 1,964,971</u> | <u>\$ 1,236,618</u> | <u>\$ 163,327</u> | <u>\$ 12,254,232</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | | |
| \$ 791 | \$ 102,462 | \$ 9,053 | \$ 189,074 | \$ - | \$ - |
| - | 70,029 | - | 113,684 | - | - |
| 774 | 175 | 154,274 | 834,045 | - | - |
| - | 69,533 | - | 72,652 | - | - |
| - | - | - | 257,223 | - | - |
| - | - | - | 1,656,000 | - | - |
| <u>1,565</u> | <u>242,199</u> | <u>163,327</u> | <u>3,122,678</u> | <u>-</u> | <u>-</u> |
| | | | | | |
| 25,330 | - | - | 77,621 | - | - |
| 1,938,076 | 994,419 | - | 9,053,933 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1,963,406</u> | <u>994,419</u> | <u>-</u> | <u>9,131,554</u> | <u>-</u> | <u>-</u> |
| <u>\$ 1,964,971</u> | <u>\$ 1,236,618</u> | <u>\$ 163,327</u> | <u>\$ 12,254,232</u> | <u>\$ -</u> | <u>\$ -</u> |

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**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
December 31, 2008**

| | Nonmajor Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|---|---------------------------------|--------------------------|----------------------------|--------------------------------------|
| | Capital Projects - Roads | Saltz Road Paving | Total | |
| Assets | | | | |
| Cash and cash equivalents | \$ 461,626 | \$ 274,302 | \$ 735,928 | \$ 3,995,762 |
| Investments | - | - | - | 6,561,231 |
| Receivables, net: | | | | |
| Special assessments | 268,884 | - | 268,884 | 352,331 |
| Accrued interest and other receivables | 747 | - | 747 | 634,857 |
| Other assets | - | - | - | 1,661,419 |
| Due from other funds | 14,239 | - | 14,239 | 51,223 |
| Due from other governmental units | - | - | - | 17,207 |
| Total Assets: | <u>\$ 745,496</u> | <u>\$ 274,302</u> | <u>\$ 1,019,798</u> | <u>\$ 13,274,030</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 66,215 | \$ - | \$ 66,215 | \$ 255,289 |
| Accrued and other liabilities | - | - | - | 113,684 |
| Due to other funds | - | 274,302 | 274,302 | 1,108,347 |
| Due to other governmental units | - | - | - | 72,652 |
| Deferred revenue: | | | | |
| Special assessments | 248,805 | - | 248,805 | 506,028 |
| Property taxes and other | - | - | - | 1,656,000 |
| Total Liabilities: | <u>315,020</u> | <u>274,302</u> | <u>589,322</u> | <u>3,712,000</u> |
| Fund Balances: | | | | |
| Reserved for encumbrances | 301,157 | - | 301,157 | 378,778 |
| Unreserved, undesignated reported in: | | | | |
| Special Revenue Funds | - | - | - | 9,053,933 |
| Debt Service Fund | - | - | - | - |
| Capital Project Funds | 129,319 | - | 129,319 | 129,319 |
| Total Fund Balances: | <u>430,476</u> | <u>-</u> | <u>430,476</u> | <u>9,562,030</u> |
| Total Liabilities and Fund Balances: | <u>\$ 745,496</u> | <u>\$ 274,302</u> | <u>\$ 1,019,798</u> | <u>\$ 13,274,030</u> |

Charter Township of Canton

| | Nonmajor Special Revenue Funds | | | | |
|--|--------------------------------|--------------------|---------------------|-----------------------|--------------------------|
| | Community Center Fund | Street Lighting | Cable TV | Public Improvement | Community Improvement |
| Revenues | | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ - | \$ 290,578 |
| State sources | - | - | - | - | - |
| Charges for services | - | - | - | - | - |
| Administration charges | 472,700 | - | - | - | - |
| Special assessments | - | 240,196 | - | - | - |
| Royalties | - | - | 1,140,601 | - | 1,198,626 |
| Contributions and donations | - | - | - | - | 35,000 |
| Summit recreation fees | 1,356,919 | - | - | - | - |
| Other revenues | 161,150 | 5,508 | 28,338 | 322,556 | 21,500 |
| Total Revenues: | <u>1,990,769</u> | <u>245,704</u> | <u>1,168,939</u> | <u>322,556</u> | <u>1,545,704</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | - | 777,573 | - | - |
| Public safety | - | - | - | - | - |
| Public works | - | 232,758 | - | - | - |
| Community and economic development | - | - | - | - | - |
| Recreation and culture | 2,533,292 | - | - | - | - |
| Capital outlay: | | | | | |
| Capital outlay | 89,582 | - | 13,969 | 12,780 | 619,004 |
| Debt service: | | | | | |
| Principal payments | 5,250 | - | - | - | 600,000 |
| Interest and fiscal charges | 63,894 | - | - | - | 839,238 |
| Total Expenditures: | <u>2,692,018</u> | <u>232,758</u> | <u>791,542</u> | <u>12,780</u> | <u>2,058,242</u> |
| Excess (Deficiency) of Revenues Over (Under) | | | | | |
| Expenditures: | (701,249) | 12,946 | 377,397 | 309,776 | (512,538) |
| Transfers in | <u>805,355</u> | - | - | - | <u>1,146,646</u> |
| Total Transfers in: | <u>805,355</u> | - | - | - | <u>1,146,646</u> |
| Transfers out | <u>(102,515)</u> | - | - | <u>(1,146,646)</u> | <u>(529,521)</u> |
| Total Transfers out: | <u>(102,515)</u> | - | - | <u>(1,146,646)</u> | <u>(529,521)</u> |
| Net Change in Fund Balances: | 1,591 | 12,946 | 377,397 | (836,870) | 104,587 |
| Fund Balances - Beginning | 24,427 | 51,524 | 1,040,371 | 5,350,646 | 47,110 |
| Fund Balances - Ending: | <u>\$ 26,018</u> | <u>\$ 64,470</u> | <u>\$ 1,417,768</u> | <u>\$ 4,513,776</u> | <u>\$ 151,697</u> |

**Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2008**

| Nonmajor Special Revenue Funds | | | | Nonmajor Debt Service Funds | |
|--------------------------------|--------------------------|--------------------|----------------------------|-----------------------------|--------------------|
| 911 Service | Special Investigation | CDBG | Total | Building Authority | Total |
| \$ - | \$ 76,533 | \$ 252,611 | \$ 619,722 | \$ - | \$ - |
| - | 598,782 | - | 598,782 | - | - |
| 231,270 | 44,602 | - | 275,872 | - | - |
| - | - | - | 472,700 | - | - |
| - | - | - | 240,196 | - | - |
| - | - | - | 2,339,227 | - | - |
| - | 3,614 | - | 38,614 | - | - |
| - | - | - | 1,356,919 | - | - |
| <u>65,164</u> | <u>3,006</u> | <u>-</u> | <u>607,222</u> | <u>263,275</u> | <u>263,275</u> |
| <u>296,434</u> | <u>726,537</u> | <u>252,611</u> | <u>6,549,254</u> | <u>263,275</u> | <u>263,275</u> |
| - | - | - | 777,573 | - | - |
| 70,603 | 852,750 | - | 923,353 | - | - |
| - | - | - | 232,758 | - | - |
| - | - | 252,611 | 252,611 | - | - |
| - | - | - | 2,533,292 | - | - |
| 20,156 | 9,627 | - | 765,118 | - | - |
| - | - | - | 605,250 | 637,500 | 637,500 |
| - | - | - | 903,132 | 34,090 | 34,090 |
| <u>90,759</u> | <u>862,377</u> | <u>252,611</u> | <u>6,993,087</u> | <u>671,590</u> | <u>671,590</u> |
| <u>205,675</u> | <u>(135,840)</u> | <u>-</u> | <u>(443,833)</u> | <u>(408,315)</u> | <u>(408,315)</u> |
| - | - | - | 1,952,001 | 408,315 | 408,315 |
| - | - | - | 1,952,001 | 408,315 | 408,315 |
| - | - | - | (1,778,682) | - | - |
| - | - | - | (1,778,682) | - | - |
| 205,675 | (135,840) | - | (270,514) | - | - |
| 1,757,731 | 1,130,259 | - | 9,402,068 | - | - |
| <u>\$ 1,963,406</u> | <u>\$ 994,419</u> | <u>\$ -</u> | <u>\$ 9,131,554</u> | <u>\$ -</u> | <u>\$ -</u> |

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Charter Township of Canton

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2008

| | Nonmajor Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|---|---------------------------------|-------------------|--------------------|--------------------------------------|
| | Capital Projects - Roads | Saltz Road Paving | Total | |
| Revenues | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ 619,722 |
| State sources | - | - | - | 598,782 |
| Charges for services | - | - | - | 275,872 |
| Administration charges | - | - | - | 472,700 |
| Special assessments | 65,475 | - | 65,475 | 305,671 |
| Royalties | - | - | - | 2,339,227 |
| Contributions and donations | 4,975 | - | 4,975 | 43,589 |
| Summit recreation fees | - | - | - | 1,356,919 |
| Other revenues | 47,753 | 6,416 | 54,169 | 924,666 |
| Total Revenues: | <u>118,203</u> | <u>6,416</u> | <u>124,619</u> | <u>6,937,148</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | - | - | - | 777,573 |
| Public safety | - | - | - | 923,353 |
| Public works | 411,143 | - | 411,143 | 643,901 |
| Community and economic development | - | - | - | 252,611 |
| Recreation and culture | - | - | - | 2,533,292 |
| Capital outlay: | | | | |
| Capital outlay | 2,408,006 | - | 2,408,006 | 3,173,124 |
| Debt service: | | | | |
| Principal payments | - | - | - | 1,242,750 |
| Interest and fiscal charges | 47,627 | - | 47,627 | 984,849 |
| Total Expenditures: | <u>2,866,776</u> | <u>-</u> | <u>2,866,776</u> | <u>10,531,453</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures: | <u>(2,748,573)</u> | <u>6,416</u> | <u>(2,742,157)</u> | <u>(3,594,305)</u> |
| Transfers in (Note 6) | <u>2,448,463</u> | <u>-</u> | <u>2,448,463</u> | <u>4,808,779</u> |
| Total Transfers in (Note 6): | <u>2,448,463</u> | <u>-</u> | <u>2,448,463</u> | <u>4,808,779</u> |
| Transfers out (Note 6) | <u>-</u> | <u>(323,283)</u> | <u>(323,283)</u> | <u>(2,101,965)</u> |
| Total Transfers out (Note 6): | <u>-</u> | <u>(323,283)</u> | <u>(323,283)</u> | <u>(2,101,965)</u> |
| Net Change in Fund Balances: | <u>(300,110)</u> | <u>(316,867)</u> | <u>(616,977)</u> | <u>(887,491)</u> |
| Fund Balances - Beginning | 730,586 | 316,867 | 1,047,453 | 10,449,521 |
| Fund Balances - Ending: | <u>\$ 430,476</u> | <u>\$ -</u> | <u>\$ 430,476</u> | <u>\$ 9,562,030</u> |

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended December 31, 2008

Special Revenue Fund – Community Center

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| Revenues | | | | |
| Administration charges | \$ - | \$ 472,700 | \$ 472,700 | \$ - |
| Summit recreation fees | 1,294,500 | 1,294,500 | 1,356,919 | 62,419 |
| Other revenues | 138,004 | 138,004 | 161,150 | 23,146 |
| Transfers in | 1,188,055 | 805,355 | 805,355 | - |
| Fund balance appropriation | - | 2,318 | - | (2,318) |
| Total Revenues: | \$ 2,620,559 | \$ 2,712,877 | \$ 2,796,124 | \$ 83,247 |
| Expenditures - Current expenditures | | | | |
| Recreation and culture | \$ 2,332,534 | \$ 2,438,977 | \$ 2,533,292 | \$ (94,315) |
| Capital outlay | 102,238 | 102,238 | 89,582 | 12,656 |
| Debt principal payments | 5,250 | 5,250 | 5,250 | - |
| Interest and fiscal charges | 63,896 | 63,896 | 63,894 | 2 |
| Transfers out | 116,641 | 102,516 | 102,515 | 1 |
| Transfer to fund balance | - | - | 1,591 | (1,591) |
| Total Expenditures: | \$ 2,620,559 | \$ 2,712,877 | \$ 2,796,124 | \$ (83,247) |

Special Revenue Fund - Street Lighting

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| Revenues | | | | |
| Property taxes | \$ 253,637 | \$ - | \$ - | \$ - |
| Special assessments | - | 253,637 | 240,196 | (13,441) |
| Contributions and donations | 10,000 | 10,000 | - | (10,000) |
| Other revenues | 2,431 | 2,431 | 5,508 | 3,077 |
| Total Revenues: | \$ 266,068 | \$ 266,068 | \$ 245,704 | \$ (20,364) |
| Expenditures - Current expenditures | | | | |
| Public works | \$ 259,061 | \$ 259,061 | \$ 232,758 | \$ 26,303 |
| Transfer to fund balance | 7,007 | 7,007 | 12,946 | (5,939) |
| Total Expenditures: | \$ 266,068 | \$ 266,068 | \$ 245,704 | \$ 20,364 |

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2008

Special Revenue Fund – Cable TV

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-------------------|---------------------|---|
| Revenues | | | | |
| Royalties | \$ 925,000 | \$ 925,000 | \$ 1,140,601 | \$ 215,601 |
| Other revenues | 65,000 | 65,000 | 28,338 | (36,662) |
| Total Revenues: | <u>\$ 990,000</u> | <u>\$ 990,000</u> | <u>\$ 1,168,939</u> | <u>\$ 178,939</u> |
| Expenditures - Current expenditures | | | | |
| General government | \$ 344,143 | \$ 826,988 | \$ 777,573 | \$ 49,415 |
| Capital outlay | 14,000 | 27,969 | 13,969 | 14,000 |
| Transfers out | 482,845 | - | - | - |
| Transfer to fund balance | 149,012 | 135,043 | 377,397 | (242,354) |
| Total Expenditures: | <u>\$ 990,000</u> | <u>\$ 990,000</u> | <u>\$ 1,168,939</u> | <u>\$ (178,939)</u> |

Special Revenue Fund – Public Improvement

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| Revenues | | | | |
| Other revenues | \$ 546,866 | \$ 546,866 | \$ 322,556 | \$ (224,310) |
| Fund balance appopriation | 609,780 | 709,780 | 836,870 | 127,090 |
| Total Revenues: | <u>\$ 1,156,646</u> | <u>\$ 1,256,646</u> | <u>\$ 1,159,426</u> | <u>\$ (97,220)</u> |
| Expenditures - Current expenditures | | | | |
| Public works | \$ 10,000 | \$ 10,000 | \$ - | \$ 10,000 |
| Capital outlay | - | 100,000 | 12,780 | 87,220 |
| Transfers out | 1,146,646 | 1,146,646 | 1,146,646 | - |
| Total Expenditures: | <u>\$ 1,156,646</u> | <u>\$ 1,256,646</u> | <u>\$ 1,159,426</u> | <u>\$ 97,220</u> |

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2008

Special Revenue Fund – Community Improvement

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|----------------------------|----------------------------|----------------------------|---|
| Revenues | | | | |
| Federal sources | \$ - | \$ 103,148 | \$ 290,578 | \$ 187,430 |
| Royalties | 1,200,000 | 1,200,000 | 1,198,626 | (1,374) |
| Contributions and donations | - | 51,274 | 35,000 | (16,274) |
| Other revenues | 16,600 | 16,600 | 21,500 | 4,900 |
| Transfers in | 1,146,646 | 1,146,646 | 1,146,646 | - |
| Fund balance appropriation | - | 280,644 | - | (280,644) |
| Total Revenues: | <u>\$ 2,363,246</u> | <u>\$ 2,798,312</u> | <u>\$ 2,692,350</u> | <u>\$ (105,962)</u> |
| Expenditures - Current expenditures | | | | |
| Public works | \$ 14,500 | \$ 14,500 | \$ - | \$ 14,500 |
| Capital outlay | 1,819,225 | 815,066 | 619,004 | 196,062 |
| Debt principal payments | - | 600,000 | 600,000 | - |
| Interest and fiscal charges | - | 839,225 | 839,238 | (13) |
| Transfers out | 529,521 | 529,521 | 529,521 | - |
| Transfer to fund balance | - | - | 104,587 | (104,587) |
| Total Expenditures: | <u>\$ 2,363,246</u> | <u>\$ 2,798,312</u> | <u>\$ 2,692,350</u> | <u>\$ 105,962</u> |

Special Revenue Fund – 911 Service

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------------|--------------------------|--------------------------|---|
| Revenues | | | | |
| Charges for services | \$ 364,000 | \$ 364,000 | \$ 231,270 | \$ (132,730) |
| Other revenues | 40,000 | 40,000 | 65,164 | 25,164 |
| Total Revenues: | <u>\$ 404,000</u> | <u>\$ 404,000</u> | <u>\$ 296,434</u> | <u>\$ (107,566)</u> |
| Expenditures - Current expenditures | | | | |
| Public Safety | \$ 118,900 | \$ 130,904 | \$ 70,603 | \$ 60,301 |
| Capital outlay | 100,000 | 100,000 | 20,156 | 79,844 |
| Transfer to fund balance | 185,100 | 173,096 | 205,675 | (32,579) |
| Total Expenditures: | <u>\$ 404,000</u> | <u>\$ 404,000</u> | <u>\$ 296,434</u> | <u>\$ 107,566</u> |

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2008

Special Revenue Fund – Special Investigation

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|-------------------|---|
| Revenues | | | | |
| Federal sources | \$ 121,000 | \$ 121,000 | \$ 76,533 | \$ (44,467) |
| State sources | 419,333 | 419,333 | 598,782 | 179,449 |
| Charges for services | 120,000 | 151,500 | 44,602 | (106,898) |
| Contributions and donations | 4,800 | 4,800 | 3,614 | (1,186) |
| Other revenues | 30,800 | 30,800 | 3,006 | (27,794) |
| Fund balance appropriation | 401,984 | 419,984 | 135,840 | (284,144) |
| Total Revenues: | <u>\$ 1,097,917</u> | <u>\$ 1,147,417</u> | <u>\$ 862,377</u> | <u>\$ (285,040)</u> |
| Expenditures - Current expenditures | | | | |
| Public safety | \$ 1,088,917 | \$ 1,113,417 | \$ 852,750 | \$ 260,667 |
| Capital outlay | 9,000 | 34,000 | 9,627 | 24,373 |
| Total Expenditures: | <u>\$ 1,097,917</u> | <u>\$ 1,147,417</u> | <u>\$ 862,377</u> | <u>\$ 285,040</u> |

Special Revenue Fund – CDBG

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| Revenues - Federal sources | | | | |
| | <u>\$ 279,854</u> | <u>\$ 730,473</u> | <u>\$ 252,611</u> | <u>\$ (477,862)</u> |
| Expenditures - Current expenditures | | | | |
| Community and economic development | \$ 229,854 | \$ 444,849 | \$ 252,611 | \$ 192,238 |
| Capital outlay | 50,000 | 285,624 | - | 285,624 |
| Total Expenditures: | <u>\$ 279,854</u> | <u>\$ 730,473</u> | <u>\$ 252,611</u> | <u>\$ 477,862</u> |

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2008

Debt Service Fund – Building Authority

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| Revenues | | | | |
| Other revenues | \$ 263,275 | \$ 263,275 | \$ 263,275 | \$ - |
| Transfers in | 408,316 | 408,316 | 408,315 | (1) |
| Total Revenues: | <u>\$ 671,591</u> | <u>\$ 671,591</u> | <u>\$ 671,590</u> | <u>\$ (1)</u> |
| Expenditures - Current expenditures | | | | |
| Debt principal payments | \$ 637,500 | \$ 637,500 | \$ 637,500 | \$ - |
| Interest and fiscal charges | 34,091 | 34,091 | 34,090 | 1 |
| Total Expenditures: | <u>\$ 671,591</u> | <u>\$ 671,591</u> | <u>\$ 671,590</u> | <u>\$ 1</u> |

Capital Projects Fund – Capital Projects – Roads

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| Revenues | | | | |
| Special assessments | \$ - | \$ - | \$ 65,475 | \$ 65,475 |
| Contributions and donations | - | - | 4,975 | 4,975 |
| Bond proceeds | 1,500,000 | 1,500,000 | - | (1,500,000) |
| Other revenues | 55,000 | 55,000 | 47,753 | (7,247) |
| Transfers in | 2,423,487 | 2,423,487 | 2,448,463 | 24,976 |
| Fund balance appropriation | 155,068 | 1,124,422 | 300,110 | (824,312) |
| Total Revenues: | <u>\$ 4,133,555</u> | <u>\$ 5,102,909</u> | <u>\$ 2,866,776</u> | <u>\$ (2,236,133)</u> |
| Expenditures - Current expenditures | | | | |
| Public works | \$ 233,000 | \$ 335,383 | \$ 411,143 | \$ (75,760) |
| Capital outlay | 3,818,555 | 4,685,526 | 2,408,006 | 2,277,520 |
| Interest and fiscal charges | 82,000 | 82,000 | 47,627 | 34,373 |
| Total Expenditures: | <u>\$ 4,133,555</u> | <u>\$ 5,102,909</u> | <u>\$ 2,866,776</u> | <u>\$ 2,236,133</u> |

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2008

Capital Projects Fund – Saltz Road Paving

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|-------------------------------------|--------------------|--------------|-------------------|---|
| Revenues | | | | |
| Other revenues | \$ - | \$ - | \$ 6,416 | \$ 6,416 |
| Fund balance appropriation | - | - | 316,867 | 316,867 |
| Total Revenues: | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 323,283</u> | <u>\$ 323,283</u> |
| Expenditures - Transfers out | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 323,283</u> | <u>\$ (323,283)</u> |

Charter Township of Canton

Other Supplemental Information Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2008

| | Agency Funds | | | Balance December 31, 2008 |
|--|-------------------------------|------------------------------|------------------------------|---------------------------------|
| | Balance January 1, 2008 | Additions | Deletions | |
| <u>Tax Collections</u> | | | | |
| Assets - Cash and cash equivalents | <u>\$ 15,087,701</u> | <u>\$ 162,533,243</u> | <u>\$ 162,345,970</u> | <u>\$ 15,274,974</u> |
| Liabilities - Due to other governmental units | <u>\$ 15,087,701</u> | <u>\$ 173,261,239</u> | <u>\$ 173,073,966</u> | <u>\$ 15,274,974</u> |
| <u>Other Agency Funds</u> | | | | |
| Assets - Cash and cash equivalents | <u>\$ 381,523</u> | <u>\$ 1,108,249</u> | <u>\$ 961,281</u> | <u>\$ 528,491</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 422,664 | \$ 414,369 | \$ 8,295 |
| Cash bonds and deposits | 381,523 | 749,669 | 610,996 | 520,196 |
| | <u>\$ 381,523</u> | <u>\$ 1,172,333</u> | <u>\$ 1,025,365</u> | <u>\$ 528,491</u> |
| <u>Total Agency Funds</u> | | | | |
| Assets - Cash and cash equivalents | <u>\$ 15,469,224</u> | <u>\$ 163,641,492</u> | <u>\$ 163,307,251</u> | <u>\$ 15,803,465</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 422,664 | \$ 414,369 | \$ 8,295 |
| Cash bonds and deposits | 381,523 | 749,669 | 610,996 | 520,196 |
| Due to other governmental funds | 15,087,701 | 173,261,239 | 173,073,966 | 15,274,974 |
| Total liabilities | <u>\$ 15,469,224</u> | <u>\$ 174,433,572</u> | <u>\$ 174,099,331</u> | <u>\$ 15,803,465</u> |

Statistical Section

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Charter Township of Canton

Description of Statistical Section

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

Contents

The statistical section is organized into the following main categories:

Financial Trends:

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

Revenue Capacity:

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

Debt Capacity:

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

Demographic and Economic Information:

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

Operating Information:

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

Sources:

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Township implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Charter Township of Canton

| | Fiscal Year Ended December 31 | | | |
|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 |
| Governmental Activities | | | | |
| Invested in capital assets - Net of related debt | \$ 39,070,025 | \$ 42,163,530 | \$ 41,737,768 | \$ 45,205,467 |
| Restricted | 11,837,657 | 12,080,313 | 13,689,720 | 11,679,740 |
| Unrestricted | <u>23,605,054</u> | <u>17,409,745</u> | <u>15,589,584</u> | <u>22,048,490</u> |
| Total net assets | 74,512,736 | 71,653,588 | 71,017,072 | 78,933,697 |
| Business-type Activities | | | | |
| Invested in capital assets - Net of related debt | 82,983,166 | 85,264,716 | 88,244,363 | 91,961,552 |
| Restricted | 7,183 | 11,612 | 11,463 | 4,462 |
| Unrestricted | <u>54,720,350</u> | <u>55,603,979</u> | <u>57,872,611</u> | <u>56,180,667</u> |
| Total net assets | 137,710,699 | 140,880,307 | 146,128,437 | 148,146,681 |
| Primary Government in Total | | | | |
| Invested in capital assets - Net of related debt | 122,053,191 | 127,428,246 | 129,982,131 | 137,167,019 |
| Restricted | 11,844,840 | 12,091,925 | 13,701,183 | 11,684,202 |
| Unrestricted | <u>78,325,404</u> | <u>73,013,724</u> | <u>73,462,195</u> | <u>78,229,157</u> |
| Total net assets | <u>\$ 212,223,435</u> | <u>\$ 212,533,895</u> | <u>\$ 217,145,509</u> | <u>\$ 227,080,378</u> |

Note: In fiscal year 2002, the Township adopted GASB No. 34 and began reporting a government-wide statement of net assets.

**Financial Trend Information
Net Assets by Component
(Unaudited)**

| Fiscal Year Ended December 31 | | |
|-------------------------------|------------------------------|------------------------------|
| 2006 | 2007 | 2008 |
| \$ 47,200,269 | \$ 50,304,473 | \$ 53,231,465 |
| 15,686,011 | 15,829,468 | 16,363,562 |
| <u>16,329,584</u> | <u>15,165,364</u> | <u>11,190,868</u> |
| 79,215,864 | 81,299,305 | 80,785,895 |
| 91,906,737 | 87,895,407 | 88,787,902 |
| 1,487 | - | - |
| <u>51,918,561</u> | <u>54,365,038</u> | <u>51,716,104</u> |
| 143,826,785 | 142,260,445 | 140,504,006 |
| 139,107,006 | 138,199,880 | 142,019,367 |
| 15,687,498 | 15,829,468 | 16,363,562 |
| <u>68,248,145</u> | <u>69,530,402</u> | <u>62,906,972</u> |
| <u>\$ 223,042,649</u> | <u>\$ 223,559,750</u> | <u>\$ 221,289,901</u> |

| | Fiscal Year Ended December 31 | | | |
|--|-------------------------------|-----------------------|---------------------|---------------------|
| | 2002 | 2003 | 2004 | 2005 |
| Expenses | | | | |
| General government | \$ 7,255,264 | \$ 6,673,059 | \$ 7,871,063 | \$ 6,705,957 |
| Public safety | 16,463,481 | 18,528,734 | 18,300,773 | 22,262,105 |
| Public works | 3,383,140 | 6,578,119 | 11,121,653 | 7,388,912 |
| Building, planning, and engineering | 3,588,191 | 3,803,120 | 3,679,756 | 3,874,353 |
| Health and welfare | - | - | - | - |
| Community and economic development | - | - | - | - |
| Recreation and culture | 5,113,356 | 6,520,210 | 8,405,420 | 8,677,474 |
| Sanitation | 2,015,090 | 2,156,849 | 2,432,446 | 2,664,103 |
| Interest on long-term debt | 457,756 | 539,567 | 649,025 | 388,909 |
| Total governmental activities | 38,276,278 | 44,799,658 | 52,460,136 | 51,961,813 |
| Program Revenues | | | | |
| Charges for services: | | | | |
| General government | 795,939 | 498,864 | 517,566 | 568,650 |
| Public safety | 1,135,371 | 1,324,414 | 848,795 | 987,207 |
| Public works | - | - | - | - |
| Building, planning, and engineering | 4,513,706 | 2,624,178 | 3,099,852 | 3,839,924 |
| Community and economic development | - | - | - | - |
| Recreations and culture | 3,364,204 | 3,673,589 | 3,852,691 | 4,099,582 |
| Total charges for services | 9,809,220 | 8,121,045 | 8,318,904 | 9,495,363 |
| Operating grants and contributions | 1,482,609 | 1,449,704 | 1,794,831 | 3,263,870 |
| Capital grants and contributions | 586,191 | 1,063,128 | 5,565,856 | 4,390,608 |
| Total program revenues | 11,878,020 | 10,633,877 | 15,679,591 | 17,149,841 |
| Net Expense | (26,398,258) | (34,165,781) | (36,780,545) | (34,811,972) |
| General Revenues | | | | |
| Taxes: | | | | |
| Property taxes | 3,740,620 | 4,740,395 | 5,988,123 | 7,647,583 |
| Public safety operating levy | 16,695,873 | 17,986,859 | 18,872,962 | 19,533,530 |
| State-shared revenues | 7,064,413 | 6,310,027 | 6,034,910 | 6,018,024 |
| Royalties | 1,764,592 | 1,726,009 | 1,241,583 | 1,233,579 |
| Investment earnings | 1,020,755 | 924,482 | 626,011 | 1,869,021 |
| Miscellaneous - Net of miscellaneous expense | 168,615 | 139,622 | 3,925,025 | 1,274,992 |
| Total general revenues | 30,454,868 | 31,827,394 | 36,688,614 | 37,576,729 |
| Special item - Gain on sale of assets | 29,728 | - | - | 5,635,111 |
| Transfers | (523,122) | (520,761) | (544,585) | (483,243) |
| Change in Net Assets | \$ 3,563,216 | \$ (2,859,148) | \$ (636,516) | \$ 7,916,625 |

*Some departments were reclassified to different functions for fiscal year 2008 and beyond.

Financial Trend Information
Changes in Governmental Net Assets
(Unaudited)

| Fiscal Year Ended December 31 | | |
|-------------------------------|---------------------|---------------------|
| 2006 | 2007 | 2008* |
| \$ 5,569,166 | \$ 4,560,620 | \$ 8,458,738 |
| 24,188,930 | 24,111,926 | 27,409,325 |
| 5,808,264 | 5,210,185 | 7,502,335 |
| 3,333,880 | 2,883,668 | - |
| - | - | 398,253 |
| - | - | 1,269,725 |
| 7,751,655 | 8,443,435 | 9,704,756 |
| 2,874,954 | 2,967,807 | - |
| 256,072 | 1,142,247 | 1,437,625 |
| 49,782,921 | 49,319,888 | 56,180,757 |
| 699,201 | 916,168 | 2,466,563 |
| 986,337 | 1,081,752 | 2,483,345 |
| - | - | 1,136,033 |
| 2,776,429 | 2,612,816 | - |
| - | - | 167,448 |
| 3,539,032 | 3,422,199 | 3,354,345 |
| 8,000,999 | 8,032,935 | 9,607,734 |
| 1,995,817 | 2,401,625 | 1,784,920 |
| 596,752 | 675,083 | 880,719 |
| 10,593,568 | 11,109,643 | 12,273,373 |
| (39,189,353) | (38,210,245) | (43,907,384) |
| 8,287,228 | 8,903,181 | 10,526,330 |
| 20,489,067 | 22,467,032 | 22,762,912 |
| 5,958,485 | 5,994,198 | 5,852,220 |
| 1,331,008 | 1,196,560 | 2,339,226 |
| 2,331,534 | 2,408,528 | 1,646,081 |
| 1,334,198 | 1,300,708 | 796,726 |
| 39,731,520 | 42,270,207 | 43,923,495 |
| - | - | - |
| (260,000) | (1,976,521) | (529,521) |
| \$ 282,167 | \$ 2,083,441 | \$ (513,410) |

| | Fiscal Year Ended December 31 | | | |
|---|-------------------------------|-----------------------|---------------------|---------------------|
| | 1999 | 2000 | 2001 | 2002 |
| Expenses | | | | |
| Water and sewer | \$ 17,236,921 | \$ 18,345,685 | \$ 19,984,530 | \$ 23,764,705 |
| Golf course | - | - | - | 2,509,465 |
| Total business-type activities | 17,236,921 | 18,345,685 | 19,984,530 | 26,274,170 |
| Program Revenues | | | | |
| Charges for services: | | | | |
| Water and sewer | 14,832,532 | 13,777,118 | 15,974,827 | 18,590,625 |
| Golf course | - | - | - | 1,837,076 |
| Total charges for services | 14,832,532 | 13,777,118 | 15,974,827 | 20,427,701 |
| Capital grants and contributions | - | - | 10,016,642 | 7,345,221 |
| Total program revenues | 14,832,532 | 13,777,118 | 25,991,469 | 27,772,922 |
| Net Expense | (2,404,389) | (4,568,567) | 6,006,939 | 1,498,752 |
| General Revenues | | | | |
| Investment earnings | 2,117,952 | 2,730,646 | 2,533,500 | 1,558,866 |
| Miscellaneous - Net of miscellaneous expense | - | - | - | 35,268 |
| Total general revenues | 2,117,952 | 2,730,646 | 2,533,500 | 1,594,134 |
| Special item - Gain (loss) on sale of assets | 125,675 | - | - | 8,131 |
| Transfers | 467,500 | 457,500 | 512,551 | 523,122 |
| Change in Net Assets | \$ 306,738 | \$ (1,380,421) | \$ 9,052,990 | \$ 3,624,139 |

Financial Trend Information
Change in Business-type Net Assets
(Unaudited)

| Fiscal Year Ended December 31 | | | | | |
|-------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|------------------------------|
| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| \$ 21,076,221 | \$ 24,247,381 | \$ 25,846,472 | \$ 26,528,356 | \$ 29,715,467 | \$ 29,805,654 |
| <u>2,157,744</u> | <u>2,253,164</u> | <u>2,371,297</u> | <u>2,190,429</u> | <u>2,084,397</u> | <u>1,942,810</u> |
| 23,233,965 | 26,500,545 | 28,217,769 | 28,718,785 | 31,799,864 | 31,748,464 |
| 23,143,762 | 24,379,294 | 25,137,903 | 20,559,380 | 23,593,184 | 25,678,395 |
| <u>1,963,134</u> | <u>1,861,475</u> | <u>1,821,730</u> | <u>1,440,751</u> | <u>1,432,356</u> | <u>1,349,586</u> |
| 25,106,896 | 26,240,769 | 26,959,633 | 22,000,131 | 25,025,540 | 27,027,981 |
| <u>2,411,816</u> | <u>4,341,542</u> | <u>2,014,599</u> | <u>978,084</u> | <u>1,193,248</u> | <u>432,834</u> |
| <u>27,518,712</u> | <u>30,582,311</u> | <u>28,974,232</u> | <u>22,978,215</u> | <u>26,218,788</u> | <u>27,460,815</u> |
| 4,284,747 | 4,081,766 | 756,463 | (5,740,570) | (5,581,076) | (4,287,649) |
| 692,734 | 423,662 | 694,673 | 1,149,959 | 1,983,256 | 1,953,054 |
| <u>55,920</u> | <u>198,117</u> | <u>83,865</u> | <u>10,715</u> | <u>54,959</u> | <u>48,635</u> |
| <u>748,654</u> | <u>621,779</u> | <u>778,538</u> | <u>1,160,674</u> | <u>2,038,215</u> | <u>2,001,689</u> |
| (2,384,554) | - | - | - | - | - |
| <u>520,761</u> | <u>544,585</u> | <u>483,243</u> | <u>260,000</u> | <u>1,976,521</u> | <u>529,521</u> |
| <u>\$ 3,169,608</u> | <u>\$ 5,248,130</u> | <u>\$ 2,018,244</u> | <u>\$ (4,319,896)</u> | <u>\$ (1,566,340)</u> | <u>\$ (1,756,439)</u> |

Charter Township of Canton

| | Fiscal Year Ended December 31 | | | |
|--------------------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 1999 | 2000 | 2001 | 2002 |
| General Fund | | | | |
| Reserved | \$ 347,189 | \$ 585,215 | \$ 545,652 | \$ 569,543 |
| Unreserved | <u>7,677,952</u> | <u>8,055,315</u> | <u>6,781,211</u> | <u>5,748,432</u> |
| Total General Fund | <u>\$ 8,025,141</u> | <u>\$ 8,640,530</u> | <u>\$ 7,326,863</u> | <u>\$ 6,317,975</u> |
| All Other Governmental Funds: | | | | |
| Reserved | \$ 1,356,051 | \$ 4,559,441 | \$ 2,594,981 | \$ 1,308,573 |
| Unreserved, reported in: | | | | |
| Special Revenue Funds | 14,144,694 | 15,649,718 | 15,214,394 | 13,134,838 |
| Debt Service Funds | 1,852,612 | 1,928,805 | 2,166,220 | 1,730,420 |
| Capital Project Funds | <u>6,871,270</u> | <u>2,324,228</u> | <u>2,637,770</u> | <u>1,844,619</u> |
| Total all other governmental funds | <u>\$ 24,224,627</u> | <u>\$ 24,462,192</u> | <u>\$ 22,613,365</u> | <u>\$ 18,018,450</u> |

Financial Trend Information
Fund Balances - Governmental Funds
(Unaudited)

| Fiscal Year Ended December 31 | | | | | |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| \$ 562,679 | \$ 156,840 | \$ 306,365 | \$ 166,962 | \$ 129,558 | \$ 135,335 |
| <u>4,857,473</u> | <u>3,190,658</u> | <u>2,848,071</u> | <u>5,829,264</u> | <u>6,728,486</u> | <u>7,390,406</u> |
| <u>\$ 5,420,152</u> | <u>\$ 3,347,498</u> | <u>\$ 3,154,436</u> | <u>\$ 5,996,226</u> | <u>\$ 6,858,044</u> | <u>\$ 7,525,741</u> |
| \$ 530,489 | \$ 4,422,814 | \$ 1,584,322 | \$ 989,776 | \$ 1,111,258 | \$ 448,326 |
| 14,116,789 | 14,532,998 | 18,743,056 | 16,580,130 | 16,149,984 | 16,898,190 |
| 1,442,164 | 2,088,613 | 1,862,445 | 1,680,983 | 1,553,860 | 1,512,194 |
| <u>12,338,443</u> | <u>1,100,664</u> | <u>1,755,015</u> | <u>962,437</u> | <u>78,100</u> | <u>129,319</u> |
| <u>\$ 28,427,885</u> | <u>\$ 22,145,089</u> | <u>\$ 23,944,838</u> | <u>\$ 20,213,326</u> | <u>\$ 18,893,202</u> | <u>\$ 18,988,029</u> |

Charter Township of Canton

| | Fiscal Year Ended December 31 | | | |
|--|-------------------------------|----------------------|----------------------|----------------------|
| | 1999 | 2000 | 2001 | 2002 |
| Revenue | | | | |
| Property taxes | \$ 15,393,566 | \$ 16,928,959 | \$ 18,260,062 | \$ 20,436,493 |
| Licenses and permits | 2,657,891 | 2,442,411 | 2,587,070 | 2,551,057 |
| Federal grants | 583,893 | 705,193 | 1,420,904 | 688,661 |
| State sources | 6,726,315 | 7,159,118 | 9,771,117 | 7,709,288 |
| Charges for services | 2,951,991 | 3,238,193 | 3,266,027 | 2,976,653 |
| Court fees | 408,822 | 822,569 | 1,693,792 | 488,992 |
| Administration charges | 1,314,373 | 1,374,174 | 1,656,446 | 2,589,298 |
| Special assessments | 1,154,957 | 1,033,262 | 909,283 | 737,763 |
| Royalties | 1,790,698 | 1,956,615 | 1,716,831 | 1,764,592 |
| Contributions and donations | 456,313 | 423,950 | 399,800 | 709,043 |
| Operating lease | 740,792 | 751,704 | 667,763 | - |
| Summit recreation fees | 671,016 | 676,272 | 1,559,505 | 856,124 |
| Other revenues | 6,665,496 | 6,544,327 | 5,851,191 | 3,064,365 |
| Total revenue | 41,516,123 | 44,056,747 | 49,759,791 | 44,572,329 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 6,815,285 | 7,093,633 | 7,795,598 | 9,199,038 |
| Public safety | 13,592,109 | 13,760,299 | 17,417,837 | 17,338,695 |
| Public works | 10,479,122 | 17,063,413 | 7,872,144 | 7,833,373 |
| Health and welfare | - | - | - | - |
| Community and economic development | - | - | - | - |
| Recreation and culture | 5,324,020 | 6,007,321 | 5,804,672 | 5,461,281 |
| Sanitation | 1,895,826 | 1,962,340 | 2,171,248 | 2,083,855 |
| Other | 317,224 | 301,500 | 375,655 | 428,849 |
| Capital outlay | - | - | 7,414,246 | 2,124,367 |
| Debt service | | | | |
| Principal payments | 1,615,001 | 1,510,001 | 2,090,000 | 1,715,000 |
| Interest and paying agent fees | 968,908 | 1,047,786 | 1,468,334 | 878,465 |
| Total expenditures | 41,007,495 | 48,746,293 | 52,409,734 | 47,062,923 |
| Excess of Revenue Over (Under) Expenditures | 508,628 | (4,689,546) | (2,649,943) | (2,490,594) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 5,814,323 | 5,975,688 | 12,243,714 | 2,790,774 |
| Transfers out | (6,281,823) | (6,433,188) | (12,756,265) | (3,313,896) |
| Payment of refunding | - | - | - | - |
| Proceeds from sale of fixed assets | - | - | - | - |
| Proceeds from issuance of debt | 6,000,000 | 6,000,000 | - | - |
| Payment to escrow for bond refunding | - | - | - | - |
| Total other financing sources (uses) | 5,532,500 | 5,542,500 | (512,551) | (523,122) |
| Net Change in Fund Balances | 6,041,128 | 852,954 | (3,162,494) | (3,013,716) |
| Fund Balances - Beginning of year | 26,208,640 | 32,249,768 | 33,102,722 | 27,350,141 |
| Fund Balances - End of year | \$ 32,249,768 | \$ 33,102,722 | \$ 29,940,228 | \$ 24,336,425 |
| Debt Service as a Percentage of Noncapital Expenditures | 6.3% | 5.2% | 7.9% | 5.8% |

2002 - The Postemployment Benefits Fund and the Golf Course Fund were previously reported as a Special Revenue Fund. The Postemployment Benefits Fund is now reported as a fiduciary fund and the Golf Course Fund as an Enterprise Fund under GASB No. 34.

2003 - General Fund fund balance as of December 31, 2002 restated for certain Charter Township fees inappropriately recorded as a liability in prior year.

2004 - General Fund fund balance as of December 31, 2003 restated for certain Charter Township deposits recorded as revenue in prior year.

2008 - Some departments were reclassified to different functions for fiscal year 2008 and beyond.

Financial Trend Information
Change in Fund Balances
Governmental Funds
(Unaudited)

| | | Fiscal Year Ended December 31 | | | | | | | | | |
|-----------|--------------------------|-------------------------------|--------------------------|-----------|--------------------------|-----------|--------------------------|-----------|--------------------------|-----------|--------------------------|
| | | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | | | | |
| \$ | 22,727,254 | \$ | 24,861,085 | \$ | 27,181,113 | \$ | 28,776,295 | \$ | 31,370,213 | \$ | 33,289,242 |
| | 2,403,811 | | 2,591,470 | | 2,610,487 | | 1,184,154 | | 1,325,935 | | 1,197,230 |
| | 764,073 | | 1,164,970 | | 1,232,577 | | 747,386 | | 679,808 | | 817,613 |
| | 7,148,836 | | 6,534,179 | | 7,495,391 | | 7,699,661 | | 6,862,834 | | 6,713,837 |
| | 3,172,143 | | 3,867,639 | | 4,979,670 | | 5,355,205 | | 4,947,877 | | 5,540,075 |
| | 200,534 | | 74,236 | | 74,694 | | 48,986 | | 184,713 | | - |
| | 2,791,714 | | 3,046,138 | | 3,726,795 | | 4,834,666 | | 4,279,386 | | 4,145,817 |
| | 739,165 | | 717,382 | | 819,052 | | 730,565 | | 532,928 | | 813,702 |
| | 1,726,009 | | 2,029,300 | | 2,103,145 | | 2,258,194 | | 2,224,275 | | 2,339,227 |
| | 321,262 | | 521,039 | | 960,824 | | 515,300 | | 788,505 | | 121,262 |
| | - | | - | | - | | - | | - | | - |
| | 849,915 | | 862,161 | | 921,506 | | 965,942 | | 1,053,568 | | 1,356,919 |
| | 3,361,923 | | 8,481,659 | | 4,593,033 | | 4,077,154 | | 5,082,241 | | 3,073,552 |
| | <u>46,206,639</u> | | <u>54,751,258</u> | | <u>56,698,287</u> | | <u>57,193,508</u> | | <u>59,332,283</u> | | <u>59,408,476</u> |
| | 8,121,823 | | 9,606,264 | | 9,450,349 | | 9,702,802 | | 8,178,142 | | 7,752,581 |
| | 19,142,528 | | 20,706,000 | | 24,780,670 | | 24,843,074 | | 25,122,075 | | 24,959,284 |
| | 8,733,989 | | 8,898,412 | | 8,807,135 | | 8,117,795 | | 7,855,452 | | 6,331,663 |
| | - | | - | | - | | - | | - | | 398,253 |
| | - | | - | | - | | - | | - | | 910,517 |
| | 6,005,243 | | 6,439,401 | | 7,024,307 | | 6,916,506 | | 7,112,172 | | 9,376,969 |
| | 2,284,566 | | 2,506,162 | | 3,107,479 | | 3,297,460 | | 3,331,292 | | - |
| | 334,697 | | 711,641 | | 353,481 | | 1,092,632 | | 758,490 | | - |
| | 13,309,695 | | 19,454,016 | | 2,106,554 | | 1,446,490 | | 1,913,290 | | 4,498,982 |
| | 1,415,000 | | 1,348,750 | | 1,352,000 | | 1,845,000 | | 2,195,000 | | 2,450,557 |
| | 938,412 | | 604,898 | | 521,957 | | 561,471 | | 1,348,155 | | 1,437,625 |
| | <u>60,285,953</u> | | <u>70,275,544</u> | | <u>57,503,932</u> | | <u>57,823,230</u> | | <u>57,814,068</u> | | <u>58,116,431</u> |
| | (14,079,314) | | (15,524,286) | | (805,645) | | (629,722) | | 1,518,215 | | 1,292,045 |
| | 3,090,781 | | 6,627,588 | | 3,752,561 | | 5,674,350 | | 4,059,515 | | 5,243,503 |
| | (3,611,542) | | (7,172,173) | | (4,235,804) | | (5,934,350) | | (6,036,036) | | (5,773,024) |
| | - | | - | | (6,782,507) | | - | | - | | - |
| | - | | - | | 3,127,082 | | - | | - | | - |
| | 25,330,000 | | 8,100,000 | | 6,551,000 | | - | | - | | - |
| | (2,600,000) | | - | | - | | - | | - | | - |
| | <u>22,209,239</u> | | <u>7,555,415</u> | | <u>2,412,332</u> | | <u>(260,000)</u> | | <u>(1,976,521)</u> | | <u>(529,521)</u> |
| | 8,129,925 | | (7,968,871) | | 1,606,687 | | (889,722) | | (458,306) | | 762,524 |
| | 25,718,112 | | 33,461,458 | | 25,492,587 | | 27,099,274 | | 26,209,552 | | 25,751,246 |
| \$ | <u>33,848,037</u> | \$ | <u>25,492,587</u> | \$ | <u>27,099,274</u> | \$ | <u>26,209,552</u> | \$ | <u>25,751,246</u> | \$ | <u>26,513,770</u> |
| | 5.0% | | 3.8% | | 3.4% | | 4.3% | | 6.3% | | 4.6% |

Charter Township of Canton

| Taxable Value by Property Type | | | | | | |
|--------------------------------|------------------|----------------|----------------|---------------------------|----------------------|--|
| Real Property | | | | | | |
| Tax Year | Residential | Commercial | Industrial | Agricultural and Other | Personal Property | |
| 1999 | \$ 1,555,657,654 | \$ 199,860,214 | \$ 110,139,639 | \$ 693,530 | \$ 147,296,960 | |
| 2000 | 1,728,853,394 | 217,391,941 | 111,263,567 | 703,501 | 150,537,360 | |
| 2001 | 1,929,949,340 | 238,431,201 | 126,293,992 | 652,977 | 170,562,480 | |
| 2002 | 2,136,168,909 | 270,200,857 | 136,127,703 | - | 169,394,180 | |
| 2003 | 2,333,870,912 | 322,206,541 | 141,129,471 | - | 181,804,933 | |
| 2004 | 2,568,834,283 | 341,386,242 | 152,197,908 | - | 194,145,256 | |
| 2005 | 2,778,981,260 | 385,258,211 | 170,750,820 | - | 194,754,034 | |
| 2006 | 3,023,547,837 | 447,688,439 | 193,317,099 | - | 188,787,437 | |
| 2007 | 3,194,414,432 | 465,870,638 | 205,009,244 | - | 196,454,679 | |
| 2008 | 3,039,738,038 | 485,848,752 | 215,226,227 | - | 196,917,035 | |

Note: Under Michigan law, the revenue base is taxable value.
 Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

Source: Charter Township of Canton Treasurer's Department.

Revenue Capacity Information
Assessed Value and Actual Value of Taxable Property
(Unaudited)

| Total Taxable Value | Tax Rate (Mills) | Total SEV | Taxable Value as a Percentage of Actual |
|------------------------|---------------------|------------------|---|
| \$ 2,013,647,997 | 8.85 | \$ 2,203,898,155 | 45.68 |
| 2,208,749,763 | 8.85 | 2,479,871,370 | 44.53 |
| 2,465,889,990 | 8.85 | 2,817,336,350 | 43.76 |
| 2,711,891,649 | 8.85 | 3,226,241,880 | 42.03 |
| 2,979,011,857 | 8.85 | 3,635,181,579 | 40.97 |
| 3,256,563,689 | 8.86 | 3,954,442,252 | 41.18 |
| 3,529,744,325 | 8.65 | 4,236,220,142 | 41.66 |
| 3,853,340,812 | 8.65 | 4,609,843,477 | 41.79 |
| 4,061,748,993 | 8.65 | 4,772,938,595 | 42.55 |
| 3,937,730,052 | 8.65 | 4,480,360,765 | 43.94 |

Charter Township of Canton

| Millage Rates - Direct Township Taxes | | | | | | | Overlapping Taxes | | | | |
|---------------------------------------|-------------------|--------|--------|--------------------|--------|--------|---------------------------|--------------------|---------|--------------------------------|-------------|
| Tax Year | General Operating | Police | Fire | Total Direct Taxes | County | Jail | Huron Clinton Metro Parks | Wayne County Parks | Library | Wayne County Community College | Detroit Zoo |
| 1999 | 1.1100 | 4.8000 | 2.9400 | 8.8500 | 6.7068 | 0.9505 | 0.2218 | 0.2493 | 1.6269 | 1.0190 | 0.0000 |
| 2000 | 1.1100 | 4.8000 | 2.9400 | 8.8500 | 6.6651 | 0.9446 | 0.2202 | 0.2477 | 1.6114 | 1.0000 | 0.0000 |
| 2001 | 1.5100 | 4.4000 | 2.9400 | 8.8500 | 6.6556 | 0.9432 | 0.2186 | 0.2473 | 1.5946 | 2.4995 | 0.0000 |
| 2002 | 1.7100 | 4.4000 | 2.7400 | 8.8500 | 6.6380 | 0.9381 | 0.2170 | 0.2459 | 1.5766 | 2.4862 | 0.0000 |
| 2003 | 2.0000 | 4.2500 | 2.6000 | 8.8500 | 6.6380 | 0.9381 | 0.2161 | 0.2459 | 1.5635 | 2.4862 | 0.0000 |
| 2004 | 2.3660 | 4.1260 | 2.3580 | 8.8500 | 6.6380 | 0.9381 | 0.2154 | 0.2459 | 1.5331 | 2.4844 | 0.0000 |
| 2005 | 2.3660 | 4.1260 | 2.1580 | 8.6500 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.5554 | 2.4769 | 0.0000 |
| 2006 | 2.3660 | 3.9260 | 2.3580 | 8.6500 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.5437 | 2.4769 | 0.0000 |
| 2007 | 2.6160 | 3.6760 | 2.3580 | 8.6500 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.5437 | 2.4769 | 0.0000 |
| 2008 | 2.6160 | 3.6760 | 2.3580 | 8.6500 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.4980 | 2.4769 | 0.1000 |

Source: Charter Township of Canton's Treasurer's Department.

**Revenue Capacity Information
Direct and Overlapping Property Tax Rates
(Unaudited)**

| Overlapping Taxes | | | | | | | | |
|-------------------------------------|------------------------------------|--------------------|--|---|------------------------------------|--|---|--|
| Schoolcraft Community College | Intermediate School District | State Education | School - Homestead Plymouth/ Canton | School - Homestead Wayne/ Westland | School - Homestead Van Buren | School - Non- homestead Plymouth/ Canton | School - Non- homestead Wayne/ Westland | School - Non- homestead Van Buren |
| 1.8500 | 1.9914 | 6.0000 | 3.4700 | 5.1400 | 1.3000 | 21.4700 | 23.1400 | 19.3000 |
| 1.8311 | 1.9789 | 6.0000 | 3.1500 | 5.1400 | 1.2901 | 21.1500 | 23.1400 | 19.2901 |
| 1.8193 | 1.9753 | 6.0000 | 3.4900 | 5.0000 | 1.2719 | 21.4900 | 23.0000 | 19.2719 |
| 1.8043 | 3.4643 | 6.0000 | 3.3000 | 4.7000 | 1.2649 | 21.3000 | 22.7000 | 19.2649 |
| 1.8024 | 3.4643 | 5.0000 | 3.1500 | 5.1300 | 1.2645 | 21.1500 | 23.1300 | 19.2645 |
| 1.7967 | 3.4643 | 6.0000 | 3.1000 | 5.0922 | 1.2645 | 21.1000 | 23.0922 | 19.2645 |
| 1.7967 | 3.4643 | 6.0000 | 3.4300 | 4.8422 | 1.2617 | 21.4300 | 22.8422 | 19.2617 |
| 1.7967 | 3.4643 | 6.0000 | 3.1500 | 4.8322 | 1.2603 | 21.1500 | 22.8322 | 19.2603 |
| 1.7967 | 3.4643 | 6.0000 | 3.1500 | 4.5122 | 1.2603 | 21.1500 | 22.5122 | 19.2603 |
| 1.7967 | 3.4643 | 6.0000 | 3.1500 | 4.5122 | 1.2603 | 21.1500 | 22.5122 | 19.2603 |

Charter Township of Canton

Revenue Capacity Information Principal Property Taxpayers (Unaudited)

| Taxpayer | 2008 Taxable Value | Percentage of Total | 1999 Taxable Value | Percentage of Total | 1999 Rank |
|-----------------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------|
| 1 Yazaki North America Inc | \$ 52,185,873 | 1.33 | \$ 22,243,923 | 1.10 | 2 |
| 2 Detroit Edison Company | 25,849,200 | 0.66 | 23,627,480 | 1.17 | 1 |
| 3 Michigan Consolidated Gas Co | 19,647,740 | 0.50 | 14,440,400 | 0.72 | 4 |
| 4 Honeytree (Crossings of Canton) | 16,000,000 | 0.41 | 9,784,687 | 0.49 | 7 |
| 5 IKEA | 14,281,691 | 0.36 | | 0.00 | |
| 6 Uptown Investors II LLC | 13,872,641 | 0.35 | | 0.00 | |
| 7 Procoil Company | 11,218,725 | 0.28 | 9,832,536 | 0.49 | 6 |
| 8 Kmart Corporation | 10,984,183 | 0.28 | 20,563,471 | 1.02 | 3 |
| 9 Tianz Inc | 10,735,362 | 0.27 | | 0.00 | |
| 10 Meisel-Sysco Corporation | 9,259,507 | 0.24 | 8,829,214 | 0.44 | 8 |
| Steel Technologies | | | 11,200,035 | 0.56 | 5 |
| Village Squire | | | 7,358,581 | 0.37 | 9 |
| Toys 'R' Us | | | 6,120,159 | 0.30 | 10 |

Source: Township's assessment records

Charter Township of Canton

Revenue Capacity Information Property Tax Levies and Collections (Unaudited)

| Fiscal Year Ended December 31 | Tax Levy (1) | Current Tax Collections | Percent of Levy Collected | Delinquent Collections | Total Tax Collections | Percent of Total Collections to Tax Levy |
|-------------------------------------|-----------------|----------------------------|---------------------------------|---------------------------|--------------------------|--|
| 1999 | 19,980,678 | 19,283,376 | 96.51 | 683,757 | 19,967,133 | 99.93 |
| 2000 | 21,965,681 | 21,221,595 | 96.61 | 716,763 | 21,938,359 | 99.88 |
| 2001 | 24,489,573 | 23,340,093 | 95.31 | 1,119,019 | 24,459,113 | 99.88 |
| 2002 | 27,067,550 | 25,822,336 | 95.40 | 1,198,905 | 27,021,241 | 99.83 |
| 2003 | 29,703,962 | 28,781,831 | 96.90 | 868,239 | 29,650,069 | 99.82 |
| 2004 | 32,474,111 | 31,230,820 | 96.17 | 1,164,815 | 32,395,635 | 99.76 |
| 2005 | 34,702,193 | 33,148,310 | 95.52 | 1,478,087 | 34,626,397 | 99.78 |
| 2006 | 38,058,748 | 35,943,479 | 94.44 | 2,099,136 | 38,042,616 | 99.96 |
| 2007 | 40,218,390 | 37,836,336 | 94.08 | 2,332,780 | 40,169,116 | 99.88 |
| 2008 | 39,088,247 | 36,729,903 | 93.97 | 2,286,159 | 39,016,061 | 99.82 |

(1) Includes general operating, fire, and police taxes. Does not include penalty and interest on late payment of taxes.

Charter Township of Canton

| | 1999 | 2000 | 2001 | 2002 |
|---|---------------|---------------|---------------|---------------|
| Governmental Activities | | | | |
| General obligation bonds | \$ 12,575,000 | \$ 14,025,000 | \$ 13,307,500 | \$ 12,572,500 |
| Special assessment bonds | 7,080,000 | 6,220,000 | 5,265,000 | 4,285,000 |
| Total | 19,655,000 | 20,245,000 | 18,572,500 | 16,857,500 |
| Business-type Activities | | | | |
| General obligation bonds | 8,191,767 | 11,828,381 | 10,737,496 | 10,027,496 |
| Installment purchase agreements | 110,000 | - | - | - |
| Total | 8,301,767 | 11,828,381 | 10,737,496 | 10,027,496 |
| Total debt of the government | 27,956,767 | 32,073,381 | 29,309,996 | 26,884,996 |
| Total Population | 75,000 | 76,366 | 76,366 | 81,681 |
| Total Debt per Capita | \$ 372.76 | \$ 414.95 | \$ 383.81 | \$ 329.15 |
| Taxable Value | 2,013,647,997 | 2,208,749,763 | 2,465,889,990 | 2,711,891,649 |
| Ratio of Total Debt to Taxable Value | 1.39% | 1.45% | 1.19% | 0.99% |

**Debt Capacity Information
Ratios of Outstanding Debt
(Unaudited)**

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|----|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ | 35,087,500 | \$ 36,743,750 | \$ 35,160,940 | \$ 33,467,320 | \$ 32,097,462 | \$ 30,238,358 |
| | 3,430,000 | 8,175,000 | 7,375,000 | 6,175,000 | 5,175,000 | 4,400,000 |
| | 38,517,500 | 44,918,750 | 42,535,940 | 39,642,320 | 37,272,462 | 34,638,358 |
| | 9,377,500 | 8,871,250 | 8,102,957 | 8,455,653 | 52,309,414 | 50,292,418 |
| | - | - | - | - | - | - |
| | 9,377,500 | 8,871,250 | 8,102,957 | 8,455,653 | 52,309,414 | 50,292,418 |
| | 47,895,000 | 53,790,000 | 50,638,897 | 48,097,973 | 89,581,876 | 84,930,776 |
| | 82,612 | 83,567 | 84,930 | 85,476 | 84,037 | 84,716 |
| \$ | 581.82 | \$ 645.71 | \$ 604.03 | \$ 576.07 | \$ 1,065.98 | \$ 1,002.54 |
| | 2,979,011,857 | 3,256,563,689 | 3,529,744,325 | 3,853,340,812 | 4,061,748,993 | 3,937,730,052 |
| | 1.61% | 1.65% | 1.43% | 1.25% | 2.21% | 2.16% |

Charter Township of Canton

Debt Capacity Information Ratios of General Bonded Debt Outstanding (Unaudited)

| Fiscal Year | Tax-limited General Obligation Bonds (LTGO) | Tax Supported Bonds (UTGO) | Less Pledged Debt Service Funds | Other General Obligation Debt | Net General Bonded Debt | Taxable Value | Debt as a Percentage of Taxable Value | Population | Debt per Capita |
|-------------|---|-------------------------------------|---|--|----------------------------------|------------------|--|------------|-----------------------|
| 1999 | \$ 12,575,000 | \$ - | \$ - | \$ - | \$ 12,575,000 | \$ 2,013,647,997 | 0.62 | 75,000 | \$ 167.67 |
| 2000 | 14,025,000 | - | - | - | 14,025,000 | 2,208,749,763 | 0.63 | 76,366 | 183.66 |
| 2001 | 13,307,500 | - | - | - | 13,307,500 | 2,465,889,990 | 0.54 | 76,366 | 174.26 |
| 2002 | 12,572,500 | - | - | - | 12,572,500 | 2,711,891,649 | 0.46 | 81,681 | 153.92 |
| 2003 | 35,087,500 | - | - | - | 35,087,500 | 2,979,011,857 | 1.18 | 82,612 | 424.73 |
| 2004 | 36,743,750 | - | - | - | 36,743,750 | 3,256,563,689 | 1.13 | 83,567 | 439.69 |
| 2005 | 35,160,940 | - | - | - | 35,160,940 | 3,529,744,325 | 1.00 | 84,930 | 414.00 |
| 2006 | 33,467,320 | - | - | - | 33,467,320 | 3,853,340,812 | 0.87 | 85,476 | 391.54 |
| 2007 | 32,097,462 | - | - | - | 32,097,462 | 4,061,748,993 | 0.79 | 84,037 | 381.94 |
| 2008 | 30,238,358 | - | - | - | 30,238,358 | 3,937,730,052 | 0.77 | 84,716 | 356.94 |

Charter Township of Canton

Debt Capacity Information Direct and Overlapping Debt (Unaudited)

| Governmental Unit | Debt Outstanding | Estimated Percent Applicable | Estimated Share of Overlapping Debt |
|---------------------------------------|-----------------------|------------------------------------|--|
| Wayne County | \$ 136,128,379 | 7.50% | \$ 10,209,628 |
| Plymouth-Canton Community Schools | 210,140,000 | 54.03% | 113,538,642 |
| Wayne-Westland Schools | 79,070,000 | 12.91% | 10,207,937 |
| Van Buren Schools | 9,355,000 | 15.55% | 1,454,703 |
| Wayne County Community College | 30,595,000 | 1.95% | 596,603 |
| 35th District Court Authority | 2,980,000 | 47.00% | 1,400,600 |
| Western Townships Utilities Authority | <u>106,025,000</u> | 37.71% | <u>39,986,017</u> |
| Total overlapping debt | 574,293,379 | | 177,394,130 |
| Direct Township debt | 80,075,776 | 100.00% | 80,075,776 |
| Downtown Development Authority | 8,730,344 | 100.00% | 8,730,344 |
| District Library | <u>4,855,000</u> | 100.00% | <u>4,855,000</u> |
| Total direct and overlapping debt | <u>\$ 667,954,499</u> | | <u>\$ 271,055,250</u> |

Charter Township of Canton

| | 1999 | 2000 | 2001 | 2002 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Calculation of Debt Limit | | | | |
| State equalized valuation | \$ 2,203,898,155 | \$ 2,479,871,370 | \$ 2,817,336,350 | \$ 3,226,241,880 |
| Plus: equivalent valuation of Act 198 exemptions | <u>70,044,696</u> | <u>87,707,005</u> | <u>91,901,710</u> | <u>94,837,497</u> |
| Total valuation | <u>\$ 2,273,942,851</u> | <u>\$ 2,567,578,375</u> | <u>\$ 2,909,238,060</u> | <u>\$ 3,321,079,377</u> |
| 10 percent of taxable value | 227,394,285 | 256,757,838 | 290,923,806 | 332,107,938 |
| Calculation of Debt Subject to Limit | | | | |
| Total debt | 27,956,771 | 32,073,381 | 29,309,996 | 26,884,996 |
| Less debt not subject to limit - Special assessment bonds | <u>7,080,000</u> | <u>6,220,000</u> | <u>5,265,000</u> | <u>4,285,000</u> |
| Net Debt Subject to Limit | <u>20,876,771</u> | <u>25,853,381</u> | <u>24,044,996</u> | <u>22,599,996</u> |
| Legal Debt Margin | <u>\$ 206,517,514</u> | <u>\$ 230,904,457</u> | <u>\$ 266,878,810</u> | <u>\$ 309,507,942</u> |
| Net Debt Subject to Limit as Percent of Debt Limit | 9.18% | 10.07% | 8.27% | 6.81% |

**Debt Capacity Information
Legal Debt Margins
(Unaudited)**

| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| \$ 3,635,181,579 | \$ 3,954,442,252 | \$ 4,236,220,142 | \$ 4,609,843,477 | \$ 4,772,938,595 | \$ 4,480,360,765 |
| <u>92,697,794</u> | <u>88,613,861</u> | <u>73,112,460</u> | <u>69,657,938</u> | <u>82,254,588</u> | <u>74,325,581</u> |
| <u>\$ 3,727,879,373</u> | <u>\$ 4,043,056,113</u> | <u>\$ 4,309,332,602</u> | <u>\$ 4,679,501,415</u> | <u>\$ 4,855,193,183</u> | <u>\$ 4,554,686,346</u> |
| 372,787,937 | 404,305,611 | 430,933,260 | 467,950,142 | 485,519,318 | 455,468,635 |
| 47,895,000 | 53,790,000 | 50,638,897 | 48,097,973 | 89,581,876 | 84,930,776 |
| <u>3,430,000</u> | <u>8,175,000</u> | <u>7,375,000</u> | <u>6,175,000</u> | <u>5,175,000</u> | <u>4,400,000</u> |
| <u>44,465,000</u> | <u>45,615,000</u> | <u>43,263,897</u> | <u>41,922,973</u> | <u>84,406,876</u> | <u>80,530,776</u> |
| <u>\$ 328,322,937</u> | <u>\$ 358,690,611</u> | <u>\$ 387,669,363</u> | <u>\$ 426,027,169</u> | <u>\$ 401,112,442</u> | <u>\$ 374,937,859</u> |
| 11.93% | 11.28% | 10.04% | 8.96% | 17.38% | 17.68% |

Charter Township of Canton

| Fiscal Year | Water and Sewer Revenue Bonds | | | | | | Coverage |
|----------------|-------------------------------|------------------------|-----------------|--------------|-----------|-------|----------|
| | Gross Revenues | Applicable Expenses | Net Revenues | Debt Service | | | |
| | | | | Principal | Interest | | |
| 1999 | \$ 16,950,484 | \$ 8,166,892 | \$ 8,783,592 | \$ 143,386 | \$ 58,246 | 43.56 | |
| 2000 | 16,507,794 | 7,873,732 | 8,634,062 | 153,386 | 51,203 | 42.20 | |
| 2001 | 18,508,327 | 8,921,854 | 9,586,473 | 158,386 | 49,909 | 46.02 | |
| 2002 | 19,145,687 | 10,825,374 | 8,320,313 | 115,000 | 24,942 | 59.46 | |
| 2003 | 20,067,602 | 14,554,275 | 5,513,327 | 255,000 | 52,875 | 17.91 | |
| 2004 | 22,951,435 | 15,066,991 | 7,884,444 | 255,000 | 43,650 | 26.40 | |
| 2005 | 27,852,026 | 20,495,118 | 7,356,908 | 260,000 | 34,300 | 25.00 | |
| 2006 | 26,685,392 | 20,656,438 | 6,028,954 | 265,000 | 24,900 | 20.80 | |
| 2007 | 26,721,872 | 21,492,117 | 5,229,755 | 265,000 | 15,925 | 18.62 | |
| 2008 | 28,068,349 | 23,902,872 | 4,165,477 | 130,000 | 9,800 | 29.80 | |

Note: Several special assessment districts include payment agreements versus annual special assessments placed on the tax rolls.

**Debt Capacity Information
Pledged Revenue Coverage
(Unaudited)**

| Special Assessment Bonds | | | | |
|--------------------------------------|--------------|------------|----------|------|
| Special Assessment Collections | Debt Service | | | |
| | Principal | Interest | Coverage | |
| \$ 795,441 | \$ 630,000 | \$ 295,150 | | 0.86 |
| 723,368 | 860,000 | 283,225 | | 0.63 |
| 913,965 | 955,000 | 243,589 | | 0.76 |
| 591,034 | 980,000 | 200,910 | | 0.50 |
| 586,443 | 855,000 | 160,741 | | 0.58 |
| 334,765 | 855,000 | 123,603 | | 0.34 |
| 674,446 | 800,000 | 254,006 | | 0.64 |
| 823,373 | 1,200,000 | 190,813 | | 0.59 |
| 435,711 | 1,000,000 | 150,338 | | 0.38 |
| 610,034 | 775,000 | 118,694 | | 0.68 |

Charter Township of Canton

Demographic and Economic Statistics (Unaudited)

| Fiscal Year | Population (1) | Personal Income (in thousands) | Per Capita Personal Income | Unemployment Rate (3) | Estimated Number of Households (1) |
|-------------|----------------|-----------------------------------|----------------------------|-----------------------|------------------------------------|
| 1999 | 75,000 | (4) | (4) | 1.50 | 27,294 |
| 2000 | 76,366 (2) | (4) | \$ 28,609 (2) | 2.10 | 27,490 (2) |
| 2001 | 79,449 | (4) | (4) | 2.00 | 28,443 |
| 2002 | 81,681 | (4) | (4) | 2.60 | 29,456 |
| 2003 | 82,612 | (4) | (4) | 3.40 | 30,613 |
| 2004 | 83,567 | (4) | (4) | 3.20 | 31,550 |
| 2005 | 84,930 | (4) | (4) | 2.60 | 32,237 |
| 2006 | 85,476 | (4) | (4) | 2.50 | 32,652 |
| 2007 | 84,037 | (4) | (4) | 2.70 | 32,361 |
| 2008 | 84,716 | (4) | (4) | 3.00 | 32,898 |

(1) Southeast Michigan Council of Governments Information Services

(2) 2000 U.S. Census

(3) Michigan Department of Labor & Economic Growth

(4) Not Available

Charter Township of Canton

Principal Employers (Unaudited)

| Taxpayer | 2008 Employees | Percentage of Total | 1999 Employees | Percentage of Total | 1999 Rank |
|----------------------------|-------------------|------------------------|-------------------|------------------------|--------------|
| Plymouth Canton Schools | 3,120 | 15.09 | (1) | (1) | (1) |
| Yazaki North America | 1,400 | 6.77 | (1) | (1) | (1) |
| Miesel-Sysco Corporation | 635 | 3.07 | (1) | (1) | (1) |
| IKEA | 500 | 2.42 | (1) | (1) | (1) |
| A & D Transport | 450 | 2.18 | (1) | (1) | (1) |
| Meijer Thrifty Acres | 370 | 1.79 | (1) | (1) | (1) |
| Charter Township of Canton | 359 | 1.74 | (1) | (1) | (1) |
| Home Depot | 320 | 1.55 | (1) | (1) | (1) |
| Walmart | 285 | 1.38 | (1) | (1) | (1) |
| Lifetime Fitness | 277 | 1.34 | (1) | (1) | (1) |

(1) Not available

Source: Ann Arbor Business Review and SEMCOG

Intentionally left blank

Charter Township of Canton

Operating Information Full-time Equivalent Government Employees (Unaudited)

| Department | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006* | 2007 | 2008 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Supervisor's Office | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 4 | 4 | 4 |
| Economic Development | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 2 |
| Clerk's Office | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 8 | 8 | 8 |
| Treasurer's Office | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 7 | 6 | 7 |
| Utility Billing | 3 | 4 | 4 | 4 | 4 | 5 | 5 | 4 | 4 | 4 |
| Executive Operations and Public Safety | | | | | | | | | | |
| Fire | 50 | 55 | 57 | 62 | 65 | 68 | 68 | 63 | 70 | 70 |
| Police | 93 | 99 | 99 | 105 | 108 | 110 | 109 | 106 | 117 | 113 |
| Human Resources | 3 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| Finance and Budget | | | | | | | | | | |
| Finance and Budget | 10 | 11 | 12 | 12 | 12 | 12 | 12 | 11 | 10 | 10 |
| Information Technology Systems | 4 | 7 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 |
| Cable Television | 2 | 2 | 3 | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Municipal Services | | | | | | | | | | |
| Director's Office | 2 | 4 | 5 | 5 | 5 | 5 | 4 | 3 | 5 | 3 |
| Building and Inspection Services | 18 | 19 | 20 | 20 | 21 | 23 | 20 | 11 | 12 | 10 |
| Engineering Services | 9 | 12 | 14 | 16 | 16 | 16 | 24 | 15 | 19 | 15 |
| Planning Services | 6 | 7 | 7 | 8 | 8 | 7 | 9 | 6 | 6 | 7 |
| Public Works | 30 | 31 | 31 | 34 | 35 | 33 | 35 | 37 | 38 | 36 |
| Leisure Services | | | | | | | | | | |
| Director's Office | 0 | 2 | 2 | 4 | 4 | 4 | 5 | 4 | 7 | 7 |
| Parks Division/Grounds | 11 | 11 | 12 | 10 | 12 | 12 | 12 | 11 | 12 | 12 |
| Summit Community Center | 10 | 10 | 10 | 10 | 8 | 8 | 6 | 10 | 11 | 9 |
| Pheasant Run Golf Course | 4 | 6 | 6 | 4 | 5 | 3 | 3 | 3 | 3 | 2 |
| Parks and Recreation | 4 | 4 | 4 | 9 | 11 | 10 | 11 | 12 | 7 | 11 |
| Softball Center | 0 | 3 | 3 | 1 | 1 | 2 | 2 | 2 | 1 | 1 |
| Performing Arts | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 2 | 2 |
| Community Services | 7 | 3 | 4 | 4 | 4 | 4 | 4 | 2 | 3 | 2 |
| Facilities Maintenance | 9 | 11 | 11 | 11 | 8 | 16 | 16 | 11 | 11 | 9 |
| Administrative Services | 2 | 3 | 3 | 3 | 3 | 3 | 3 | - | - | - |
| Total | <u>293</u> | <u>324</u> | <u>335</u> | <u>351</u> | <u>360</u> | <u>373</u> | <u>380</u> | <u>347</u> | <u>372</u> | <u>359</u> |

Source: Township personnel records

* As a result of retirement incentives and reduced construction, there was a reduction in staff.

Charter Township of Canton

| Function/Program | 1999 | 2000 | 2001 | 2002 |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Police: | | | | |
| Physical arrests | 2,678 | 2,887 | 2,294 | 2,329 |
| Traffic violations | 15,862 | 15,338 | 14,652 | 13,742 |
| Parking violations | 320 | 369 | 403 | 446 |
| Fire: | | | | |
| Fire runs | 1,385 | 1,281 | 1,181 | 1,253 |
| Emergency medical runs | 3,911 | 3,744 | 3,667 | 3,851 |
| Inspections | 1,372 | 1,009 | 721 | 1,172 |
| Parks and recreation: | | | | |
| Recreation program attendance | 35,301 | 40,994 | 132,857 | 195,826 |
| Community center admissions | 152,984 | 257,809 | 258,372 | 377,147 |
| Library: | | | | |
| Circulation (books borrowed) | 732,991 | 762,654 | 945,464 | 1,156,106 |
| Collection volume | 175,624 | 184,934 | 210,708 | 238,309 |
| Water: | | | | |
| Number of customers billed | 18,903 | 19,672 | 20,300 | 21,184 |
| Total consumption (billed - gallons) | 3,096,507,000 | 2,715,344,000 | 3,047,036,000 | 3,297,112,000 |
| Sewer: | | | | |
| Number of customers billed | 18,592 | 19,362 | 19,990 | 21,166 |

Source: Charter Township of Canton's Departments and Canton Township Library.

Operating Information
Operating Indicators
(Unaudited)

| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2,649 | 2,682 | 2,760 | 3,580 | 3,709 | 3,522 |
| 16,647 | 17,378 | 16,293 | 16,670 | 18,113 | 15,577 |
| 433 | 295 | 399 | 290 | 446 | 472 |
| 1,224 | 1,148 | 1,294 | 1,152 | 1,109 | 1,124 |
| 3,489 | 3,561 | 3,754 | 4,012 | 4,348 | 4,604 |
| 1,150 | 1,073 | 889 | 628 | 515 | 747 |
| 352,458 | 351,860 | 406,774 | 524,722 | 494,347 | 437,329 |
| 343,645 | 403,473 | 342,949 | 284,088 | 232,400 | 300,896 |
| 1,345,278 | 1,486,599 | 1,567,489 | 1,654,395 | 1,614,242 | 1,796,819 |
| 261,182 | 262,488 | 284,337 | 302,026 | 308,547 | 307,300 |
| 21,835 | 22,425 | 22,967 | 23,272 | 23,388 | 23,502 |
| 3,059,188,000 | 2,987,866,000 | 3,367,677,000 | 3,041,124,000 | 3,316,524,000 | 3,095,821,000 |
| 21,520 | 22,111 | 22,651 | 22,953 | 23,069 | 23,187 |

Charter Township of Canton

Operating Information Capital Asset Statistics (Unaudited)

| Function/Program | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units: | | | | | | | | | | |
| Cars and Jeep | 36 | 36 | 39 | 39 | 39 | 40 | 41 | 47 | 50 | 50 |
| Prisoner van | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Motorcycles | 4 | 6 | 4 | 4 | 4 | 4 | 6 | 6 | 6 | 6 |
| Fire: | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 |
| Fire and emergency response vehicles | 9 | 8 | 9 | 11 | 12 | 14 | 14 | 14 | 15 | 15 |
| Public works: | | | | | | | | | | |
| Streets (miles) | 305 | 310 | 315 | 315 | 325 | 325 | 325 | 373 | 390 | 393 |
| Streetlights | 695 | 705 | 705 | 705 | 705 | 705 | 705 | 705 | 705 | 705 |
| Parks and recreation: | | | | | | | | | | |
| Acreage | 469 | 599 | 729 | 859 | 859 | 859 | 859 | 859 | 859 | 859 |
| Parks | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Soccer fields | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Baseball diamonds | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Community Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf courses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Libraries - Branches | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water: | | | | | | | | | | |
| Mains (miles) | 265 | 265 | 265 | 268 | 279 | 279 | 279 | 424 | 424 | 425 |
| Fire hydrants | 3,493 | 3,493 | 3,493 | 3,493 | 3,493 | 3,493 | 3,493 | 4,874 | 4,930 | 4,935 |
| Sewer: | | | | | | | | | | |
| Miles of sanitary sewers | 228 | 235 | 238 | 238 | 248 | 248 | 248 | 328 | 330 | 331 |

Source: Charter Township of Canton's Departments and Canton Township Library.