

CHARTER TOWNSHIP OF CANTON, MICHIGAN

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Intentionally left blank

For Charter Township of Canton Wayne County, Michigan

Comprehensive Annual Financial Report with Supplemental Information For the Fiscal Year Ended December 31, 2017

Supervisor

Patrick Williams

Clerk

Michael Siegrist

Treasurer

Dian Slavens

Trustees

John Anthony

Sommer Foster

Anne Marie Graham-Hudak

Steven Sneiderman

Finance Director

Wendy Trumbull

Prepared by the Finance Department

Intentionally left blank

Charter Township of Canton

Contents

Introductory Section

Letter of Transmittal	i-iv
GFOA Certificate of Achievement	v
Organization Chart	vi
List of Principal Officials	vii
Labor Agreements	viii
Summary of Personnel - Budgeted Positions	ix
Fund Organization Chart	x

Financial Section

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-15
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17-18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	19
Reconciliation of Fund Balances to the Statement of Net Position	20
Statement of Revenue, Expenditures, and Changes in Fund Balances	21
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Proprietary Funds:	
Statement of Net Position	23
Statement of Revenue, Expenses, and Changes in Net Position	24
Statement of Cash Flows	25-26

Charter Township of Canton

Contents (Continued)

Financial Section (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued):

Fiduciary Funds:

Statement of Net Position 27

Notes to Financial Statements 28-70

Required Supplemental Information 71

Budgetary Comparison Schedule - General Fund 72

Budgetary Comparison Schedule - Major Special Revenue Funds 73-74

Schedule of Changes in the Township Net Pension Liability 75

Schedule of Employer Contributions – Pension Plan 76-77

Schedule of Changes in the Township Net OPEB Liability 78

Schedule of Employer Contributions – OPEB Plan 79-80

Notes to Required Supplemental Information 81-82

Other Supplemental Information 83

Nonmajor Governmental Funds:

Combining Balance Sheet 84-85

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances 86-87

Internal Service Funds:

Combining Statement of Net Position 88

Combining Statement of Revenue, Expenditures, and Changes in Net Position 89

Combining Statement of Cash Flows 90

Budgetary Comparison Schedule - Nonmajor Governmental Funds 91-96

Fiduciary Funds - Statement of Changes in Assets and Liabilities 97

Charter Township of Canton

Contents (Continued)

Other Supplemental Information (Continued)

Component Units	
Balance Sheet	98
Statement of Revenue, Expenditures, and Changes in Fund Balances	99

Statistical Section (Unaudited) 100

Description of Statistical Section	101
------------------------------------	-----

Financial Trend Information:

Net Position by Component	102-103
Change in Net Position	104-107
Fund Balances - Governmental Funds	108-109
Changes in Fund Balances - Governmental Funds	110-111

Revenue Capacity Information:

Assessed Value and Actual Value of Taxable Property	112-113
Direct and Overlapping Tax Rates	114-115
Principal Property Taxpayers	116
Property Tax Levies and Collections	117

Debt Capacity Information:

Ratios of Outstanding Debt	118-119
Ratios of General Bonded Debt Outstanding	120
Direct and Overlapping Debt	121
Legal Debt Margins	122-123
Pledged Revenue Coverage	124-125

Demographic and Economic Statistics	126
-------------------------------------	-----

Principal Employers	127
---------------------	-----

Operating Information:

Full-time Equivalent Government Employees	128
Operating Indicators	129-130
Capital Asset Statistics	131

Intentionally left blank



GENERAL OFFICES

May 31, 2018

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

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

Pat Williams
Supervisor

394-5185
394-5234 FAX

State law requires that the Township publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This letter serves to formally transmit to the Board and the Township Citizens the Comprehensive Annual Financial Report for the 2017 fiscal year within the required timeline.

Michael Siegrist
Clerk

394-5120
394-5128 FAX

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Dian Slavens
Treasurer

394-5130
394-5139 FAX

The Township has engaged Plante & Moran, PLLC to audit the financial records of the Township. They have issued an unmodified (“clean”) opinion on the Charter Township of Canton’s Financial Statements for the year ending December 31, 2017. This Independent Auditor’s Report is located at the front of the financial section of this report.

John Anthony

Sommer Foster

Anne Marie Graham-Hudak

Steve Sneiderman

Trustees

Management’s discussion and analysis (MD&A) immediately follows the Independent Auditor’s Report and should be read in conjunction with it. The MD&A provides a narrative, introduction, overview and analysis of the basic financial statements.

Profile of the Government

Canton Township was established on March 7, 1834 and was incorporated as a Charter Township on July 25, 1961. The Township is located in the southeastern part of the state in Wayne County and is approximately 35 miles west of Detroit and is approximately 20 miles east of Ann Arbor. Canton Township encompasses approximately 36 square miles and serves a population of 93,791 based on the July, 2017 estimate by the Southeast Michigan Council of Government.

The Charter Township of Canton is empowered to levy a property tax on both real and personal property located within its boundaries.

The Township is governed by a Board of Trustees composed of seven members who are elected for four year terms on an at-large partisan basis. The Board is composed of a Supervisor, Clerk, Treasurer, which are all full-time elected officials and four part-time Trustees. The Supervisor is the Chief Administrative and Executive Officer of the Township. The Board is vested with all legislative powers except those otherwise provided by law.

Canton Township provides a full range of services, including police and fire protection, recreational and cultural activities, sanitation and water and sewer activities.

The Township has two component units, one being the Charter Township of Canton Building Authority, whose activities are reported as if they were part of the primary government, although they are legally separate. The second, the Downtown Development Authority (DDA) also legally separate, is presented separately in the statements. Additional information regarding these component units can be found in the notes to the financial statements (See Note #1).

The Township also participates in a joint venture with the Western Township Utilities Authority. Canton Township's participation in this joint venture is recognized in the financial statements of the Township. Additional information regarding this joint venture can be found in the notes to the financial statements (See Note #10).

The Board of Trustee's is required to adopt a final budget by no later than December 31st each year. The annual budget is adopted on a fund basis. Any revisions that alter the total expenditures of any fund must be approved by the Board.

Local Economy

Unemployment in the Township remained relatively low at 2.0% for December, 2017 compared to 5.1% in the county and 4.4% in the state. Employment levels are expected to remain the same as the economy continues to improve.

Residential Development: 538 building permits for new homes were issued in 2017 (385 single-family and 153 multiple-family). This compares to 506 permits were issued in 2016 (398 single-family and 108 multiple-family). Demand for new homes is stable and the number of new residential projects are also being submitted to meet ongoing market demand.

There were 30 active projects in 2017, with new single-family housing continuing in Westridge Estates, Hamlet Pointe, Hamlet Meadows, Manors at Hamlet, Morton Taylor Estates, Sheldon Estates, River Hill Ridge at Cherry Hill Village, Parkview Estates, Grandview Estates, and Stone Ridge Site Condominiums. Home construction is starting at The Landings and later in 2018 in Concord Park Site Condominiums on Cherry Hill Road west of Ridge Road and The Glens at Cambridge Condominiums at the northwest corner of Canton Center and Saltz Roads.

Multiple-family construction consisted of Uptown Apartments, Enclaves at Brownstone Apartments, and Woodbridge Estates Condominiums. Park West Apartments (formerly Greystone), was approved via an amendment to the original consent judgment, which will include 203 units at Ridge and Ford. Constructions started in late 2017.

Commercial Activity: Eight new projects totaling 1,000 square feet (including building renovations) were under review or under construction in 2017. The largest project was Art Van Furniture on Ford Road, which includes a new signal at the IKEA drive, greatly improving access and safety to the businesses on the south side of Ford Road. The Speedway gas stations at Ford and Canton Center is complete and open. The Speedway at Ford and Lilley will be reconstructed in 2018. The Rainbow Child Care Center on Ford Road is substantially complete. Work on the driveway access to Ford Road will be completed this spring.

Industrial Activity: Three industrial projects were approved in 2017, accounting for approximately 900,000 square feet of new space. Marimba Auto on Van Born Road is under construction. A three building complex comprising 880,000 square feet is under review for a parcel north of Michigan Avenue and west of Beck Road.

Other Developments: Planning staff reviewed the proposed landscaping of a number of detention basins, bio-retention areas, and rain gardens as part of the site plan review process. Staff also monitored storm water systems installed in the last few years for final approval or required maintenance to insure successful germination and establishment. In addition, Planning was and continues to be involved in the design, cost estimating, Grow Zones, ARC grant projects, and River Day activities.

Long-term Financial Planning

The Board maintains a fund balance policy which requires a minimum of fifteen percent (15%) of total expenditures for the three major funds: General, Fire and Police. Unassigned fund balance in the General Fund (as reported to be in compliance with GASB Statement No. 54) amounted to 18.2% of total General Fund expenditures.

Police and Fire Funds are not included in the activity of the General Fund but are shown as special revenue funds as they each have a dedicated millage. Both funds exceed the minimum fund balance requirement of fifteen percent.

Award and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in financial reporting to the Charter Township of Canton for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. This was the 25th consecutive year the Charter Township received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

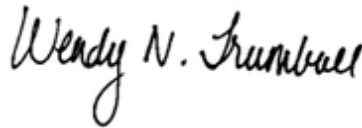
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. We would also like to thank the Board of Trustees for their support for maintaining the highest standards of professionalism in the management of the Charter Township of Canton's finances.

Sincerely,



Pat Williams
Canton Supervisor



Wendy N. Trumbull, CPA
Director of Finance and Budget



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Charter Township of Canton
Michigan**

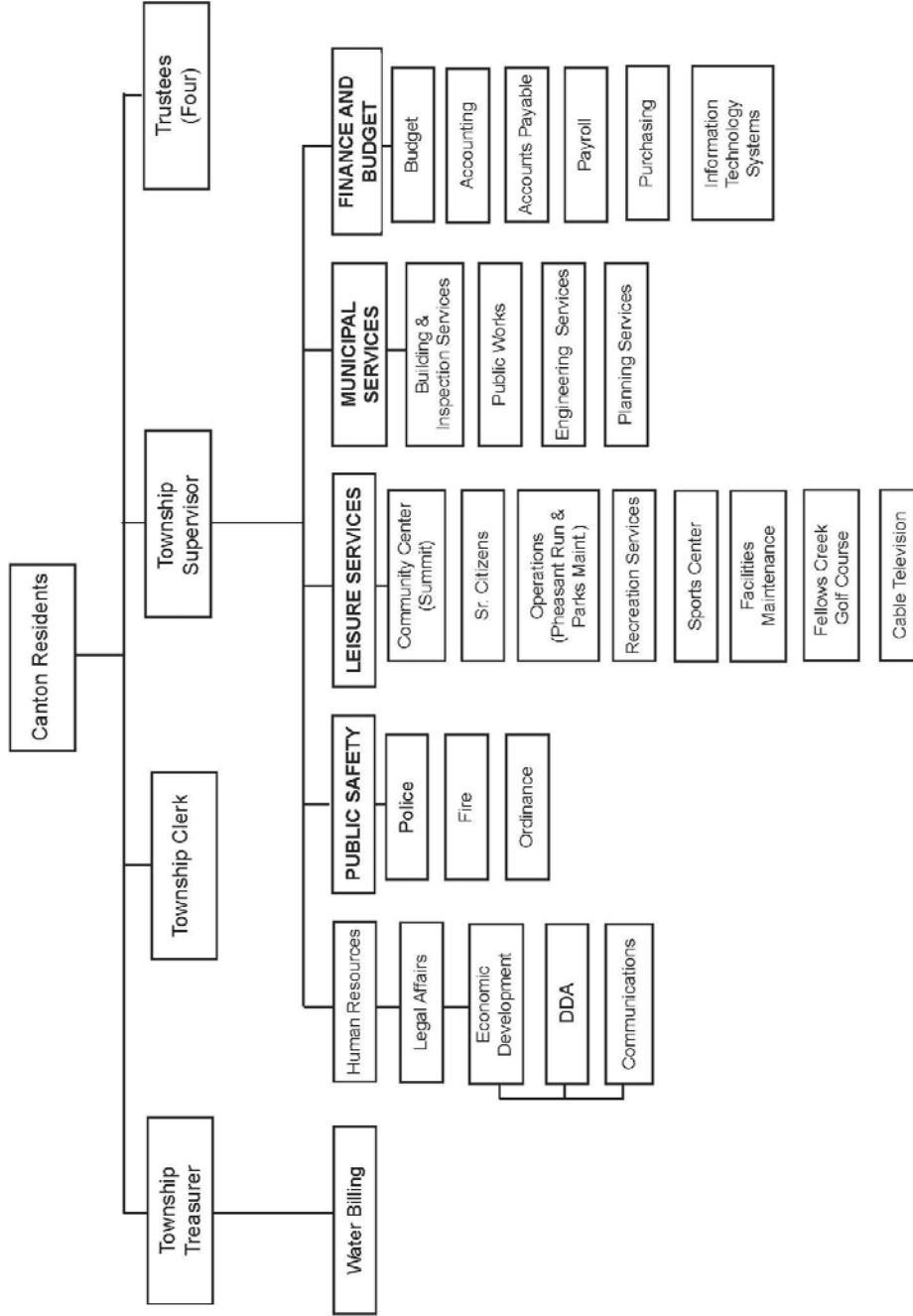
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

CHARTER TOWNSHIP OF CANTON



Charter Township of Canton

List of Principal Officials as of December 31, 2017

Supervisor's Office

Supervisor
Human Resources Manager
Legal and Contract Administration Manager
Economic Development Manager

Patrick Williams
Kerreen Conley
Kristin Kolb
Kristen Thomas

Clerk's Office

Clerk
Deputy Clerk

Michael Siegrist
Jacqueline Shamus

Treasurer's Office

Treasurer
Assistant Treasurer

Dian Slavens
Bruce Malinczak

Finance and Budget Division

Director
Accounting Manager
Budget, Benefits and Internal Audit Manager
Information Technology Manager

Wendy Trumbull
Sarah Clay
Carolyn Cox
Joseph Kocinski

Municipal Services Department

Director
Public Works Manager
Building Official
Engineering Services Manager
Community Planner

Timothy Faas
Robert Belair
Robert Creamer
William Serchak
Jeffrey Goulet

Leisure Services Department

Director
Deputy Director
Maintenance Manager

Gregory Hohenberger
Jonathan LaFever
Bradley Sharp

Public Safety Department

Director
Deputy Director - Police
Deputy Director - Fire
Deputy Chief - Police
Deputy Chief - Fire

Joshua Meier
Chad Baugh
Christopher Stoecklein
Craig Wilsher
Jamie Strassner

Charter Township of Canton

Labor Agreements as of December 31, 2017

<u>Bargaining Unit</u>	<u>Expiration Date</u>	<u>Number of Employees</u>
Police:		
Sergeants and lieutenants	12/31/2018	16
Police Officers Association of Michigan - Represents police officers and dispatchers	12/31/2018	86
International Association of Firefighters - Represents firefighters	12/31/2019	62
Technical, Professional, and Officeworkers Association of Michigan - Represents clerical employees	12/31/2019	54
American Federation of State, County, and Municipal Employees - Represents public works employees, facilities maintenance employees, building inspectors, and ordinance officers	12/31/2019	<u>67</u>
Total		<u><u>285</u></u>

Charter Township of Canton

Summary of Personnel - Budgeted Positions As of December 31, 2017

	<u>Full-time</u>	<u>Part-time</u>
Supervisor:		
Supervisor's Office	2.20	-
Economic Development	0.49	-
Cable Television	5.00	-
Human Resources	5.00	-
Legal	2.00	-
Downtown Development	1.56	-
Clerk's Office	5.00	1.00
Treasurer:		
Treasurer's Office	5.00	-
Utility Billing	4.00	-
Public Safety:		
Fire and Emergency Management	77.40	-
Police	117.60	-
Finance and Budget:		
Finance and Budget	10.00	-
Information Technology Systems	6.00	-
Municipal Services:		
Director's Office	2.75	-
Building and Inspection Services	13.00	1.00
Engineering Services	8.00	-
Fleet Maintenance	6.00	-
Planning Services	6.00	-
Public Works	25.65	-
Stormwater Drains	2.75	-
Rental Inspection	4.00	-
Solid Waste	0.60	-
Leisure Services:		
Director's Offices	7.00	1.00
Facilities Maintenance	8.75	-
Parks Division	11.00	-
Summit Community Center	10.75	2.00
Pheasant Run Golf Course	4.00	1.00
Parks and Recreation	4.75	-
Canton Sports Center	3.00	-
Senior Citizen Programs	1.00	-
Performing Arts	3.75	-
	<u>364.00</u>	<u>6.00</u>
Total budgeted employees	<u>364.00</u>	<u>6.00</u>

Charter Township of Canton

Fund Organization Chart

Fund Name	Fund Number
Governmental Funds	
General Fund	
General Fund	101
Community Center	208
Cable TV	230
Community Improvement	246
Special Revenue Funds	
Fire	206
Police	207
Street Lighting	219
911 Service	261
Special Investigation	266
Community Development Block Grant (CDBG)	274
Energy Grant Fund	275
Neighborhood Stabilization	276
Debt Service Funds	
Special Assessment Debt Service	852
Energy Project	301
Capital Projects Funds	
Capital Projects- Energy Savings	401
Capital Projects- Road	403
Proprietary Funds	
Enterprise Funds	
Water and Sewer	592 & 402
Golf Course	584
Solid Waste	555
Internal Service Fund	
Fleet Maintenance	661
Postemployment Benefits	736
Fiduciary Funds	
Trust and Agency Funds	
Tax Collections	703
Other Agency	701
Construction Escrow	702

Replace with Independent Auditor's Report

To the Township Board
Charter Township of Canton

Replace with Independent Auditor's Report

Replace with Independent Auditor's Report

Intentionally left blank

Charter Township of Canton

Management's Discussion and Analysis

As management of the Charter Township of Canton, we offer readers of these financial statements this narrative overview and analysis of the financial activity of the Charter Township of Canton for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Charter Township of Canton exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$229,069,702 (net position). Of this amount; \$28,189,385 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$525,120, as explained throughout the Management's Discussion and Analysis.
- As of the close of the current fiscal year, the Charter Township of Canton's governmental funds reported combined ending fund balances of \$45,232,211 an increase of \$3,881,459.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$5,126,979 or 18.2 percent of total General Fund expenditures.
- At the close of the current fiscal year, fund balance for the Fire Fund was \$6,764,226 or 46.7 percent of total Fire Fund expenditures.
- At the end of the current fiscal year, fund balance for the Police Fund was \$7,717,042 or 40.2 percent of total Police Fund expenditures.
- The Charter Township of Canton's total debt decreased by \$6,270,076. There were no new bond issuances in 2017. In addition, all principal and interest payments were made.
- Total capital assets increased by \$8,437,036. The Charter Township of Canton has been continually replacing assets that have been deferred for several years.

Overview of the Financial Statements

Canton's 2017 Comprehensive Annual Financial Report (CAFR) 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, each present a different view of the Charter Township, along with the notes to the financial statements. The first set of statements is the 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.

Charter Township of Canton

Management's Discussion and Analysis

The management's discussion and analysis is intended to serve as an introduction to the Charter Township of Canton's basic financial statements. The basic financial statements are comprised of three components: 1) governmental-wide financial statements, 2) fund financial statements, and, 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to report financial information about the Charter Township as a whole using accounting methods similar to those used by private-sector companies.

The statement of net position includes all of the government's assets and liabilities. The difference between the assets and liabilities is reported as net position and over time, changes in the net position can be a useful indicator of the fiscal health of the Township.

All of the current year's revenues and expenses are reported in the statement of activities. This statement presents information showing how the government's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

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, golf operations, and solid waste services 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 authority by the Charter Township.

The government-wide financial statements can be found on pages 16-18 of this report.

Fund financial statements. The fund financial statements provide more detailed information about the Charter Township's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required by State laws or bond covenants. Others are established by the Charter Township to control and manage money for particular purposes. All of the funds of the Charter Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Charter Township of Canton

Management's Discussion and Analysis

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

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

The Charter Township of Canton maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Police and Fire funds all of which are considered to be major funds. Data for the other nine governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combined statements elsewhere in the report.

The Charter Township of Canton adopts an annual budget for the general fund, special revenue funds, debt service funds and capital project funds that includes fund balance appropriation, proceeds from the sale of capital assets, and transfers are budgeted as either revenues or expenditures to balance the budget. A budgetary comparison statement has been provided for each fund.

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

Proprietary funds. The Charter Township of Canton maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. Enterprise funds are used to account for the operations of its Water and Sewer, Golf Course, and its Solid Waste funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Charter Township's various functions. The Charter Township of Canton uses an internal service fund to account for the activity of the Fleet Maintenance functions and its Other Employee Benefits.

The basic Proprietary fund financial statements can be found on pages 23-26 of this report.

Charter Township of Canton

Management's Discussion and Analysis

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

The basic fiduciary fund financial statements can be found on page 27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-70 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter Township of Canton's major fund's budgetary comparisons. Required supplementary information can be found on pages 71-82 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the Charter Township of Canton, net position was \$229,069,702 at the close of the 2017 fiscal year.

By far, the largest portion of the Charter Township of Canton's net position (79 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Charter Township of Canton uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending although investments in capital assets reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$27,284,385) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net position increased by \$525,120, from the previous year. There was an initial decrease of 22,918,086 due to the implementation of GASB Statement No. 75. Subsequent to that decrease, the government's net position increased \$23,443,206 during the current year. Total revenues were up approximately \$6.1 million, whereas total expenses decreased \$3.2 million from 2016.

Charter Township of Canton

Management's Discussion and Analysis

Charter Township of Canton's Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 97,456,995	\$ 88,501,680	\$ 40,277,582	\$ 39,751,107	\$ 137,734,577	\$ 128,252,787
Investment in joint venture	-	-	70,469,982	68,997,565	70,469,982	68,997,565
Capital assets	<u>76,929,253</u>	<u>76,204,931</u>	<u>130,207,113</u>	<u>122,494,399</u>	<u>207,136,366</u>	<u>198,699,330</u>
Total assets	174,386,248	164,706,611	240,954,677	231,243,071	415,340,925	395,949,682
Deferred Outflows of Resources	12,511,028	13,463,399	834,373	906,799	13,345,401	14,370,198
Liabilities						
Current liabilities	7,378,342	6,509,043	11,070,094	12,408,804	18,448,436	18,917,847
Long-term liabilities	<u>105,039,578</u>	<u>86,815,301</u>	<u>37,424,688</u>	<u>39,501,186</u>	<u>142,464,266</u>	<u>126,316,487</u>
Total liabilities	112,417,920	93,324,344	48,494,782	51,909,990	160,912,702	145,234,334
Deferred Inflows of Resources	38,651,535	36,540,964	52,387	-	38,703,922	36,540,964
Net Position						
Invested in capital assets -						
Net investment in capital assets	60,684,910	56,742,762	121,033,234	108,795,797	181,718,144	165,538,559
Restricted:						
Police and fire	14,488,768	13,759,583	-	-	14,488,768	13,759,583
Street lighting	120,282	122,984	-	-	120,282	122,984
911 activities	2,200,643	1,920,488	-	-	2,200,643	1,920,488
Special Investigation	734,625	734,790	-	-	734,625	734,790
Neighborhood stabilization grant	254,156	254,156	-	-	254,156	254,156
Capital projects - roads	531,744	549,828	-	-	-	549,828
Cable TV	1,736,955	1,470,081	-	-	1,736,955	1,470,081
Rental Inspection	-	22,574	-	-	-	22,574
Unrestricted	<u>(44,924,262)</u>	<u>(27,272,544)</u>	<u>72,208,647</u>	<u>71,444,083</u>	<u>27,284,385</u>	<u>44,171,539</u>
Total net position	<u>\$35,827,821</u>	<u>\$48,304,702</u>	<u>\$193,241,881</u>	<u>\$180,239,880</u>	<u>\$229,069,702</u>	<u>\$228,544,582</u>

Governmental Activities. The net position of the governmental activities decreased by \$12,476,881 for the Charter Township of Canton. Key elements in this increase are as follows:

- Implementing GASB Statement No. 75 reduced beginning of the year net position by approximately \$21.2 million. At year end, the Township has a net other post-employment benefit (OPEB) obligation of approximately \$41.5 million.
- The Township had approximately \$75.2 million of cash and investments recorded at the end of 2017. This is approximately a \$9.7 million increase than what was recorded at the end 2016.

Charter Township of Canton

Management's Discussion and Analysis

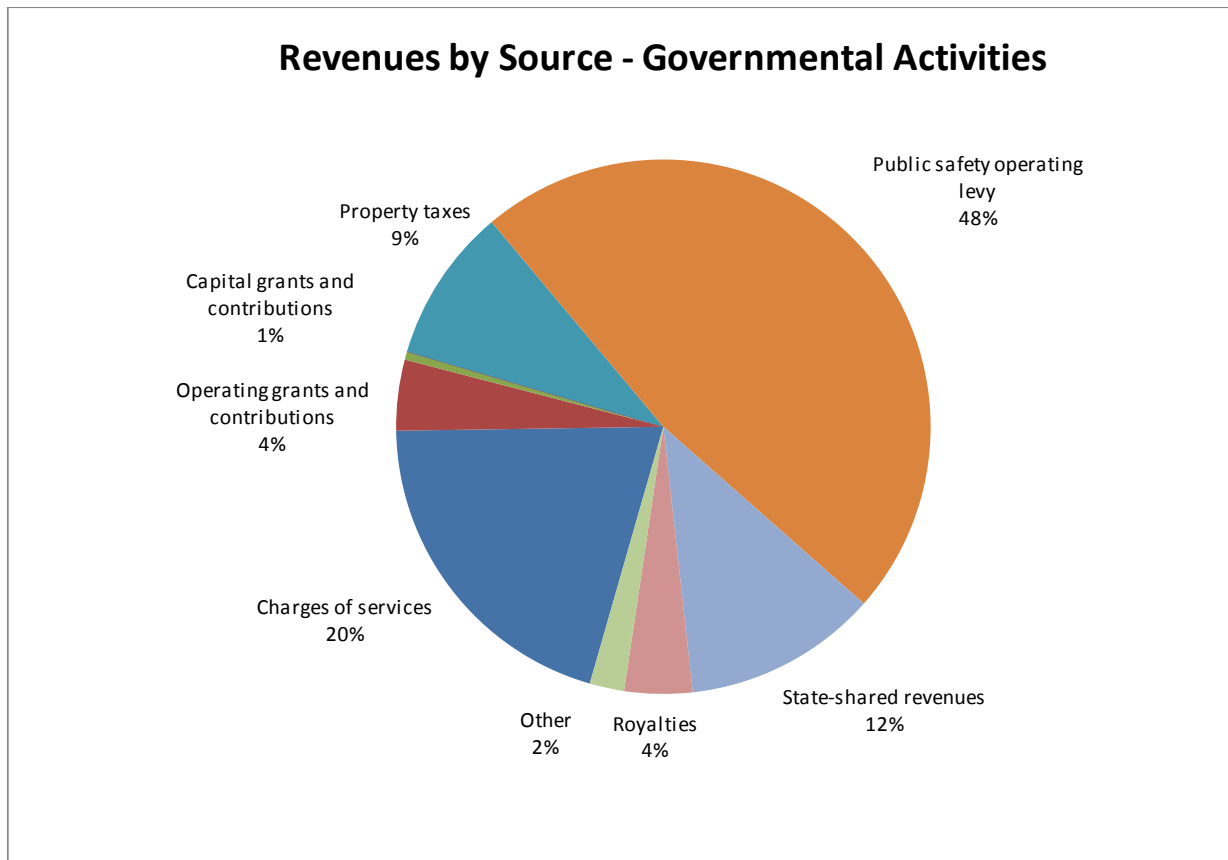
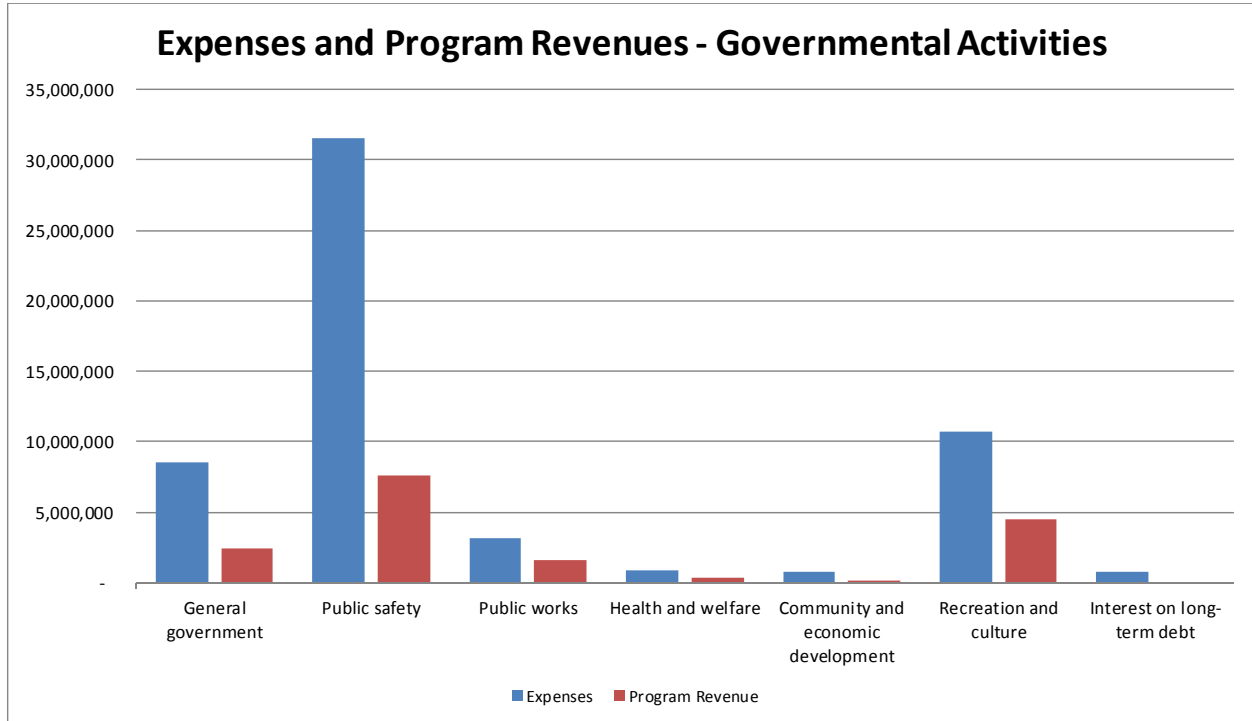
Charter Township of Canton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue						
Program revenue:						
Charges for services	\$ 13,383,341	\$ 12,704,950	\$ 48,755,722	\$ 46,550,603	\$ 62,139,063	\$ 59,255,553
Operating grants and contributions	2,825,517	5,695,240	1,192,629	-	4,018,146	5,695,240
Capital grants and contributions	332,941	326,642	6,200,318	3,873,481	6,533,259	4,200,123
General revenue:						
Property taxes	6,151,130	5,912,158	-	-	6,151,130	5,912,158
Public safety operating levy	31,376,057	30,394,934	-	-	31,376,057	30,394,934
State-shared revenue	7,734,136	7,189,988	-	-	7,734,136	7,189,988
Franchise fees and royalties	2,708,334	2,738,255	-	-	2,708,334	2,738,255
Investment earnings	539,611	170,189	245,213	159,577	784,824	329,766
Miscellaneous	836,827	1,134,819	1,015,615	283,412	1,852,442	1,418,231
Total revenue	65,887,894	66,267,175	57,409,497	50,867,073	123,297,391	117,134,248
Program Expenses						
General government	8,540,508	9,857,724	-	-	8,540,508	9,857,724
Public safety	31,505,662	30,735,166	-	-	31,505,662	30,735,166
Public works	3,171,928	6,141,038	-	-	3,171,928	6,141,038
Health and welfare	819,585	526,641	-	-	819,585	526,641
Community and economic development	794,327	1,099,975	-	-	794,327	1,099,975
Recreation and culture	10,659,958	10,345,671	-	-	10,659,958	10,345,671
Interest on long-term debt	701,643	611,201	-	-	701,643	611,201
Water and sewer	-	-	36,630,178	37,058,228	36,630,178	37,058,228
Golf course	-	-	3,301,814	3,162,737	3,301,814	3,162,737
Solid Waste	-	-	3,728,582	3,554,683	3,728,582	3,554,683
Total program expenses	56,193,611	59,317,416	43,660,574	43,775,648	99,854,185	103,093,064
Excess of Revenue Over (Under) Expenses - Before transfers						
	9,694,283	6,949,759	13,748,923	7,091,425	23,443,206	14,041,184
Transfers	<u>(991,226)</u>	<u>(1,163,108)</u>	<u>991,226</u>	<u>1,163,108</u>	<u>-</u>	<u>-</u>
Change in Net Position	8,703,057	5,786,651	14,740,149	8,254,533	23,443,206	14,041,184
Net Position - Beginning of year, as restated	<u>27,124,764</u>	<u>42,518,051</u>	<u>178,501,732</u>	<u>171,985,347</u>	<u>205,626,496</u>	<u>214,503,398</u>
Net Position - End of year	<u>\$ 35,827,821</u>	<u>\$ 48,304,702</u>	<u>\$ 193,241,881</u>	<u>\$ 180,239,880</u>	<u>\$ 229,069,702</u>	<u>\$ 228,544,582</u>

- The increase in governmental net position was \$8.7 million versus \$5.8 million in 2016. Despite a decrease in overall net position because of GASB Statement No. 75, the Township was able to recover some of that with decreased expenses. The Township continues to closely monitor expenses for areas that can be reduced.
- Expenses in the public works department were approximately \$3.0 million lower in 2017 than 2016 due to the completion of construction of local roads with offsetting contributions from Wayne County and Home Owners Associations.

Charter Township of Canton

Management's Discussion and Analysis

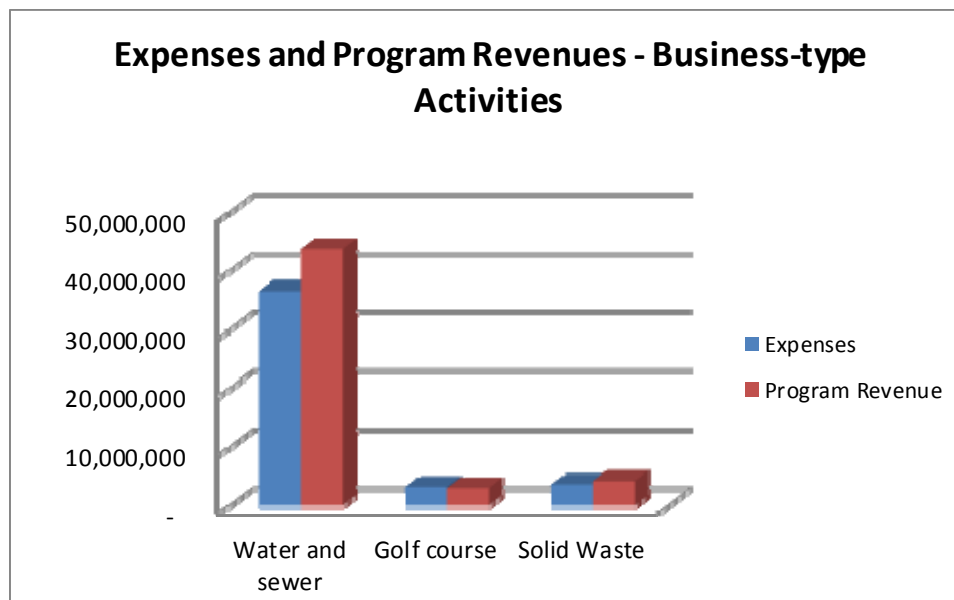


Charter Township of Canton

Management's Discussion and Analysis

Business-type Activities. Business-type activities increased the Charter Township of Canton's net position by \$14,740,149. Key elements in this increase are as follows:

- Both the water and sewer fund and the golf course fund saw increases in their charges for services due to a warm, dry summer. Water and sewer charges for services were up approximately \$1.6 million from 2016, and golf was increased approximately \$141,000.
- The water and sewer fund received approximately \$6.2 million in donated water and sewer lines in 2017, an increase of approximately \$2.3 million over 2016.



Financial analysis of the Government's Funds

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

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

As of the end of the year, the Charter Township's governmental funds reported combined ending fund balances of \$45,232,211 an increase of \$3,881,459 in comparison with the prior year. Approximately 11 percent of this total amount (\$5,126,979) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it either legally restricted or is intended to be used for a specific purpose in future years.

Charter Township of Canton

Management's Discussion and Analysis

The General Fund is the primary operating fund of the Charter Township of Canton. At the end of the current fiscal year, with the consolidation of funds due to the implementation of GASB No. 54, the fund balance was \$24,249,461. Of this total, \$84,201 was nonspendable, \$1,736,955 was restricted and \$17,301,326 was assigned at year-end. As a measure of the General Funds liquidity, the unassigned fund balance as a percentage of total expenditures is 18.2 percent.

General Fund fund balance increased by \$2,022,018. For the third year in a row, the General Fund saw larger than anticipated licenses and permits revenues. New building and construction continues to thrive within the Township. Additionally, the Township sees increased property tax revenues as a result of new development as well. The General Fund saw a combined increase of approximately \$378,000 in property tax and license and permit revenues in 2017.

The Charter Township separates two funds whose activity is normally found in the General Fund. These funds are for the Police and Fire activities and are considered major funds. These funds are separated as the citizens have authorized operating millage levies for each of the activities. These levies are restricted for the intended use of providing Police and Fire Services to the community.

The Fire Fund's fund balance at year-end was \$6,764,226 or 46.7% of total expenditures. The Fire Fund's fund balance saw an increase of \$372,522 from the previous year. The Fire Fund's revenues increased approximately \$882,000 over 2016, a large portion of that was the result of increased ambulance runs. The Fire Fund also benefited from increased property tax revenues, increasing revenues approximately \$397,000. Expenses increased approximately \$3,056,000, primarily due to the purchase of 3 new fire engines for approximately \$1.7 million. Additionally, salaries and fringes expenses increased approximately \$1.4 million.

The Police Fund balance at year-end was \$7,717,042 or 40.2% of total expenditures. The Police Fund fund balance saw an increase of \$372,887 from the previous year. The Police Fund's revenues were approximately \$750,000 higher in 2017 than in 2016. Increased property tax revenues account for approximately \$584,000 of increased revenues. Expenses increased approximately \$2.7 million, largely related to salaries and fringes expenses.

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

Total unrestricted net position of the Enterprise Funds at the end of the year was \$72,208,647.

Total net position increased in the Water and Sewer Fund by \$13,381,178 for an end net position of \$180,360,947. Operating revenues were approximately \$3.1 million higher in 2017 than in 2016 due to a 3 percent water and sewer rate increase. Additionally, the Water and Sewer Fund received approximately \$2.3 more in capital contributions in 2017 than in 2016 as the construction of new homes and subdivisions continues to increase.

Total net position increased in the Golf fund by \$791,064 for an end net position of \$11,758,756.

Charter Township of Canton

Management's Discussion and Analysis

General Fund Budgetary Highlights

During the year, the Township monitors the various budgets and makes changes when required. The three major funds were all adjusted throughout the year.

The General Fund budget increased 1.3 percent, or approximately \$349,003. Although the General Fund budgeted to use approximately \$1,753,000 of fund balance, it ended up seeing an increase in fund balance of approximately \$1,903,000 due to conservative spending and higher revenues than anticipated.

Capital Assets and Debt Administration

Long Term Debt. At the end of the current fiscal year, the Charter Township of Canton had total debt outstanding of \$46,740,917. Of this amount, \$42,045,771 comprises debt backed by the full faith and credit of the government and \$905,000 is Special Assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remaining \$3,790,146 is installment purchase agreements and capital leases, the majority of which for the purchase and installation of energy upgrades throughout the Township. This debt will be paid for with the energy savings realized from these upgrades.

Charter Township of Canton's Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 13,217,727	\$ 15,240,639	\$ 28,828,044	\$ 32,517,686	\$ 42,045,771	\$ 47,758,325
Special assessment debt with governmental commitment	905,000	1,095,000	-	-	905,000	1,095,000
Installment Purchase Agreements	3,431,053	3,699,175	-	-	3,431,053	3,699,175
Capital Leases Payable	-	-	359,093	458,493	359,093	458,493
Total	\$ 17,553,780	\$ 20,034,814	\$ 29,187,137	\$ 32,976,179	\$ 46,740,917	\$ 53,010,993

During the current fiscal year, the Charter Township of Canton's total debt decreased by \$6,270,076. There were no new bond issuances during 2017, however the Golf Course fund issued a capital lease for the purchase of new golf carts.

The Township has been assigned an "AA" rating from Standard & Poor's, and an "AAA" rating from Fitch as of the end of March 2018.

State statutes limit the amount of general obligation debt government entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the Charter Township of Canton is \$453,116,024, which is significantly in excess of the net debt subject to the limit of \$41,847,059.

Additional information on the Charter Township of Canton's long-term debt can be found in Note 7, found on pages 50-54 of this report.

Charter Township of Canton

Management's Discussion and Analysis

Capital Assets. The Charter Township of Canton's investment in capital assets for its governmental and business-type activities at year-end amounts to \$207,136,366 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment, furniture and fixtures, computers and construction in progress. The Township had total capital asset purchases of approximately \$17.6 million.

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

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 17,591,968	\$ 17,391,837	\$ 9,487,079	\$ 9,487,079	\$ 27,079,047	\$ 26,878,916
Land improvements	-	-	519,814	555,993	519,814	555,993
Infrastructure	7,324,547	7,986,279	101,516,855	96,706,835	108,841,402	104,693,114
Buildings and improvements	42,327,874	43,595,319	14,800,502	5,388,649	57,128,376	48,983,968
Vehicles and equipment	6,187,105	5,645,585	2,518,065	2,252,425	8,705,170	7,898,010
Furniture and fixtures	499,702	484,043	101,709	105,316	601,411	589,359
Computer equipment	452,622	388,258	28,256	25,783	480,878	414,041
Construction in progress	2,545,435	713,610	1,234,833	7,972,319	3,780,268	8,685,929
Total	\$ 76,929,253	\$ 76,204,931	\$ 130,207,113	\$ 122,494,399	\$ 207,136,366	\$ 198,699,330

Additional information on the Charter Township of Canton's Capital Assets can be found in Note 4, found on pages 44-47 of this report.

Economic Factors and Next Year's Budgets and Rates. The Charter Township of Canton continues to maintain a low unemployment rate which is 2.0 percent at year-end. This rate compares very favorably to Wayne County's 5.1 percent and the State's 4.4 percent. This favorable rate is expected to continue.

The population of the Charter Township of Canton, as an estimate from SEMCOG in July 2017, was estimated to be 93,791, an increase of 3,618 from the 2010 census. We anticipate this population to see growth in the upcoming year as many new homes are being built.

While the General Fund's adopted budget for 2018 shows a use of fund balance of \$2.56 million, the Township chose not to increase its tax levy, which is 2.49 mills below the Headlee limit, to address the shortfall. The Township has historically performed better than budgeted. As a result, the Township is choosing to use some of the excess unrestricted fund balance that has built up over time should the actual expenditures exceed revenue during 2018.

The Water and Sewer Fund was able to decrease its variable rate by 7.17% for 2018, despite a rate increase from the Great Lakes Water Authority. The construction of the water storage asset in 2017, along with sewage being treated 100 percent by the Ypsilanti Community Utilities Authority has provided a significant in expected costs in 2018, thus allowing for a rate decrease.

Charter Township of Canton

Management's Discussion and Analysis

Request for Information. This Financial Report is designed to provide a general overview of the Charter Township of Canton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information not provided should be sent to the office of the Finance Director at the Charter Township of Canton, 1150 S. Canton Center Road, Canton, Michigan, 48188.

Charter Township of Canton

Statement of Net Position December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 29,382,947	\$ 8,740,889	\$ 38,123,836	\$ 2,693,309
Investments (Note 3)	45,901,787	18,574,948	64,476,735	-
Receivables, net:				
Property taxes	15,276,627	-	15,276,627	1,568,256
Customers	-	12,214,964	12,214,964	-
Special assessments	1,058,066	-	1,058,066	-
Accrued interest and other receivables	1,405,041	137,313	1,542,354	311
Internal balances	392,162	(392,162)	-	-
Due from other governmental units	1,895,486	195,801	2,091,287	-
Other assets	1,428,229	212,176	1,640,405	-
Inventories	70,213	592,153	662,366	-
Restricted assets (Note 8)	646,437	1,500	647,937	-
Investment in joint venture (Note 10):				
Western Townships Utilities Authority (WTUA)	-	70,469,982	70,469,982	-
Nondepreciable capital assets (Note 4)	20,137,403	10,721,912	30,859,315	-
Depreciable capital assets, net (Note 4)	56,791,850	119,485,201	176,277,051	12,540,635
Total Assets	174,386,248	240,954,677	415,340,925	16,802,511
Deferred Outflows of Resources (Note 5)	12,511,028	834,373	13,345,401	32,249
Liabilities				
Accounts payable	1,793,946	3,816,535	5,610,481	65,706
Accrued and other liabilities	2,527,776	403,076	2,930,852	8,515
Cash bonds and deposits	2,774,591	2,589,247	5,363,838	-
Due to other governmental units	1,934	-	1,934	119,909
Unearned revenue:				
Special assessments	280,095	-	280,095	-
Customer deposits	-	4,261,236	4,261,236	-
Noncurrent liabilities:				
Due within one year (Note 7):				
Bond and other contractual obligations	2,615,351	3,466,801	6,082,152	1,034,483
Other long-term obligations	2,511,878	290,736	2,802,614	1,094
Due in more than one year:				
Net other post employment benefit obligations (Note 12)	41,513,120	4,130,230	45,643,350	197,133
Net pension liability (Note 11)	41,686,367	3,705,446	45,391,813	51,946
Bond and other long-term obligations (Note 7)	14,938,429	25,720,336	40,658,765	-
Other long-term obligations (Note 7)	1,774,433	111,139	1,885,572	-
Total Liabilities	112,417,920	48,494,782	160,912,702	1,478,786
Deferred Inflows of Resources (Note 5)	38,651,535	52,387	38,703,922	2,229,346
Net Position				
Net investment in capital assets	60,684,910	121,033,234	181,718,144	11,506,152
Restricted:				
Police and fire	14,488,768	-	14,488,768	-
Street lighting	120,282	-	120,282	-
911 activities	2,200,643	-	2,200,643	-
Special investigation	734,625	-	734,625	-
Neighborhood stabilization grant	254,156	-	254,156	-
Capital projects - roads	531,744	-	531,744	-
Cable TV	1,736,955	-	1,736,955	-
Unrestricted	(44,924,262)	72,208,647	27,284,385	1,620,476
Total Net Position	\$ 35,827,821	\$ 193,241,881	\$ 229,069,702	\$ 13,126,628

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	\$ 8,540,508	\$ 2,147,019	\$ 276,218	\$ -
Public safety	31,505,662	6,122,962	1,468,754	-
Public works	3,171,928	1,099,694	108,229	332,941
Health and welfare	819,585	-	334,885	-
Community and economic	794,327	132,789	-	-
Recreation and culture	10,659,958	3,880,877	637,431	-
Interest on long-term debt	701,643	-	-	-
Total Governmental Activities:	<u>56,193,611</u>	<u>13,383,341</u>	<u>2,825,517</u>	<u>332,941</u>
Business-Type Activities:				
Water and sewer	36,630,178	41,522,135	1,192,629	6,200,318
Golf course	3,301,814	2,960,537	-	-
Solid Waste	3,728,582	4,273,050	-	-
Total Business-Type Activities:	<u>43,660,574</u>	<u>48,755,722</u>	<u>1,192,629</u>	<u>6,200,318</u>
Total Primary Government:	<u>\$ 99,854,185</u>	<u>\$ 62,139,063</u>	<u>\$ 4,018,146</u>	<u>\$ 6,533,259</u>
Component Unit				
Downtown development authority	1,698,396	-	-	-
Total Component Unit:	<u>\$ 1,698,396</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 Position:
 Net Position - Beginning, as restated (Note 15)
 Net Position - Ending

Statement of Activities
Year Ended December 31, 2017

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (6,117,271)	\$ -	\$ (6,117,271)	\$ -
(23,913,946)	-	(23,913,946)	-
(1,631,064)	-	(1,631,064)	-
(484,700)	-	(484,700)	-
(661,538)	-	(661,538)	-
(6,141,650)	-	(6,141,650)	-
(701,643)	-	(701,643)	-
<u>(39,651,812)</u>	<u>-</u>	<u>(39,651,812)</u>	<u>-</u>
-	12,284,904	12,284,904	-
-	(341,277)	(341,277)	-
<u>-</u>	<u>544,468</u>	<u>544,468</u>	<u>-</u>
<u>-</u>	<u>12,488,095</u>	<u>12,488,095</u>	<u>-</u>
<u>(39,651,812)</u>	<u>12,488,095</u>	<u>(27,163,717)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,698,396)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,698,396)</u>
6,151,130	-	6,151,130	2,081,723
31,376,057	-	31,376,057	-
7,734,136	-	7,734,136	-
2,708,334	-	2,708,334	-
539,611	245,213	784,824	7,635
836,827	1,015,615	1,852,442	78,014
(991,226)	991,226	-	-
<u>48,354,869</u>	<u>2,252,054</u>	<u>50,606,923</u>	<u>2,167,372</u>
8,703,057	14,740,149	23,443,206	468,976
27,124,764	178,501,732	205,626,496	12,657,652
<u>\$ 35,827,821</u>	<u>\$ 193,241,881</u>	<u>\$229,069,702</u>	<u>\$ 13,126,628</u>

Charter Township of Canton

Governmental Funds Balance Sheet December 31, 2017

	General	Fire	Police	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 3)	\$ 9,336,167	\$ 6,037,601	\$ 6,961,458	\$ 5,135,101	\$ 27,470,327
Investments (Note 3)	20,091,919	9,839,643	14,118,868	1,350,172	45,400,602
Receivables, net:					
Property taxes	2,301,395	5,252,378	7,722,854	-	15,276,627
Special assessments	-	-	-	1,058,066	1,058,066
Accrued interest and other receivables	1,245,594	25,103	123,686	3,732	1,398,115
Other assets	773,879	76,982	577,368	-	1,428,229
Due from other funds (Note 6)	322,710	13,883	3,045	2,643	342,281
Due from other governmental units	1,442,078	256,182	57,015	117,637	1,872,912
Restricted assets (Note 8)	-	-	-	646,437	646,437
Total Assets	\$ 35,513,742	\$ 21,501,772	\$ 29,564,294	\$ 8,313,788	\$ 94,893,596
Liabilities					
Liabilities:					
Accounts payable	\$ 833,610	\$ 330,223	\$ 409,198	\$ 72,040	\$ 1,645,071
Accrued and other liabilities	972,564	404,805	826,887	419,620	2,623,876
Due to other funds (Note 6)	892,265	750,677	1,087,386	168,111	2,898,439
Due to other governmental units	1,244	-	-	690	1,934
Cash bonds and deposits	2,774,591	-	-	-	2,774,591
Unearned revenue:					
Special assessments	-	-	-	1,075,780	1,075,780
Total Liabilities	5,474,274	1,485,705	2,323,471	1,736,241	11,019,691
Deferred Inflows of Resources (Note 5)	5,790,007	13,251,841	19,523,781	76,065	38,641,694
Fund Balances (Note 13):					
Nonspendable	84,201	33,680	252,602	-	370,483
Restricted	1,736,955	6,730,546	7,464,440	4,169,946	20,101,887
Assigned	17,301,326	-	-	2,331,536	19,632,862
Unassigned	5,126,979	-	-	-	5,126,979
Total Fund Balances:	24,249,461	6,764,226	7,717,042	6,501,482	45,232,211
Total Liabilities, Deferred Inflows, and Fund Balances:	\$ 35,513,742	\$ 21,501,772	\$ 29,564,294	\$ 8,313,788	\$ 94,893,596

Charter Township of Canton

Governmental Funds Reconciliation of Fund Balances to the Statement of Net Position December 31, 2017

Total Fund Balances for Governmental Funds	\$ 45,232,211
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	76,134,360
Interest amounts on long-term liabilities are not payable until due in the funds	(153,969)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	4,920,840
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(17,553,780)
Certain receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, and not recognized in the funds	516,751
Special assessment and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	795,685
Compensated absences are not due and payable in the current period and are not reported in the funds	(3,451,922)
Other post employment benefit obligations are recognized for the statement of activities	(41,013,471)
Certain changes in the OPEB plan net position are reported as deferred inflows of resources in the statement of net position, but are reported as expenses in the governmental funds	(520,236)
Net pension liability is not due and payable in the current period and is not reported in the funds	(41,098,067)
Certain pension contributions and changes in the pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	12,360,402
Self-insurance liabilities are not due and payable in the current period and are not reported in the funds	<u>(340,983)</u>
Net Position of Governmental Activities	<u>\$35,827,821</u>

Charter Township of Canton

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2017

	General	Fire	Police	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 6,151,895	\$ 12,696,218	\$ 18,679,839	\$ -	\$ 37,527,952
Licenses and permits	3,972,527	-	33,213	-	4,005,740
Federal sources	274,594	270,761	199,956	498,674	1,243,985
State sources	8,125,097	16,500	51,948	-	8,193,545
Charges for services	2,799,282	1,721,790	156,622	468,729	5,146,423
Fines and forfeitures	291,484	-	71,229	222,602	585,315
Administration charges	3,936,771	-	-	-	3,936,771
Special assessments	-	-	-	1,437,046	1,437,046
Leases and rentals	581,352	-	-	-	581,352
Royalties	2,708,334	-	-	-	2,708,334
Contributions and donations	145,934	1,000	2,018	108,229	257,181
Summit recreation fees	1,875,437	-	-	-	1,875,437
Other revenues	406,965	153,625	444,514	149,732	1,154,836
Total Revenues	31,269,672	14,859,894	19,639,339	2,885,012	68,653,917
Expenditures					
Current:					
General government	8,968,840	-	-	-	8,968,840
Public safety	1,864,373	12,215,166	18,745,876	449,177	33,274,592
Public works	1,740,551	-	-	433,664	2,174,215
Health and welfare	482,192	-	-	-	482,192
Community and economic development	750,101	-	-	309,968	1,060,069
Recreation and culture	9,100,609	-	-	-	9,100,609
Capital outlay	3,006,804	2,258,467	469,598	25,773	5,760,642
Debt service:					
Principal payments	1,633,000	-	-	608,122	2,241,122
Interest and fiscal charges	572,264	-	-	148,002	720,266
Total Expenditures	28,118,734	14,473,633	19,215,474	1,974,706	63,782,547
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,150,938	386,261	423,865	910,306	4,871,370
Other Financing Sources (Uses)					
Transfers in (Note 6)	125,445	-	-	376,938	502,383
Transfers out (Note 6)	(1,254,365)	(13,739)	(50,978)	(173,212)	(1,492,294)
Total other financing sources (uses)	(1,128,920)	(13,739)	(50,978)	203,726	(989,911)
Net Change in Fund Balances	2,022,018	372,522	372,887	1,114,032	3,881,459
Fund Balances - Beginning	22,227,443	6,391,704	7,344,155	5,387,450	41,350,752
Fund Balances - Ending	\$ 24,249,461	\$ 6,764,226	\$ 7,717,042	\$ 6,501,482	\$ 45,232,211

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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 3,881,459
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. Capital contributions are recorded in the statement of activities when received; they are not recorded in the governmental funds:	
Capital Outlay	5,903,835
Depreciation Expense	(5,051,460)
Capital Contributions	11,689
Governmental funds do not report losses from capital asset disposals; in the statement of activities, losses on disposals are reported when incurred	(93,821)
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)	2,481,034
Accrued interest is an expenditure in the statement of activities, but not in the governmental funds	18,623
Accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(139,788)
Other post employment benefit obligations are recognized for the statement of activities	(173,318)
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	(1,155,345)
Certain revenue reported in the statement of activities is recorded in the governmental funds as unearned revenue	359,361
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities	3,330,105
Increase in pension liability and deferred outflows reported in the statement of activities does not require the use of resources, and therefore, is not reported in the fund statements until it comes due for payment	(817,888)
Change in self-insurance liabilities	148,571
Change in Net Position of Governmental Activities	<u>\$ 8,703,057</u>

Charter Township of Canton

Proprietary Funds Statement of Net Position December 31, 2017

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer	Golf Course	Nonmajor Fund - Solid Waste		
Assets					
Current assets:					
Cash and cash equivalents (Note 3)	\$ 4,138,195	\$ 795,983	\$ 3,806,711	\$ 8,740,889	\$ 1,912,620
Investments (Note 3)	18,276,763	-	298,185	18,574,948	501,185
Receivables, net:					
Customers	10,841,787	-	1,373,177	12,214,964	-
Accrued interest and other receivables	105,988	30,000	1,325	137,313	6,926
Other assets	101,228	110,948	-	212,176	-
Due from other funds (Note 6)	12,421	-	-	12,421	2,987,244
Due from other governmental units	195,801	-	-	195,801	22,574
Inventories	544,172	47,981	-	592,153	70,213
Total Current assets	34,216,355	984,912	5,479,398	40,680,665	5,500,762
Noncurrent assets					
Restricted assets (Note 8)	1,500	-	-	1,500	-
Investment in joint venture - WTUA (Note 10)	70,469,982	-	-	70,469,982	-
Nondepreciable capital assets (Note 4)	1,577,819	9,144,093	-	10,721,912	-
Depreciable assets, net (Note 4)	115,580,438	3,904,763	-	119,485,201	794,893
Total Noncurrent assets	187,629,739	13,048,856	-	200,678,595	794,893
Total Assets	221,846,094	14,033,768	5,479,398	241,359,260	6,295,655
Deferred Outflows of Resources (Note 5)	721,417	82,249	30,707	834,373	150,626
Liabilities					
Current liabilities:					
Accounts payable	3,748,471	66,640	1,424	3,816,535	148,875
Accrued and other liabilities	366,450	33,582	3,044	403,076	40,410
Cash bonds and deposits	2,544,888	44,359	-	2,589,247	-
Due to other funds (Note 6)	387,064	9,788	7,731	404,583	38,924
Unearned revenue	41,868	-	4,219,368	4,261,236	-
Current portion of compensated absences (Note 7)	210,653	39,808	-	250,461	60,855
Current portion of uninsured losses (Note 7)	34,878	4,593	804	40,275	122,920
Current portion of long-term liabilities (Note 7)	2,784,776	682,025	-	3,466,801	-
Total Current liabilities	10,119,048	880,795	4,232,371	15,232,214	411,984
Noncurrent liabilities					
Provision for compensated absences (Note 7)	64,547	4,477	-	69,024	19,152
Provision for uninsured losses (Note 7)	35,096	7,019	-	42,115	-
Net other post employment benefit obligations (Note 12)	3,901,015	114,618	114,597	4,130,230	499,649
Net pension liability (Note 11)	3,395,074	270,874	39,498	3,705,446	588,300
Long-term liabilities, net of current portion (Note 7)	24,642,287	1,078,049	-	25,720,336	-
Total Noncurrent liabilities	32,038,019	1,475,037	154,095	33,667,151	1,107,101
Total Liabilities	42,157,067	2,355,832	4,386,466	48,899,365	1,519,085
Deferred Inflows of Resources (Note 5)	49,497	1,429	1,461	52,387	6,356
Net Position					
Net investment in capital assets	109,744,452	11,288,782	-	121,033,234	794,893
Unrestricted	70,616,495	469,974	1,122,178	72,208,647	4,125,947
Total Net Position	\$ 180,360,947	\$ 11,758,756	\$ 1,122,178	\$ 193,241,881	\$ 4,920,840

Charter Township of Canton

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2017

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer	Golf Course	Nonmajor Fund - Solid Waste		
Operating Revenues					
Sale of water	\$ 18,976,395	\$ -	\$ -	\$ 18,976,395	\$ -
Sewage disposal revenues	18,807,936	-	-	18,807,936	-
Service charges	315,341	2,960,537	4,273,050	7,548,928	-
Charges to other funds	-	-	-	-	8,271,218
State sources	1,192,629	-	-	1,192,629	-
Other revenues	1,104,380	913	1,460	1,106,753	195,265
Total Operating Revenues	<u>40,396,681</u>	<u>2,961,450</u>	<u>4,274,510</u>	<u>47,632,641</u>	<u>8,466,483</u>
Operating Expenses					
Salaries and wages	2,099,140	1,147,673	57,894	3,304,707	391,808
Payroll taxes and fringe benefits	1,328,363	261,889	36,479	1,626,731	3,702,370
Supplies	970,678	502,703	468	1,473,849	359,403
Engineering fees	35,048	-	-	35,048	-
Professional service	1,218,825	490,639	3,504,774	5,214,238	-
Vehicle expense	246,467	9,410	-	255,877	286,315
Water purchases	13,830,559	-	-	13,830,559	-
Sewage disposal charges	6,255,987	-	-	6,255,987	-
Maintenance	424,194	283,357	-	707,551	166,904
Administration charges	1,850,871	-	128,166	1,979,037	132,837
WTUA joint venture expense	3,569,117	-	-	3,569,117	-
Depreciation (Note 4)	3,443,717	406,537	-	3,850,254	51,563
Other expenses	165,844	144,170	801	310,815	56,113
Total Operating Expenses	<u>35,438,810</u>	<u>3,246,378</u>	<u>3,728,582</u>	<u>42,413,770</u>	<u>5,147,313</u>
Operating Income (Loss)	<u>4,957,871</u>	<u>(284,928)</u>	<u>545,928</u>	<u>5,218,871</u>	<u>3,319,170</u>
Nonoperating Revenues (Expenses)					
Customer connection fees	3,199,607	-	-	3,199,607	-
Investment income	222,834	400	21,979	245,213	12,250
Gain (loss) on disposal of capital assets	(7,207)	138,925	-	131,718	-
Interest and amortization expense	(1,191,368)	(55,436)	-	(1,246,804)	-
Total Nonoperating Revenues (Expenses)	<u>2,223,866</u>	<u>83,889</u>	<u>21,979</u>	<u>2,329,734</u>	<u>12,250</u>
Income (Loss) Before Contributions and Transfers	7,181,737	(201,039)	567,907	7,548,605	3,331,420
Capital Contributions	6,200,318	-	-	6,200,318	-
Transfers					
Transfers from Other Funds (Note 6)	-	1,000,000	-	1,000,000	-
Transfers to Other Funds (Note 6)	(877)	(7,897)	-	(8,774)	(1,315)
Total Transfers	<u>(877)</u>	<u>992,103</u>	<u>-</u>	<u>991,226</u>	<u>(1,315)</u>
Change in Net Position	13,381,178	791,064	567,907	14,740,149	3,330,105
Total Net Position - Beginning, as restated (Note 15)	166,979,769	10,967,692	554,271	178,501,732	1,590,735
Total Net Position - Ending	<u>\$ 180,360,947</u>	<u>\$ 11,758,756</u>	<u>\$ 1,122,178</u>	<u>\$ 193,241,881</u>	<u>\$ 4,920,840</u>

Charter Township of Canton

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2017

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer	Golf Course	Nonmajor Fund - Solid		
Cash Flows from Operating Activities					
Receipts from customers	\$ 36,737,891	\$ 2,961,450	\$ 4,188,165	\$ 43,887,506	\$ 180,234
Payments to suppliers and vendors	(29,750,362)	(1,269,767)	(3,524,812)	(34,544,941)	(4,420,738)
Payments to employees	(3,335,420)	(1,404,415)	(92,394)	(4,832,229)	(567,581)
Receipts (payments) connected with interfund services	(1,510,912)	10,759	(120,435)	(1,620,588)	5,186,505
Other receipts (payments)	1,199,407	(178,338)	(801)	1,020,268	-
Net cash provided by operating activities	3,340,604	119,689	449,723	3,910,016	378,420
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	-	1,000,000	-	1,000,000	-
Transfers to other funds	(877)	(7,897)	-	(8,774)	(1,315)
Net cash provided by (used in) noncapital financing activities	(877)	992,103	-	991,226	(1,315)
Cash Flows from Capital and Related Financing Activities					
Purchase of capital assets (excluding joint venture project costs)	(3,583,128)	(594,100)	-	(4,177,228)	(5,640)
Connection fees	3,199,607	-	-	3,199,607	-
Proceeds from sale of capital assets	-	138,925	-	138,925	-
Principal and interest paid on capital debt	(4,601,141)	(434,705)	-	(5,035,846)	-
Net cash used in capital and related financing activities	(4,984,662)	(889,880)	-	(5,874,542)	(5,640)
Cash Flows from Investing Activities					
Interest received on investments	222,834	400	21,979	245,213	12,250
Purchase of investment securities	(3,791,299)	-	(300,000)	(4,091,299)	(499)
Sale of investment securities	1,970,472	-	1,815	1,972,287	-
Net cash provided by (used in) investing activities	(1,597,993)	400	(276,206)	(1,873,799)	11,751
Net Increase (Decrease) in Cash and Cash Equivalents	(3,242,928)	222,312	173,517	(2,847,099)	383,216
Cash and Cash Equivalents - Beginning of year	7,382,623	573,671	3,633,194	11,589,488	1,529,404
Cash and Cash Equivalents - End of year	<u>\$ 4,139,695</u>	<u>\$ 795,983</u>	<u>\$ 3,806,711</u>	<u>\$ 8,742,389</u>	<u>\$ 1,912,620</u>
Statement of Net Position Classification of Cash and Cash Equivalents					
Cash and cash equivalents	\$ 4,138,195	\$ 795,983	\$ 3,806,711	\$ 8,740,889	\$ 1,912,620
Restricted assets (Note 8)	1,500	-	-	1,500	-
Total cash and cash equivalents	<u>\$ 4,139,695</u>	<u>\$ 795,983</u>	<u>\$ 3,806,711</u>	<u>\$ 8,742,389</u>	<u>\$ 1,912,620</u>

Charter Township of Canton

Proprietary Funds Statement of Cash Flows (Continued) Year Ended December 31, 2017

	Enterprise Funds				Internal Service Funds
	Water and Sewer	Golf Course	Nonmajor Fund - Solid Waste	Total	
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:					
Operating income(loss)	\$ 4,957,871	\$ (284,928)	\$ 545,928	\$ 5,218,871	\$ 3,319,170
Adjustments to reconcile operating income (loss) to net cash from operating Activities:					
Depreciation	3,443,717	406,537	-	3,850,254	51,563
Changes in assets and liabilities:					
Receivables	(1,130,252)	-	(51,118)	(1,181,370)	1,564
Other assets	(1,654)	(22,584)	-	(24,238)	-
Due from other funds	(1,720)	1,031	-	(689)	(2,987,244)
Due from other government units	(195,801)	-	-	(195,801)	(16,595)
Inventories	(209,483)	(2,119)	-	(211,602)	(6,305)
Investment in joint venture equity interest - WTUA (Note 10)	(1,472,417)	-	-	(1,472,417)	-
Deferred outflows of resources	62,127	9,260	1,039	72,426	16,305
Accounts payable	(1,485,534)	17,191	(19,832)	(1,488,175)	(57,493)
Accrued and other liabilities	(32,053)	1,270	262	(30,521)	8,070
Cash bonds and deposits	262,525	(11,584)	-	250,941	-
Due to other funds	341,679	9,728	7,731	359,138	35,368
Unearned revenue	(35,728)	-	(35,227)	(70,955)	-
Provisions for compensated absences and uninsured losses	14,885	(1,821)	(57)	13,007	15,612
Net other post employment benefit obligations	(33,007)	(953)	(974)	(34,934)	(4,239)
Net pension liability	(1,419)	(2,768)	510	(3,677)	(3,712)
Deferred inflows of resources	49,497	1,429	1,461	52,387	6,356
Net cash provided by operating activities	<u>\$ 4,533,233</u>	<u>\$ 119,689</u>	<u>\$ 449,723</u>	<u>\$ 5,102,645</u>	<u>\$ 378,420</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2017, developers constructed water and sewer lines with an estimated value of \$6,200,318 and donated them to the Charter Township's Water & Sewer Fund. The Township's Water and Sewer Fund also incurred an unrealized loss on investments of \$108,850. Additionally, the Township's Golf Course fund initiated a new capital lease in the amount of \$366,281 for the purchase of golf carts at Fellows Creek Golf Course.

Charter Township of Canton

Fiduciary Funds Statement of Net Position December 31, 2017

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 3,302,955</u>
Liabilities	
Accounts payable	-
Cash bonds and deposits	301,411
Due to other governmental units	<u>3,001,544</u>
Total Liabilities	<u>\$ 3,302,955</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2017

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.

Discretely Presented Component Unit - The Downtown Development Authority (DDA) 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 it is legally separate from the Charter Township. Additionally, the Charter Township has the ability to impose its will upon the 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.

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 position 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.

Accounting and Reporting Principles

The township follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Fund Accounting

The Township accounts for its various activities in several different funds, in order to demonstrate accountability for how we have spent certain resources – separate funds allow us to show the particular expenditures that specific revenues were used for. The various funds are aggregated into three broad fund types:

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note I - Summary of Significant Accounting Policies (Continued)

Governmental funds include all activities that provide general governmental services that are not business type activities. This includes the General Fund, special revenue funds, debt service funds and capital project funds. The Township reports the following funds as “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 88 sworn personnel and 27 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 65 sworn fire personnel and 10 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.

Proprietary funds include enterprise funds, (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township reports the following funds as a “major” enterprise fund:

- 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 Township reports two internal service funds, Fleet Maintenance, and Other Employee Benefits, which are used to allocate financing of services provided to other departments to the various funds on a full accrual basis, so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our governments programs. Activities that are reported as fiduciary include a Special Events Deposit fund, a Construction Escrow fund, and a Tax Collection fund, which collects taxes on behalf of all taxing authorities (State, County, School District, Township, and the various smaller authorities) and remits the taxes to each authority.

Interfund activity

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

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

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered.

Note I - Summary of Significant Accounting Policies (Continued)

Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims and judgments are recorded only when payment is due.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax 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 “deferred inflows”.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives – the government-wide perspective, and the fund based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual based presentation found in the fund based statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

Specific Balances and Transactions

Cash, Cash Equivalents 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.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. 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 both the Governmental Activities and in the Water and Sewer Fund, for the installation of energy efficient equipment, the construction of roads, and the construction of sewer infrastructure, respectively. As such, the amounts have been classified as restricted assets. See Note 8 for further details of restricted assets.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

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 \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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	3 to 5 years
Land improvements	7 to 10 years
Water and sewer distribution systems	50 years

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The general fund and debt service funds are generally used to liquidate governmental long-term debt.

Note I - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The government has one item that qualifies for reporting in this category, which is the deferred outflows of resources related to the defined benefit pension plan. The deferred outflows of resources related to the defined benefit pension plan are reported in the governmental and business-type activities. The deferred outflows of resources result from four transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the Township's fiscal year end, the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, differences between projected and actual experience, and changed in assumptions related to economic and demographic factors.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This second financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items that qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Second, property taxes received in advance of the period levied are reported as deferred inflows of resources in the government-wide statement of net position and governmental funds balance sheet. The third type is related to the difference between projected and actual investment earnings of the OPEB plan.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

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

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

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

The fund balance policy proscribes the minimum fund balance as 15 percent of expenditures in the general fund and major special revenue funds. This is deemed to be the prudent amount to maintain the Township's ability to meet obligations as they come due throughout the year.

Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions, commitments or assignments 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 reappropriated and honored during the subsequent year. The amount of encumbrances outstanding at year end is \$542,409, detailed as follows:

General Fund	\$	311,656
Community Center Fund		9,845
Community Improvement		104,340
Total General Fund		<u>425,841</u>
Fire Fund		30,353
Police Fund		5,691
Non-major governmental funds		<u>80,524</u>
Total encumbrances	\$	<u><u>542,409</u></u>

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 2016 tax is levied and collectible on December 1, 2016 and is recognized as revenue in the year ended December 31, 2017, when the proceeds of the levy are budgeted and available for the financing of operations.

Note 1 - Summary of Significant Accounting Policies (Continued)

The 2016 taxable valuation of the Charter Township totaled approximately \$3,546 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 1.3660 mills for operating purposes, 3.8580 mills for fire operating services, and 5.6760 mills for police operating. The fire and police millages are levied as special assessments under Act 33 of 1951. This resulted in approximately \$6.2 million for operating, \$12.7 million for fire operating, and \$18.7 million for police operating. All tax amounts are recognized in the respective General, Police, and Fire Funds' financial statements as tax revenue.

Pension – The Township offers pension benefits to retirees. The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plan, and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits Costs - The Township offers retiree health care benefits to retirees. The Township records an OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plans' fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For the purpose, benefit payments (including refunds of employee contributions) are recognized with due and payable in accordance with the benefit terms. Investments are reported at fair value.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave) - It is the 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 up to the amount eligible to be paid out upon termination. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements; generally the funds that report each employee's compensation (the General fund, fire fund, police fund, and water and sewer fund, primarily) are used to liquidate obligation.

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, 2017		(\$7,127,878)
Building permit revenue		3,950,489
Related expenses:		
Direct costs	\$1,882,492	
Estimated indirect costs	<u>439,370</u>	
Total construction code expenses		<u>2,321,862</u>
Cumulative shortfall at December 31, 2017		<u>\$ (5,499,251)</u>

Charter Township of Canton

**Notes to Financial Statements
December 31, 2017**

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 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:

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 \$19,554,479 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized; the component unit had \$455,886 of uninsured and uncollateralized bank deposits. 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.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 3 - Deposits and Investments (Continued)

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	\$ 2,385,320	0 months
Federal National Mortgage Association	11,956,905	2.54 years
Federal Home Loan Bank	27,776,822	3.63 years
Federal Home Loan Mortgage Corporation	1,143,801	2.52 years
Federal Farm Credit Bank	3,986,092	1.54 years
Municipal Bonds	12,395,306	1.48 years
Negotiable certificates of deposit	4,732,171	1.19 years
Component Unit		
Money markets	1,344,703	0 months

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	\$ 1,929,285	Unrated	N/A
Money Market	456,035	AAA	S&P
Federal National Mortgage Association	11,956,905	AA+	S&P
Federal Home Loan Mortgage Corporation	1,143,801	AA+	S&P
Federal Farm Credit Bank	3,986,092	AA+	S&P
Municipal Bonds	12,395,306	AA-AAA	S&P
Negotiable certificates of deposit	4,732,171	Unrated	N/A
Federal Home Loan Bank	27,776,822	AA+	S&P
Component Unit			
Money Market	1,344,703	AAA	S&P

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 3 - Deposits and Investments (Continued)

Fair Value Measurements

The Charter Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Charter Township has the following recurring fair value measurements as of December 31, 2017.

	Balance at December 31, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt Securities				
Government Agencies	\$ 44,863,620	\$ -	\$ 44,863,620	\$ -
Municipal/Provincial Bonds	12,395,306	-	12,395,306	-
Brokered Certificates of Deposit	4,732,171	-	4,732,171	-
Total investments by fair value level	61,991,097	-	61,991,097	-
Investments measured at the net asset value (NAV):				
Michigan CLASS Pooled Account	21,052,423			
Total investments measured at fair value	83,043,520			

The fair value of brokered securities and pooled accounts at December 31, 2017 was determined primarily based on level 2 inputs. The Charter Township estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 3 - Deposits and Investments (Continued)

Investments in Entities that Calculate Net Asset Value per Share

The Charter Township shares in investment pools where the fair value of the investments are measured on a recurring basis using the net asset value per share of the investment pool as a practical expedient.

At the year ended December 31, 2017, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	Michigan CLASS Pooled Account
Fair Value at December 31, 2017	\$ 21,052,423
Unfunded Commitments	none
Redemption Frequency	n/a
Notice Period	none

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program is designed to meet the needs to Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 4 - Capital Assets

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

	Balance January 1, 2017	Increases	Decreases	Adjustments	Balance December 31, 2017
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 17,391,837	\$ 200,131	\$ -	\$ -	\$ 17,591,968
Construction in progress	713,610	2,442,706	(6,491)	(604,390)	2,545,435
Subtotal	18,105,447	2,642,837	(6,491)	(604,390)	20,137,403
Capital assets being depreciated:					
Infrastructure	20,669,734	8,105	-	-	20,677,839
Buildings and improvements	81,409,023	1,018,749	(236,657)	578,965	82,770,080
Vehicles and equipment	14,913,429	1,925,304	(2,048,089)	114,541	14,905,185
Furniture and fixtures	4,710,146	85,145	(971,116)	-	3,824,175
Computer equipment	3,108,267	281,016	(90,253)	-	3,299,030
Subtotal	124,810,599	3,318,319	(3,346,115)	693,506	125,476,309
Accumulated depreciation:					
Infrastructure	12,683,455	669,837	-	-	13,353,292
Buildings and improvements	37,813,704	2,864,095	(235,593)	-	40,442,206
Vehicles and equipment	9,267,844	1,284,085	(1,922,965)	89,116	8,718,080
Furniture and fixtures	4,226,103	69,434	(971,064)	-	3,324,473
Computer equipment	2,720,009	215,572	(89,173)	-	2,846,408
Subtotal	66,711,115	5,103,023	(3,218,795)	89,116	68,684,459
Net capital assets being depreciated	58,099,484	(1,784,704)	(127,320)	604,390	56,791,850
Net governmental capital assets	\$ 76,204,931	\$ 858,133	\$ (133,811)	\$ -	\$ 76,929,253

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance				Balance
	January 1, 2017	Increases	Decreases	Adjustments	December 31, 2017
Capital assets not being depreciated:					
Land	9,487,079	\$ -	\$ -	\$ -	\$ 9,487,079
Construction in progress	7,972,319	4,568,235	-	(11,305,721)	1,234,833
Subtotal	17,459,398	4,568,235	-	(11,305,721)	10,721,912
Capital assets being depreciated:					
Land improvements	3,325,301	-	(17,570)	-	3,307,731
Water and sewer distribution system	155,962,195	6,234,569	-	1,572,290	163,769,054
Buildings and building improvement:	10,064,860	-	(27,813)	9,733,431	19,770,478
Vehicles and equipment	7,633,080	759,715	(586,533)	(89,116)	7,717,146
Office furnishings	772,923	11,293	(67,780)	-	716,436
Computer equipment	213,336	31,957	(51,849)	-	193,444
Subtotal	177,971,695	7,037,534	(751,545)	11,216,605	195,474,289
Accumulated depreciation:					
Land improvements	2,769,308	36,179	(17,570)	-	2,787,917
Water and sewer distribution system	59,255,360	2,996,839	-	-	62,252,199
Buildings and building improvement:	4,676,211	306,444	(12,679)	-	4,969,976
Vehicles and equipment	5,380,655	466,408	(558,866)	(89,116)	5,199,081
Office furnishings	667,607	14,900	(67,780)	-	614,727
Computer equipment	187,553	29,484	(51,849)	-	165,188
Subtotal	72,936,694	3,850,254	(708,744)	(89,116)	75,989,088
Net capital assets being depreciated	105,035,001	3,187,280	(42,801)	11,305,721	119,485,201
Net business-type capital assets	\$ 122,494,399	\$ 7,755,515	\$ (42,801)	\$ -	\$ 130,207,113

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 4 - Capital Assets (Continued)

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

Component Unit	Balance			Balance
	January 1, 2017	Increases	Decreases	December 31, 2017
Capital assets being depreciated:				
Land Improvements	\$ 18,424,372	\$ -	\$ -	\$ 18,424,372
Infrastructure	1,420,315	-	-	1,420,315
Buildings	13,258	-	-	13,258
Furniture, fixtures, and equipment	<u>256,836</u>	<u>19,370</u>	<u>-</u>	<u>276,206</u>
Subtotal	20,114,781	19,370	-	20,134,151
Accumulated depreciation:				
Land Improvements	5,660,896	547,798	-	6,208,694
Infrastructure	1,126,241	60,425	-	1,186,666
Buildings	3,903	323	-	4,226
Furniture, fixtures, and equipment	<u>179,981</u>	<u>13,949</u>	<u>-</u>	<u>193,930</u>
Subtotal	<u>6,971,021</u>	<u>622,495</u>	<u>-</u>	<u>7,593,516</u>
Net component unit capital assets	<u>\$ 13,143,760</u>	<u>\$ (603,125)</u>	<u>\$ -</u>	<u>\$ 12,540,635</u>

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

Governmental activities:	
General government	\$ 999,375
Public safety	1,542,341
Public works	829,339
Community and economic development	62,468
Health and Wellness	74,200
Recreation and culture	<u>1,595,300</u>
Total governmental activities	<u>\$ 5,103,023</u>
Business-type activities:	
Water and sewer	\$ 3,443,717
Golf course	<u>406,537</u>
Total business-type activities	<u>\$ 3,850,254</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 4 - Capital Assets (Continued)

The Township's component unit was charged \$622,495 in depreciation expense.

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>	<u>Total Commitment</u>
Independence Parking Lot	\$ 629,312	\$ 21,237	\$ 650,549
Michigan Ave Watermain	642,890	225,108	867,998
Hampton Court Watermain	296,880	75,500	372,380
Hawk Signals	135,022	18,738	153,760
Ridge Road	21,613	80,524	102,137
Total	<u>\$ 1,725,717</u>	<u>\$ 421,107</u>	<u>\$ 2,146,824</u>

Note 5 - Deferred Inflows/Outflows of Resources

At the end of the current fiscal year, the various components of deferred inflows and deferred outflows of resources are as follows:

	<u>Governmental Funds</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Component Units</u>
Deferred inflows:				
Property taxes levied for the next fiscal year	\$ 38,102,345	\$ 38,093,680	\$ -	\$ 2,226,874
Grant revenue received past the period of availability	83,565	-	-	-
Difference in investment returns for OPEB	-	526,592	52,387	2,472
Other deferred inflows	<u>455,784</u>	<u>31,263</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows	<u>\$ 38,641,694</u>	<u>\$ 38,651,535</u>	<u>\$ 52,387</u>	<u>\$ 2,229,346</u>
Deferred outflows:				
Difference in investment returns for pensions	\$ -	\$ 2,490,551	\$ 175,858	\$ 1,059
Difference between expected and actual experience	-	2,356,180	155,053	8,704
Changes in pension assumptions	-	3,253,889	212,878	3,963
Employer pension contributions made after the measurement date	<u>-</u>	<u>4,410,408</u>	<u>290,584</u>	<u>18,523</u>
Total Deferred Outflows	<u>\$ -</u>	<u>\$ 12,511,028</u>	<u>\$ 834,373</u>	<u>\$ 32,249</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2017

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:		
Governmental funds:		
General Fund	Police	\$ 19,938
	Nonmajor governmental funds	168,111
	Water and Sewer	128,641
	Golf Course	178
	Nonmajor enterprise funds	192
	Internal Service funds	<u>5,650</u>
	Total General Fund	322,710
Special Revenue Funds:		
Fire	General Fund	13,883
Police	Water and Sewer	3,045
Nonmajor Governmental Funds	General Fund	<u>2,643</u>
	Total Special Revenue Funds	19,571
	Total governmental funds	<u>\$ 342,281</u>
Enterprise Funds:		
Water and Sewer	General Fund	\$ 7,520
	Fire	2,183
	Golf Course	2,236
	Internal Service funds	<u>482</u>
	Total Water and Sewer	12,421
	Total Enterprise funds	<u>\$ 12,421</u>
Internal Service Funds:		
Other Employee Benefits	General Fund	\$ 868,219
	Fire	748,494
	Police	1,067,448
	Water and Sewer	255,378
	Golf Course	7,374
	Nonmajor enterprise funds	7,539
	Internal Service funds	<u>32,792</u>
	Total Other Employee Benefits	2,987,244
	Total Internal Service funds	<u>\$ 2,987,244</u>
	Total	<u>\$ 3,341,946</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2017

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

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

Interfund transfers reported in the fund statements were as follows:

Fund Transferred From	Fund Transferred To	Amount
Governmental funds:		
General	Golf Course (1)	\$ 1,000,000
	Nonmajor governmental funds (2)	<u>254,365</u>
	Total General Fund	1,254,365
Special Revenue Funds:		
Fire	Nonmajor governmental funds (2)	13,739
Police	Nonmajor governmental funds (2)	50,978
Nonmajor governmental funds	General (3)	125,445
	Nonmajor governmental funds (2)	<u>47,767</u>
	Total nonmajor governmental funds	173,212
	Total Governmental funds	<u>\$ 1,492,294</u>
Enterprise Funds:		
Water and Sewer	Nonmajor governmental funds (2)	\$ 877
Golf Course	Nonmajor governmental funds (2)	<u>7,897</u>
	Total Enterprise funds	<u>\$ 8,774</u>
Internal Service Funds:		
Fleet Maintenance	Nonmajor governmental funds (2)	<u>\$ 1,315</u>
	Total Internal Service funds	<u>\$ 1,315</u>
	Total	<u>\$ 1,502,383</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 of energy savings dollars to be used for paying down the debt issued to fund the energy savings project
- (3) Transfers of unspent bond proceeds to pay debt payments for related debt

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 7 - Long-term Debt

Long-term obligation activity for the year ended December 31, 2017 can be summarized as follows:

	Balance			Balance	
	January 1, 2017	Increases	Decreases	December 31, 2017	Due Within One Year
Governmental Activities					
Bonds and contracts payable:					
General obligations	\$ 13,561,250	\$ -	\$ (1,783,000)	\$ 11,778,250	\$ 1,901,500
Special assessment bonds	1,095,000	-	(190,000)	905,000	190,000
Installment purchase agreements	3,699,175	-	(268,122)	3,431,053	283,939
Total principal outstanding	18,355,425	-	(2,241,122)	16,114,303	2,375,439
Unamortized bond premiums	1,679,389	-	(239,912)	1,439,477	239,912
Total bonds and other contractual obligations	20,034,814	-	(2,481,034)	17,553,780	2,615,351
Other long-term obligations:					
Accumulated employee benefits*	3,391,489	2,118,320	(1,977,880)	3,531,929	2,066,342
Provision for uninsured losses*	896,401	-	(142,019)	754,382	445,536
Total other long-term obligations	4,287,890	2,118,320	(2,119,899)	4,286,311	2,511,878
Total governmental activities long-term debt	<u>\$ 24,322,704</u>	<u>\$ 2,118,320</u>	<u>\$ (4,600,933)</u>	<u>\$ 21,840,091</u>	<u>\$ 5,127,229</u>
Business-type Activities					
Bonds and contracts payable:					
General obligations	\$ 28,764,786	\$ -	\$ (3,497,517)	\$ 25,267,269	\$ 2,879,019
Capital leases payable	458,493	366,281	(266,969)	557,805	198,009
Total principal outstanding	29,223,279	366,281	(3,764,486)	25,825,074	3,077,028
Unamortized bond premiums	3,752,900	-	(390,837)	3,362,063	389,773
Total bonds and other contractual obligations	32,976,179	366,281	(4,155,323)	29,187,137	3,466,801
Other long-term obligations:					
Accumulated employee benefits	286,657	254,357	(221,529)	319,485	250,461
Provision for uninsured losses	102,211	-	(19,821)	82,390	40,275
Total other long-term obligations	388,868	254,357	(241,350)	401,875	290,736
Total business-type activities long-term debt	<u>\$ 33,365,047</u>	<u>\$ 620,638</u>	<u>\$ (4,396,673)</u>	<u>\$ 29,589,012</u>	<u>\$ 3,757,537</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 7 - Long-term Debt (Continued)

Component Unit	Balance			Balance	
	January 1, 2017	Increases	Decreases	December 31, 2017	Due Within One Year
Bonds and contracts payable:					
General obligations	\$ 2,068,966	\$ -	\$ (1,034,483)	\$ 1,034,483	\$ 1,034,483
Unamortized bond premiums	6,450	-	(6,450)	-	-
Total bonds and other contractual obligations	2,075,416	-	(1,040,933)	1,034,483	1,034,483
Other long-term obligations:					
Provision for uninsured losses	1,323	-	(229)	1,094	1,094
Total other long-term obligations	1,323	-	(229)	1,094	1,094
Total component unit long-term debt	\$ 2,076,739	\$ -	\$ (1,041,162)	\$ 1,035,577	\$ 1,035,577

General Obligation Bonds and Contracts

The Charter Township issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Charter Township. County contractual agreements and also general obligations of the Charter Township. General obligations outstanding at December 31, 2017 are as follows:

Description	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
Limited Tax General Obligation Series 2011 Purpose: Construction of Sheldon Road	2011	2.80% - 4.00%	2023	\$ 675,000
Limited Tax General Obligation Series 2012 Purpose: Purchase of 911 radios	2012	2.00%	2019	350,000
Limited Tax General Obligation Refunding Series 2012. Purpose: Administration and Public Safety building additions and renovations	2012	4.00% - 5.00%	2023	10,195,000
Limited Tax General Obligation Refunding Series 2015. Purpose: Construction of community center (debt issue split between governmental and business-type activities)	2015	1.69%	2020	558,250
Total governmental activities				\$ 11,778,250

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 7 - Long-term Debt (Continued)

Description	Year Issued	Interest Rates	Maturing	Outstanding
Business-type Activities				
Limited Tax General Obligation Refunding Series 2006. Purpose: Improvements to Fellows Creek Golf Course (debt issue split between business-type and component unit activities)	2006	4.00%	2018	165,519
Limited Tax General Obligation Refunding Series 2015. Purpose: Improvements to Pheasant Run Golf Course (debt issue split between governmental and business-type activities)	2015	1.69%	2020	1,036,750
Limited Tax General Obligation Refunding Series 2016**. Purpose: Water and Sewer Retention basin and construction of Canton Water Storage	2016	3.50% - 5.00%	2027	24,065,000
Total business-type activities				<u>\$ 25,267,269</u>
Component Unit				
Limited Tax General Obligation Refunding Series 2006. Purpose: Road improvements and relocation of power lines (debt issue split between business-type and component unit activities)	2006	4.00%	2018	1,034,483
Total general obligation bonds and contracts				<u>\$ 38,080,002</u>

Special Assessment Bonds

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. Special assessments outstanding at December 31, 2017 are as follows:

Description	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
Series 2004. Purpose: Road paving improvements to Lotz, Cherry Hill, and Saltz Roads	2004	4.25%	2018	\$ 50,000
Series 2013-A. Purpose: Road paving improvements to Lexington Square subdivision	2013	2.45%	2023	365,000
Series 2013-B. Purpose: Road paving improvements to Withersfield condominiums	2013	3.32%	2023	490,000
Total special assessment bonds				<u>\$ 905,000</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 7 - Long-term Debt (Continued)

Notes and Loans Payable

The Charter Township issues installment notes and capital leases to provide funds for various public improvements projects. Notes and loans payables at December 31, 2017 are as follows:

Description	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
Installment Purchase Agreement Series 2012 Purpose: Energy savings enhancements	2012	3.00%	2027	\$ 3,431,053
Business-type Activities				
Capital Lease Payable, Purpose: Fellows Creek Golf Course Equipment	2013	4.90%	2018	55,768
Capital Lease Payable, Purpose: Fellows Creek Golf Course Equipment	2013	5.07%	2018	8,600
Capital Lease Payable, Purpose: Pheasant Run Golf Course Golf Carts	2016	3.25%	2020	198,712
Capital Lease Payable, Purpose: Fellows Creek Golf Course Golf Carts	2017	3.80%	2022	294,725
Total business-type activities				<u>\$ 557,805</u>
Total notes and loans payable				<u>\$ 3,988,858</u>

*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.

**The Series 2007 LTGO bonds, partially refunded into Series 2016 LTGO bonds was used for the purpose of making improvements to the Water and Sewer Basin with WTUA. The related capital assets are included in the investment in joint venture. See also Note 10.

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
2018	2,375,439	641,764	3,017,203	3,077,028	1,070,753	4,147,781	1,034,483	20,690	1,055,173
2019	2,457,887	560,401	3,018,288	2,995,946	958,575	3,954,521	-	-	-
2020	2,391,740	476,848	2,868,588	3,104,173	846,948	3,951,121	-	-	-
2021	2,345,270	373,736	2,719,006	2,802,926	717,650	3,520,576	-	-	-
2022	2,473,750	267,349	2,741,099	2,860,000	578,025	3,438,025	-	-	-
2023-2027	4,070,217	244,946	4,315,163	10,985,001	1,135,463	12,120,464	-	-	-
Total	<u>\$ 16,114,303</u>	<u>\$ 2,565,044</u>	<u>\$ 18,679,347</u>	<u>\$ 25,825,074</u>	<u>\$ 5,307,414</u>	<u>\$ 31,132,488</u>	<u>\$ 1,034,483</u>	<u>\$ 20,690</u>	<u>\$ 1,055,173</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 7 - Long-term Debt (Continued)

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, 2017, \$44,785,000 of bonds outstanding is considered defeased.

Capital Leases - At December 31, 2017, the Township has 4 capital leases related to golf course equipment. The total cost of the equipment totals \$1,582,441, which has accumulated depreciation of \$518,667. The future minimum lease obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 198,009	\$ 12,247	\$ 210,256
2019	138,446	6,661	145,107
2020	143,423	3,076	146,499
2021	<u>77,927</u>	<u>877</u>	<u>78,804</u>
Total	<u>\$ 557,805</u>	<u>\$ 22,861</u>	<u>\$ 580,666</u>

Note 8 - Restricted Assets

The balance of restricted assets is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and equivalents:			
Unspent bond proceeds	\$ 404,437	\$ 1,500	\$ 405,937
Ford Road improvements	<u>242,000</u>	<u>-</u>	<u>242,000</u>
Total	<u>\$ 646,437</u>	<u>\$ 1,500</u>	<u>\$ 647,937</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2017

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. In 2015, the Charter Township became self-insured for medical claims. The Township also 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, medical benefits, 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:

	<u>Year Ended December 31</u>	
	<u>2017</u>	<u>2016</u>
Estimated liability - Beginning of year	\$ 999,935	\$ 1,345,059
Estimated claims incurred, including changes in estimates	2,440,612	2,646,928
Claim payments, administration fees, and excess payments	<u>(2,602,681)</u>	<u>(2,992,052)</u>
Estimated liability - End of year	<u>\$ 837,866</u>	<u>\$ 999,935</u>

Charter Township of Canton

**Notes to Financial Statements
December 31, 2017**

Note 10 – Joint Venture

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 \$10,727,936 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, 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 is unaware of any circumstances that would cause a benefit or burden to the participating governments in the near future. The Charter Township and various other surrounding communities agrees to become guarantors of bonds issued by the 35th District Courthouse Authority during 1999. There were bonds outstanding of \$390,000 at December 31, 2017, of which the Township guarantees 47 percent, or \$183,300. Complete financial statements for the Courthouse can be obtained from the administrative offices at 660 Plymouth Road, Plymouth, Michigan 48170.

Note 11 - Pension Plans

Defined Benefit Pension Plan

Plan description – The Charter Township participates in an agent multiple-employer defined pension plan administered by the Municipal Employees Retirement System of Michigan (MERS), which covers full time nonunion and union employees. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine member Retirement board. MERS issues a publicly available financial report that includes financial statements and required supplementary information of this defined benefit plan. This report may be obtained at www.mersofmichigan.com or by writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided – The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

Note 11 - Pension Plans (Continued)

Retirement benefits for Full-Time Elected Officials are calculated as 2.50 percent to 2.25 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service or 55 with 15 years of service. Vesting period is 8 years.

Retirement benefits for Command Officers are calculated as 2.80 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). Vesting period is 10 years.

Retirement benefits for police and fire employees are calculated as 2.80 percent to 2.50 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 25 and out (unreduced) or 55 with 15 years of service (reduced). Vesting period is 10 years.

Retirement benefits for public works, clerical, and non-union employees are calculated as 2.50 percent to 2.25 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 15 years of service (unreduced) or 50 with 25 years of service (reduced). Vesting period is 10 years.

All participating employees are eligible for non-duty disability benefits after reaching the minimum years of service to be vested and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal 85% times the employee's retirement allowance. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.5 percent, non-compounded.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Township Board, generally after negotiations of these terms with the affected unions.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 11 - Pension Plans (Continued)

Employees covered by benefit terms – At December 31, 2016 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	139
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	<u>348</u>
Total employees covered by MERS	506

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance the unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2017, contributions from the employees ranged from 5 percent to 10 percent of gross wages, and contributions from the Township ranged from 6.43 to 70.21 percent of participating employees' gross wages depending on their membership agreement.

Payable to the Pension Plan - At December 31, 2017, the Charter Township reported a payable of \$496,847 for the outstanding amount of contributions to the Plan required for the year ended December 31, 2017.

Hybrid Pension Plan

All full-time Police Officer Association employees hired after May 1, 2011 and all full-time employees hired after January 1, 2013 are required to participate in a hybrid pension plan administered by MERS. Additionally, all employees previously participating in the Defined Contribution Plan were rolled into the hybrid pension plan at January 1, 2013.

The hybrid pension plan is made up of two components: a defined benefit plan and defined contribution plan. Under the defined benefit plan, the Charter Township contributes of 6.43 to 10.00 percent of employees' pensionable wages with no contribution from the employees. Retirement benefits under the defined benefit plan within the hybrid are calculated as 1.50 percent of the employee's final 3-year average salary time the employee's years of service.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 11 - Pension Plans (Continued)

Under the defined contribution plan, the employees contribute 5 to 6 percent of their gross earnings with no employer contributions. In accordance with these requirements, the Charter Township contributed \$1,042,954 towards the defined benefit component, and employees contributed \$632,211 towards the defined contribution component of the plan for the year ended December 31, 2017. These contributions have not been included in the annual contributions of the defined benefit plan. The total pension liability, net plan position, and net pension liability of the defined benefit component are included in information below.

Net Pension Liability

The net pension liability reported at December 31, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as that date.

Changes in the net pension liability during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability	Net Plan Position	Net Pension Liability
Balance as December 31, 2015	\$ 114,100,833	\$ 68,583,452	\$ 45,517,381
Changes for the year:			
Service cost	2,906,810		2,906,810
Interest	8,973,344		8,973,344
Changes in benefits	(71,815)		(71,815)
Differences between expected and actual experience	2,392,850		2,392,850
Changes in assumptions	-		-
Contributions - employer		3,640,318	(3,640,318)
Contributions - employee		2,924,680	(2,924,680)
Net investment income		7,864,725	(7,864,725)
Benefit payments, including refunds	(6,774,864)	(6,774,864)	-
Administrative expenses		(154,913)	154,913
Misc. other changes	(1)	-	(1)
Net changes	7,426,324	7,499,946	(73,622)
Balance as December 31, 2016	<u>121,527,157</u>	<u>76,083,398</u>	<u>45,443,759</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 11 - Pension Plans (Continued)

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

For the year ended December 31, 2017, the Charter Township recognized pension expense of \$5,638,440.

At December 31, 2017, the Charter Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	2,519,937	-
Changes in assumptions	3,470,730	-
Net difference between projected and actual earnings on pension plan investments	2,667,468	-
Employer contributions to the plan subsequent to the measurement date	4,719,515	-
Total	13,377,650	-

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

Year ended December 31:	
2018	2,071,954
2019	2,071,954
2020	1,847,868
2021	470,065
2022	948,595
2023 - 2024	1,247,699
	8,658,135

These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$4,719,515), which will impact the net pension liability in fiscal year 2018, rather than pension expense.

Note 11 – Pension Plans (Continued)

Actuarial Assumptions – The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.75% in the long term

Investment rate of return: 7.75%, net of investment and administrative expense, including inflation

Mortality rates used were based on a 50 percent male and 50 percent female blend of the following tables:

1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent
2. The RP-2014 Employee Mortality Tables
3. The RP-2014 Juvenile Mortality Tables

For disabled retirees, the RP-2014 Disabled Retiree Mortality Table is used with a 50 percent male and 50 percent female blend.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study from 2009-2013.

Discount Rate – The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows - Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 11 – Pension Plans (Continued)

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

Asset class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.0%
Global Fixed Income	20.0%	2.2%
Real Assets	12.5%	4.2%
Diversifying Strategies	10.0%	6.6%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Charter Township, calculated using the discount rate of 8.00 percent, as well as what the employer’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% decrease (7.00%)	Current discount rate (8.00%)	1% increase (9.00%)
Net Pension Liability	59,504,360	45,443,759	33,613,615

Pension plan fiduciary net position – Detailed information about the Plan’s fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The Plan’s fiduciary net position has been determined on the same basis used by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investment are started at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 12 – Other Postemployment Benefits

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, provided through the Charter Township of Canton OPEB Plan, a single-employer plan administered by the Charter Township of Canton.

Benefits Provided – The Charter Township OPEB Plan provides healthcare and dental benefits for retirees and their dependents. The benefits are provided under collective bargaining agreements.

Health care benefits are provided through both a third-party insurer as well as through the Township’s self-insurance program. Employees who elect the lowest cost health plan will have the full cost of benefits covered by the plan. Employees who elect a higher cost plan will be required to pay the cost difference. As of January 1, 2013, the health care portion of the plan was closed to new entrants

Dental care benefits are provided through a third-party insurer. Three of the collective bargaining agreements require a contribution from employees hired after specific dates in 2009.

Employees Covered by Benefit Terms – The following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	293
Active plan members	346
Total plan members	639

Contributions – Retiree healthcare costs are paid by the Township on a “pay-as-you-go” basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended December 31, 2017, the Township make payments for postemployment health benefits premiums of \$2,395,816, plus it contributed an additional \$1,100,000 into a prefunded retiree health care fund, which is recorded in a Municipal Employees’ Retirement System (MERS) Retiree Health Funding Vehicle (RHFV). These funds 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, 2017

Note 12 - Other Postemployment Benefits (Continued)

Net OPEB Liability

The Township has chosen to use the December 31 measurement date as its measurement date for the net OPEB liability. The December 31, 2017 fiscal year end reported net OPEB liability was determined using a measure date of the total OPEB liability and the OPEB net position as of the December 31, 2017 measurement date. The January 1, 2017 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2016, which used update procedures to roll forward the estimated liability to December 31, 2017.

Changes in the net OPEB liability during the measurement year were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Net Plan Position	Net OPEB Liability
Balance as December 31, 2016	\$ 57,661,397	\$ 11,433,176	\$ 46,228,221
Changes for the year:			
Service cost	916,947		916,947
Interest	3,670,127		3,670,127
Changes in benefits	-		-
Differences between expected and actual experience	-		-
Changes in assumptions	-		-
Contributions - employer		3,495,816	(3,495,816)
Contributions - employee		-	-
Net investment income		1,508,162	(1,508,162)
Benefit payments, including refunds	(2,395,816)	(2,395,816)	-
Administrative expenses		(29,166)	29,166
Misc. other changes	-	-	-
Net changes	2,191,258	2,578,996	(387,738)
Balance as December 31, 2017	<u>59,852,655</u>	<u>14,012,172</u>	<u>45,840,483</u>

The plans fiduciary net position represents 23.41 percent of the total OPEB liability.

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

For the year ended December 31, 2017, the Charter Township recognized OPEB expense of \$3,689,528.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 12 – Other Postemployment Benefits (Continued)

At December 31, 2017, the Charter Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	-	(581,451)

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

Year ended December 31:	
2018	(145,363)
2019	(145,363)
2020	(145,363)
2021	<u>(145,362)</u>
	(581,451)

Actuarial Assumptions - The total OPEB liability in the December 31, 2017 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases of 3.75 percent; an investment rate of return (net of investment expenses) of 6.5 percent; a healthcare cost trend rate of 9.0 percent for 2017, decreasing 0.50 percent per year to an ultimate rates of 4.50 percent for 2026 and later years; and using the RP-2014 mortality tables with the MP-2015 improvement scale. These assumptions were applied to all periods included in the measurement.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed the employee contributions will be made at the current contribution rate and that the Charter Township contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 12 – Other Postemployment Benefits (Continued)

Investment Rate of Return – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2017 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Fixed Income	10.0%	3.00%
International Fixed Income	7.0%	5.75%
Domestic Equity	38.0%	8.50%
International Equity	12.5%	8.75%
Private Equity	5.0%	9.75%
Real Estate	9.0%	7.00%
Cash	1.5%	2.00%
Other	17.0%	2.50%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Charter Township, calculated using the discount rate of 6.50 percent, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% decrease (5.500%)	Current discount rate (6.50%)	1% increase (7.500%)
Net OPEB Liability	54,049,483	45,840,483	39,094,483

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 12 - Other Postemployment Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the net OPEB liability of the Charter Township, calculated using the healthcare cost trend rate of 4.50 percent, as well as what the Township’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% decrease (4.50%, decreasing to 3.50%)	Current health care trend rate	1% increase (4.50%, increasing to 5.50%)
Net OPEB Liability	38,674,483	45,840,483	54,682,483

Note 13 – Fund Balance Constraints

The detail of the various components of fund balance is as follows:

	General Fund	Fire Fund	Police Fund	Other Funds	Total
Fund Balances:					
Nonspendable - prepaids	\$ 84,201	\$ 33,680	\$ 252,602	\$ -	\$ 370,483
Restricted for:					
Public Safety	-	6,730,546	7,464,440	-	14,194,986
Street Lighting	-	-	-	120,282	120,282
911 Service	-	-	-	2,200,643	2,200,643
Special Investigation	-	-	-	658,560	658,560
Neighborhood Stabilization	-	-	-	254,156	254,156
Capital projects - Roads	-	-	-	936,305	936,305
Cable TV	1,736,955	-	-	-	1,736,955
Assigned to:					
Community Center	464,523	-	-	-	464,523
Cable TV	1,467,462	-	-	-	1,467,462
Community Improvement	3,574,527	-	-	-	3,574,527
Debt Service	-	-	-	2,331,536	2,331,536
Subsequent year's budget (2018 as adopted)	2,561,273	-	-	-	2,561,273
Subsequent year's budget (2019 as proposed)	2,557,700	-	-	-	2,557,700
Encumbrances: infrastructure and other	425,841	-	-	-	425,841
Future capital needs and legacy costs pre-funding	6,250,000	-	-	-	6,250,000
Unassigned:	5,126,979	-	-	-	5,126,979
Total fund balances	<u>\$ 24,249,461</u>	<u>\$ 6,764,226</u>	<u>\$ 7,717,042</u>	<u>\$ 6,501,482</u>	<u>\$ 45,232,211</u>

Note 14 – Tax Abatements

The Charter Township uses the Industrial Facilities Tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the City grants reductions of 50% of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 12 years. For the fiscal year ended December 31, 2017, the Township abated \$69,081 of general fund, police fund, and fire fund taxes combined under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

The Charter Township uses the New Personal Property Tax (act 328 of 1998, as amended by PA 20 of 1999) to enter into agreements with local businesses that agree to add additional personal property to their facilities. Under the program, abatements are only offered on personal property added after the agreement is entered into. The agreement made at the Charter Township level is ruled upon by State Tax Commission. For the fiscal year ended December 31, 2017, the Township abated \$15,370 of general fund taxes under this program.

The Charter Township granted a Payment in Lieu of Taxes to Lincolnshire Apartments in 2008, acknowledging that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its citizens of low income and to encourage the development of such housing by providing a service charge in lieu of property taxes in accordance with State Housing Development Act 1996 (1996 PA 346, as amended, MCL 125.1401, et seq, MAS 116.114 (1) et seq). A portion of the service charge does come back to the Township to offset the lost revenue. For the fiscal year ended December 31, 2017, the Township abated \$8,043 of general fund, police fund, and fire fund taxes combined under this program.

Wayne County offers a Landbank program (TURBO) to encourage individuals to rehabilitate distressed properties. Under this program a participant will pay no property taxes in the first year following enrollment and then will pay taxes at 50% of the tax rate for the next five years. In 2016, two properties located within the Charter Township were enrolled in the TURBO program. For the fiscal year ended December 31, 2017, the Township abated \$2,570 of general fund, police fund, and fire fund taxes combined under this program.

Charter Township of Canton

Notes to Financial Statements December 31, 2017

Note 15 – Change in Accounting

During the current year, the Township adopted GASB Statement No. 75, Accounting and Financial reporting for postemployment benefits other than pensions. As a result, the government-wide statements now include a liability for our unfunded OPEB costs. Some of the changes in this OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefits (Note 12) for further details. This change does not impact the modified accrual funds.

The financial statements for the year ended December 31, 2016 have been restated in order to adopt GASB Statement No. 75. The effect of this new standard was a change in net position to record the net OPEB liability at December 31, 2016.

	Net Position - December 31, 2016 as previously reported	Adjustment for implementation of GASB Statement No. 75	Net Position - December 31, 2016 as restated
Governmental Activities	\$ 48,304,702	(21,179,938)	\$ 27,124,764
Business-Type Activities:			
Water and Sewer Fund	\$ 168,694,685	(1,714,916)	\$ 166,979,769
Golf Course Fund	10,878,576	89,116	10,967,692
Solid Waste Fund	666,619	(112,348)	554,271
Total Business-Type Activities	\$ 180,239,880	(1,738,148)	\$ 178,501,732
Internal Service Funds:			
Fleet Maintenance Fund	\$ 1,050,404	(34,554)	\$ 1,015,850
Component Unit	\$ 12,856,433	(198,781)	\$ 12,657,652

Note 16 - Upcoming Pronouncements

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the fiscal year ending December 31, 2019.

Note 16 - Upcoming Pronouncements (Continued)

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2019.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2020.

Intentionally left blank

Required Supplemental Information

Intentionally left blank

Charter Township of Canton

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2017

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 5,930,000	\$ 6,030,000	\$ 6,151,895	\$ 121,895
Licenses and permits	2,578,500	3,760,500	3,972,527	212,027
Federal sources	25,000	25,000	274,594	249,594
State sources	7,238,500	7,357,130	8,125,097	767,967
Charges for services	2,709,400	2,744,230	2,799,282	55,052
Fines and forfeitures	100,000	100,000	291,484	191,484
Administration charges	4,171,924	4,171,924	4,171,924	-
Leases and rentals	333,500	344,000	374,085	30,085
Contributions and donations	-	227,757	18,202	(209,555)
Other revenues	168,200	178,700	374,819	196,119
Transfers in	925,445	925,445	925,445	-
Fund balance appropriation	3,087,958	1,752,754	-	(1,752,754)
Total Revenues	\$ 27,268,427	\$ 27,617,440	\$ 27,479,354	\$ (138,086)
Expenditures				
General government	\$ 8,949,715	\$ 9,051,715	\$ 8,443,424	\$ 608,291
Public safety	2,020,189	2,073,266	1,864,373	208,893
Public works	1,946,026	1,972,068	1,740,551	231,517
Health and welfare	517,000	517,000	482,192	34,808
Community and economic development	826,783	835,783	750,101	85,682
Recreation and culture	7,036,963	7,139,797	6,579,774	560,023
Capital outlay	1,492,198	1,386,578	1,312,503	74,075
Principal payments	100,000	100,000	100,000	-
Interest and fiscal charges	25,800	25,800	25,400	400
Transfers out	4,353,753	4,515,433	4,277,932	237,501
Transfer to fund balance	-	-	1,903,104	(1,903,104)
Total Expenditures	\$ 27,268,427	\$ 27,617,440	\$ 27,479,354	\$ 138,086

*General Fund as budgeted, not including other funds as reported under GASB 54.

Charter Township of Canton

	Fire			Variance with Final Budget - Positive (Negative)
	Original Budget (unaudited)	Final Budget (unaudited)	Actual	
Revenues				
Property taxes	\$ 12,450,000	\$ 12,600,000	\$ 12,696,218	\$ 96,218
Licenses and permits	-	-	-	-
Federal sources	-	256,182	270,761	14,579
State sources	-	-	16,500	16,500
Charges for services	1,400,000	1,400,000	1,721,790	321,790
Fines and forfeitures	-	-	-	-
Contributions and donations	-	-	1,000	1,000
Other revenues	42,100	42,100	153,625	111,525
Bond Proceeds	1,245,000	-	-	-
Transfers in	-	-	-	-
Fund balance appropriation	-	819,137	-	(819,137)
Total Revenues	\$ 15,137,100	\$ 15,117,419	\$ 14,859,894	\$ (257,525)
Expenditures				
Public safety	\$ 12,719,993	\$ 12,728,143	\$ 12,215,166	\$ 512,977
Capital outlay	1,486,300	2,374,557	2,258,467	116,090
Debt principal payments	249,000	-	-	-
Interest and fiscal charges	63,230	980	-	980
Transfers out	15,733	13,739	13,739	-
Transfer to fund balance	602,844	-	372,522	(372,522)
Total Expenditures	\$ 15,137,100	\$ 15,117,419	\$ 14,859,894	\$ 257,525

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Year Ended December 31, 2017

Police			
Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
\$ 18,300,000	\$ 18,550,000	\$ 18,679,839	\$ 129,839
14,500	14,500	33,213	18,713
192,515	192,515	199,956	7,441
23,000	23,000	51,948	28,948
125,500	125,500	156,622	31,122
100,000	100,000	71,229	(28,771)
2,000	2,000	2,018	18
166,055	166,055	444,514	278,459
-	-	-	-
400,000	400,000	-	(400,000)
300,069	287,481	-	(287,481)
<u>\$ 19,623,639</u>	<u>\$ 19,861,051</u>	<u>\$ 19,639,339</u>	<u>\$ (221,712)</u>
\$ 19,257,136	\$ 19,378,613	\$ 18,745,876	\$ 632,737
308,050	431,383	469,598	(38,215)
-	-	-	-
77	77	-	77
58,376	50,978	50,978	-
-	-	372,887	(372,887)
<u>\$ 19,623,639</u>	<u>\$ 19,861,051</u>	<u>\$ 19,639,339</u>	<u>\$ 221,712</u>

Intentionally left blank

Charter Township of Canton

Required Supplemental Information Schedule of Changes in the Township Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 2,906,810	\$ 2,828,505	\$ 2,730,784
Interest	8,973,344	8,446,643	8,074,516
Changes of Benefit Terms	(71,815)	(104,765)	-
Difference between expected and actual experience	2,392,850	568,259	-
Changes of assumptions	-	4,627,640	-
Benefit payments including employee refunds	(6,774,864)	(6,469,697)	(6,218,125)
Other	(1)	9	34
Net Change in Total Pension Liability	7,426,324	9,896,594	4,587,209
Total Pension Liability beginning	114,100,833	104,204,239	99,617,030
Total Pension Liability ending	<u>\$ 121,527,157</u>	<u>\$ 114,100,833</u>	<u>\$ 104,204,239</u>
Plan Fiduciary Net Position			
Contributions-employer	\$ 3,640,318	\$ 3,356,980	\$ 3,171,424
Contributions-employee	2,924,680	1,282,347	1,475,316
Net Investment income	7,864,725	(1,061,399)	4,332,610
Benefit payments including employee refunds	(6,774,864)	(6,469,697)	(6,218,125)
Administrative expense	(154,913)	(155,611)	(159,082)
Net Change in Plan Fiduciary Net Position	7,499,946	(3,047,380)	2,602,143
Plan Fiduciary Net Position beginning	68,583,452	71,630,832	69,028,689
Plan Fiduciary Net Position ending	<u>76,083,398</u>	<u>68,583,452</u>	<u>71,630,832</u>
Employer Net Pension Liability	<u>\$ 45,443,759</u>	<u>\$ 45,517,381</u>	<u>\$ 32,573,407</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	63%	60%	69%
Covered Employee Payroll	\$ 24,978,861	\$ 24,496,502	\$ 23,153,839
Employer's Net Pension Liability as a percentage of covered employee payroll	182%	186%	141%

Years 2008-2014 not available

Charter Township of Canton

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarial Determined Contributions	\$ 4,719,515	\$ 3,640,318	\$ 3,356,980	\$ 3,171,424
Contributions in relation to the actuarially determined contribution	<u>4,719,515</u>	<u>3,640,318</u>	<u>3,356,980</u>	<u>3,171,424</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$24,978,861	\$ 24,496,502	\$ 23,153,839	\$22,016,753
Contributions as a percentage of covered employee payroll	19%	15%	14%	14%

Notes to Schedule:

Valuation Date	Actuarially determined contribution rates are calculated as of December 31 each year, two years prior to the end of the fiscal year in which the contributions are reported
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	22 years
Asset valuation method	10 year smoothed
Inflation	2.5%
Salary Increases	3.75%
Investment rate of return	7.75%, including inflation
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Female/50% Male RP-2014 Tables

Charter Township of Canton

Required Supplemental Information Schedule of Employer Contributions – Pension Plan Last Ten Fiscal Years

2013	2012	2011	2010	2009	2008
\$ 2,450,451	\$ 2,484,406	\$ 3,025,566	\$ 3,005,631	\$ 3,243,309	\$ 2,679,950
<u>2,450,451</u>	<u>2,484,406</u>	<u>3,025,566</u>	<u>3,005,631</u>	<u>3,243,309</u>	<u>2,679,950</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$17,147,248	\$17,693,474	\$18,671,391	\$18,833,045	\$18,291,638	\$17,150,699
14%	14%	16%	16%	18%	16%

Intentionally left blank

Charter Township of Canton

Required Supplemental Information Schedule of Changes in the Township Net OPEB Liability and Related Ratios Last Ten Fiscal Years

	2017
Total OPEB Liability	
Service Cost	\$ 916,947
Interest	3,670,127
Changes of Benefit Terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments including employee refunds	(2,395,816)
Other	-
Net Change in Total OPEB Liability	2,191,258
Total OPEB Liability beginning	57,661,397
Total OPEB Liability ending	\$ 59,852,655
Plan Fiduciary Net Position	
Contributions-employer	\$ 3,495,816
Contributions-employee	-
Net Investment income	1,508,162
Benefit payments including employee refunds	(2,395,816)
Administrative expense	(29,166)
Net Change in Plan Fiduciary Net Position	2,578,996
Plan Fiduciary Net Position beginning	11,433,176
Plan Fiduciary Net Position ending	14,012,172
Employer Net OPEB Liability	\$ 45,840,483
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	23%
Covered Employee Payroll	\$ 22,155,851
Employer's Net OPEB Liability as a percentage of covered employee payroll	207%

Years 2008-2016 not available

Charter Township of Canton

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarial Determined Contributions	\$ 3,582,601	\$ 4,549,108	\$ 4,484,189	\$ 8,156,579
Contributions in relation to the actuarially determined contribution	<u>3,495,816</u>	<u>3,633,913</u>	<u>3,274,287</u>	<u>3,515,632</u>
Contribution deficiency (excess)	<u>\$ 86,785</u>	<u>\$ 915,195</u>	<u>\$ 1,209,902</u>	<u>\$ 4,640,947</u>
 Covered Employee Payroll	 \$22,155,851	 \$ 22,155,851	 \$ 23,153,839	 \$23,153,839
 Contributions as a percentage of covered employee payroll	 16%	 16%	 14%	 15%

Notes to Schedule:

Valuation Date	Actuarially determined contribution rates are calculated as of December 31 each year, one year prior to the end of the fiscal year in which the contributions are reported
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	Not applicable
Asset valuation method	Not applicable
Inflation	2.5%
Salary Increases	3.8%
Investment rate of return	6.5%
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Female/50% Male RP-2014 Tables

Charter Township of Canton

Required Supplemental Information Schedule of Employer Contributions – OPEB Plan Last Ten Fiscal Years

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 6,422,012	\$ 6,145,465	\$ 4,619,949	\$ 4,421,004	\$ 3,623,379	\$ 3,467,348
<u>3,141,945</u>	<u>3,051,621</u>	<u>2,152,574</u>	<u>1,839,411</u>	<u>1,355,127</u>	<u>553,640</u>
<u>\$ 3,280,067</u>	<u>\$ 3,093,844</u>	<u>\$ 2,467,375</u>	<u>\$ 2,581,593</u>	<u>\$ 2,268,252</u>	<u>\$ 2,913,708</u>
\$17,147,248	\$17,147,248	\$18,671,391	\$18,671,391	\$18,291,638	\$16,252,352
18%	18%	12%	10%	7%	3%

Charter Township of Canton

Note to Required Supplemental Information December 31, 2017

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, certain grant transactions, and transfers are budgeted as either revenue or expenditures to balance the budget. All annual appropriations lapse at fiscal year end.

Pursuant to the requirements of GASB 54, certain funds formerly shown as separate revenue funds are now incorporated as part of the general fund on the operating statement. However, the Township continues to budget for these funds separately, thus the below has been prepared to reconcile the two sets of financial statements

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

	Budget Statement	Transfer to/		Operating Statement
		Appropriation of Fund Balance	Transfers	
General Fund	\$ 27,479,354	\$ -	\$ (925,445)	\$ 26,553,909
Community Center	3,706,639	-	(1,000,000)	2,706,639
Cable TV	1,932,169	-	-	1,932,169
Community Improvement	<u>3,383,187</u>	<u>(356,694)</u>	<u>(2,100,000)</u>	<u>926,493</u>
	36,501,349	(356,694)	(4,025,445)	32,119,210
GASB 54 Eliminations				<u>(849,538)</u>
General Fund - Total revenues				31,269,672
General Fund	27,479,354	(1,903,104)	(4,277,932)	21,298,318
Community Center	3,706,639	(96,823)	(76,433)	3,533,383
Cable TV	1,932,169	(378,785)	(800,000)	753,384
Community Improvement	<u>3,383,187</u>	<u>-</u>	<u>-</u>	<u>3,383,187</u>
	36,501,349	(2,378,712)	(5,154,365)	28,968,272
GASB 54 Eliminations				<u>(849,538)</u>
General Fund - Total expenditures				28,118,734
Fire Fund - Total revenues	14,859,894	-	-	14,859,894
Fire Fund - Total expenditures	14,859,894	(372,522)	(13,739)	14,473,633
Police Fund - Total revenues	19,639,339	-	-	19,639,339
Police Fund - Total expenditures	19,639,339	(372,887)	(50,978)	19,215,474

Charter Township of Canton

Note to Required Supplemental Information December 31, 2017

Note - Budgetary Information (Continued)

The GASB 54 Eliminations is due to eliminations for financial statement purposes to prevent charges between the funds overstating the operations. It consists of \$849,538 of indirect costs paid between the combining funds.

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.
- The budget is legally adopted by the Board through adoption of the appropriation ordinance. According to State law, the budget must be adopted by December 31.

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. Additionally, the Township did not have any significant expenditure budget variances.

Deficits – The Township did not have any funds with a deficit.

Intentionally left blank

Other Supplemental Information

Charter Township of Canton

	Nonmajor Special Revenue Funds			
	Street Lighting	911 Service	Special Investigation	CDBG
Assets				
Cash and cash equivalents	\$ 330,373	\$ 848,382	\$ 1,116,814	\$ 133,656
Investments	-	1,350,172	-	-
Receivables, net:				
Special assessments	92,369	-	-	-
Accrued interest and other receivables	-	2,427	-	-
Due from other funds	2,468	-	-	175
Due from other governmental units	-	-	76,786	40,851
Restricted assets	-	-	-	-
Total Assets	\$ 425,210	\$ 2,200,981	\$ 1,193,600	\$ 174,682
Liabilities				
Liabilities				
Accounts payable	\$ 24,833	\$ 338	\$ 38,665	\$ 6,571
Accrued and other liabilities	-	-	419,620	-
Due to other funds	-	-	-	168,111
Due to other governmental units	-	-	690	-
Unearned revenue				
Special assessments	280,095	-	-	-
Total Liabilities	304,928	338	458,975	174,682
Deferred Inflows of Resources	-	-	76,065	-
Fund Balances				
Restricted	120,282	2,200,643	658,560	-
Assigned	-	-	-	-
Total Fund Balances	120,282	2,200,643	658,560	-
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 425,210	\$ 2,200,981	\$ 1,193,600	\$ 174,682

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds		Nonmajor Capital Projects Funds		Total Nonmajor Governmental Funds
Neighborhood Stabilization	Total	Special Assessment Debt Service	Energy Project Debt Service	Capital Projects - Roads	Capital Projects - Energy Project	
\$ 254,156	\$ 2,683,381	\$ 2,165,889	\$ -	\$ 285,831	\$ -	\$ 5,135,101
-	1,350,172	-	-	-	-	1,350,172
-	92,369	960,895	-	4,802	-	1,058,066
-	2,427	-	-	1,305	-	3,732
-	2,643	-	-	-	-	2,643
-	117,637	-	-	-	-	117,637
-	-	-	-	646,437	-	646,437
\$ 254,156	\$ 4,248,629	\$ 3,126,784	\$ -	\$ 938,375	\$ -	\$ 8,313,788
\$ -	\$ 70,407	\$ -	\$ -	\$ 1,633	\$ -	\$ 72,040
-	419,620	-	-	-	-	419,620
-	168,111	-	-	-	-	168,111
-	690	-	-	-	-	690
-	280,095	795,248	-	437	-	1,075,780
-	938,923	795,248	-	2,070	-	1,736,241
-	76,065	-	-	-	-	76,065
254,156	3,233,641	-	-	936,305	-	4,169,946
-	-	2,331,536	-	-	-	2,331,536
254,156	3,233,641	2,331,536	-	936,305	-	6,501,482
\$ 254,156	\$ 4,248,629	\$ 3,126,784	\$ -	\$ 938,375	\$ -	\$ 8,313,788

Charter Township of Canton

	Nonmajor Special Revenue Funds			
	Street Lighting	911 Service	Special Investigation	CDBG
Revenues				
Federal sources	\$ -	\$ -	\$ 163,789	\$ 334,885
Charges for services	-	468,729	-	-
Fines and forfeitures	-	-	222,602	-
Special assessments	281,701	-	-	-
Contributions and donations	-	-	-	-
Other revenues	4,062	11,589	5,602	-
Total Revenues	285,763	480,318	391,993	334,885
Expenditures				
Current:				
Public safety	-	41,413	407,764	-
Public works	288,465	-	-	-
Health and Welfare	-	-	-	309,968
Capital outlay	-	-	-	24,917
Debt service:				
Principal payments	-	150,000	-	-
Interest and fiscal charges	-	8,750	-	-
Total Expenditures:	288,465	200,163	407,764	334,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,702)	280,155	(15,771)	-
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	(2,702)	280,155	(15,771)	-
Fund Balances - Beginning	122,984	1,920,488	674,331	-
Fund Balances - Ending	\$ 120,282	\$ 2,200,643	\$ 658,560	\$ -

**Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2017**

Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds		Nonmajor Capital Projects Funds		Total Nonmajor Governmental Funds
Neighborhood Stabilization	Total	Special Assessment Debt Service	Energy Project Debt Service	Capital Projects - Roads	Capital Projects - Energy Project	
\$ -	\$ 498,674	\$ -	\$ -	\$ -	\$ -	\$ 498,674
-	468,729	-	-	-	-	468,729
-	222,602	-	-	-	-	222,602
-	281,701	1,141,377	-	13,968	-	1,437,046
-	-	-	-	108,229	-	108,229
-	21,253	117,872	-	10,507	100	149,732
-	1,492,959	1,259,249	-	132,704	100	2,885,012
-	449,177	-	-	-	-	449,177
-	288,465	-	-	145,199	-	433,664
-	309,968	-	-	-	-	309,968
-	24,917	-	-	856	-	25,773
-	150,000	190,000	268,122	-	-	608,122
-	8,750	30,436	108,816	-	-	148,002
-	1,231,277	220,436	376,938	146,055	-	1,974,706
-	261,682	1,038,813	(376,938)	(13,351)	100	910,306
-	-	-	376,938	-	-	376,938
-	-	(295)	-	(125,150)	(47,767)	(173,212)
-	-	(295)	376,938	(125,150)	(47,767)	203,726
-	261,682	1,038,518	-	(138,501)	(47,667)	1,114,032
254,156	2,971,959	1,293,018	-	1,074,806	47,667	5,387,450
\$ 254,156	\$ 3,233,641	\$ 2,331,536	\$ -	\$ 936,305	\$ -	\$ 6,501,482

Charter Township of Canton

Other Supplemental Information Internal Service Funds Combining Statement of Net Position Year Ended December 31, 2017

	Internal Service Funds		Total
	Fleet Maintenance	Other Employee Benefits	
Assets			
Current assets			
Cash and cash equivalents (Note 3)	\$ 1,457,978	\$ 454,642	\$ 1,912,620
Investments (Note 3)	-	501,185	501,185
Receivables, net:			
Accrued interest and other receivables	2,638	4,288	6,926
Due from other funds (Note 6)	-	2,987,244	2,987,244
Due from other governmental units	1,297	21,277	22,574
Inventories	70,213	-	70,213
Total Current assets	<u>1,532,126</u>	<u>3,968,636</u>	<u>5,500,762</u>
Noncurrent assets			
Depreciable assets, net (Note 4)	794,893	-	794,893
Total Assets	<u>2,327,019</u>	<u>3,968,636</u>	<u>6,295,655</u>
Deferred Outflows of Resources (Note 5)	<u>150,626</u>	<u>-</u>	<u>150,626</u>
Liabilities			
Current liabilities			
Accounts payable	42,125	106,750	148,875
Accrued and other liabilities	16,544	23,866	40,410
Due to other funds (Note 6)	38,924	-	38,924
Current portion of compensated absences (Note 7)	60,855	-	60,855
Current portion of uninsured losses liabilities (Note 7)	6,460	116,460	122,920
Total Current liabilities	<u>164,908</u>	<u>247,076</u>	<u>411,984</u>
Noncurrent liabilities			
Provision for compensated absences (Note 7)	19,152	-	19,152
Net other post employment benefit obligations (Note 12)	499,649	-	499,649
Net pension liability (Note 11)	588,300	-	588,300
Total Noncurrent liabilities	<u>1,107,101</u>	<u>-</u>	<u>1,107,101</u>
Total Liabilities	<u>1,272,009</u>	<u>247,076</u>	<u>1,519,085</u>
Deferred Inflows of Resources (Note 5)	<u>6,356</u>	<u>-</u>	<u>6,356</u>
Net Position			
Net investment in capital assets	794,893	-	794,893
Unrestricted	404,387	3,721,560	4,125,947
Total Net Position	<u>\$ 1,199,280</u>	<u>\$ 3,721,560</u>	<u>\$ 4,920,840</u>

Charter Township of Canton

Other Supplemental Information Internal Service Funds Combining Statement of Revenue, Expense, and Changes in Net Position Year Ended December 31, 2017

	Internal Service Funds		Total
	Fleet Maintenance	Other Employee Benefits	
Operating Revenues			
Charges to other funds	\$ 1,783,267	\$ 6,487,951	\$ 8,271,218
Other revenues	5,024	190,241	195,265
Total Operating Revenues	<u>1,788,291</u>	<u>6,678,192</u>	<u>8,466,483</u>
Operating Expenses			
Salaries and wages	391,808	-	391,808
Payroll taxes and fringe benefits	206,095	3,496,275	3,702,370
Supplies	359,403	-	359,403
Vehicle expense	286,315	-	286,315
Maintenance	166,904	-	166,904
Administration charges	132,837	-	132,837
Depreciation (Note 4)	51,563	-	51,563
Other expenses	18,945	37,168	56,113
Total Operating Expenses	<u>1,613,870</u>	<u>3,533,443</u>	<u>5,147,313</u>
Operating Income	<u>174,421</u>	<u>3,144,749</u>	<u>3,319,170</u>
Nonoperating Revenues (Expenses)			
Investment income	<u>10,324</u>	<u>1,926</u>	<u>12,250</u>
Transfers			
Transfers to Other Funds	<u>(1,315)</u>	<u>-</u>	<u>(1,315)</u>
Change in Net Position:	183,430	3,146,675	3,330,105
Total Net Position - Beginning, as restated (Note 15)	1,015,850	574,885	1,590,735
Total Net Position - Ending	<u>\$ 1,199,280</u>	<u>\$ 3,721,560</u>	<u>\$ 4,920,840</u>

Charter Township of Canton

Other Supplemental Information Internal Service Funds Combining Statement of Cash Flows Year Ended December 31, 2017

	Internal Service Funds		Total
	Fleet Maintenance	Other Employee Benefits	
Cash Flows from Operating Activities			
Receipts from other funds	\$ 1,089	\$ 179,145	\$ 180,234
Payments to suppliers and vendors	(841,070)	(3,579,668)	(4,420,738)
Payments to employees	(582,942)	15,361	(567,581)
Receipts connected with interfund services	<u>1,685,798</u>	<u>3,500,707</u>	<u>5,186,505</u>
Net cash provided by operating activities	262,875	115,545	378,420
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	<u>(1,315)</u>	<u>-</u>	<u>(1,315)</u>
Net cash (used in) noncapital financing activities	(1,315)	-	(1,315)
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	<u>(5,640)</u>	<u>-</u>	<u>(5,640)</u>
Net cash (used in) capital and related financing activities	(5,640)	-	(5,640)
Cash Flows from Investing Activities			
Interest received on investments	10,324	1,926	12,250
Purchase of investment securities	<u>-</u>	<u>(499)</u>	<u>(499)</u>
Net cash provided by investing activities	<u>10,324</u>	<u>1,427</u>	<u>11,751</u>
Net Increase in Cash and Cash Equivalents	266,244	116,972	383,216
Cash and Cash Equivalents - Beginning of year	<u>1,191,734</u>	<u>337,670</u>	<u>1,529,404</u>
Cash and Cash Equivalents - End of year	<u>\$ 1,457,978</u>	<u>\$ 454,642</u>	<u>\$ 1,912,620</u>
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 174,421	\$ 3,144,749	\$ 3,319,170
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation	51,563	-	51,563
Changes in assets and liabilities:			
Receivables	(2,638)	4,202	1,564
Due from other funds	-	(2,987,244)	(2,987,244)
Due from other govt units	(1,297)	(15,298)	(16,595)
Inventories	(6,305)	-	(6,305)
Deferred outflows of resources	16,305	-	16,305
Accounts payable	(7,307)	(50,186)	(57,493)
Accrued and other liabilities	4,109	3,961	8,070
Due to other funds	35,368	-	35,368
Due to other governmental units	-	-	-
Provisions for compensated absences and uninsured losses	251	15,361	15,612
Net other post employment benefit obligations	(4,239)	-	(4,239)
Net pension liability	(3,712)	-	(3,712)
Deferred inflows of resources	<u>6,356</u>	<u>-</u>	<u>6,356</u>
Net cash provided by operating activities	<u>\$ 262,875</u>	<u>\$ 115,545</u>	<u>\$ 378,420</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended December 31, 2017

Special Revenue Fund – Community Center*

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Administration charges	\$ 614,385	\$ 614,385	\$ 614,385	\$ -
Leases and rentals	173,000	173,000	195,267	22,267
Contributions and donations	-	7,200	7,160	(40)
Summit recreation fees	1,719,000	1,734,000	1,875,437	141,437
Other revenues	11,000	11,000	14,390	3,390
Transfers in	1,200,000	1,187,500	1,000,000	(187,500)
Fund balance appropriation	133,385	106,853	-	(106,853)
Total Revenues	<u>\$ 3,850,770</u>	<u>\$ 3,833,938</u>	<u>\$ 3,706,639</u>	<u>\$ (127,299)</u>
Expenditures				
Recreation and culture	\$ 3,249,847	\$ 3,199,967	\$ 3,006,417	\$ 193,550
Capital outlay	333,000	377,139	346,652	30,487
Principal payments	168,000	168,000	168,000	-
Interest and fiscal charges	12,399	12,399	12,314	85
Transfers out	87,524	76,433	76,433	-
Transfer to fund balance	-	-	96,823	(96,823)
Total Expenditures	<u>\$ 3,850,770</u>	<u>\$ 3,833,938</u>	<u>\$ 3,706,639</u>	<u>\$ 127,299</u>

*Included in the General Fund per GASB 54, see notes to required supplementary information

Special Revenue Fund - Street Lighting

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Special assessments	\$ 327,671	\$ 327,671	\$ 281,701	\$ (45,970)
Contributions and donations	15,000	15,000	-	(15,000)
Other revenues	1,500	1,500	4,062	2,562
Fund balance appropriation	-	-	2,702	2,702
Total Revenues	<u>\$ 344,171</u>	<u>\$ 344,171</u>	<u>\$ 288,465</u>	<u>\$ (55,706)</u>
Expenditures				
Public works	\$ 335,814	\$ 335,814	\$ 288,465	\$ 47,349
Transfer to fund balance	8,357	8,357	-	8,357
Total Expenditures	<u>\$ 344,171</u>	<u>\$ 344,171</u>	<u>\$ 288,465</u>	<u>\$ 55,706</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2017

Special Revenue Fund – Cable TV*

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Royalties	\$ 1,873,000	\$ 1,873,000	\$ 1,916,728	\$ 43,728
Other revenues	2,500	2,500	15,441	12,941
Total Revenues	<u>\$ 1,875,500</u>	<u>\$ 1,875,500</u>	<u>\$ 1,932,169</u>	<u>\$ 56,669</u>
Expenditures				
General government	714,257	731,863	685,524	46,339
Capital outlay	30,000	177,513	67,860	109,653
Transfers out	800,000	800,000	800,000	-
Transfer to fund balance	331,243	166,124	378,785	(212,661)
Total Expenditures	<u>\$ 1,875,500</u>	<u>\$ 1,875,500</u>	<u>\$ 1,932,169</u>	<u>\$ (56,669)</u>

*Included in the General Fund per GASB 54, see notes to required supplementary information

Special Revenue Fund – 911 Service

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for services	\$ 500,000	\$ 500,000	\$ 468,729	\$ (31,271)
Other revenues	7,500	7,500	11,589	4,089
Fund balance appropriation	211,625	211,625	-	(211,625)
Total Revenues	<u>\$ 719,125</u>	<u>\$ 719,125</u>	<u>\$ 480,318</u>	<u>\$ (238,807)</u>
Expenditures				
Public Safety	\$ 83,200	\$ 83,200	\$ 41,413	\$ 41,787
Capital outlay	77,175	77,175	-	77,175
Principal payments	150,000	150,000	150,000	-
Interest and fiscal charges	8,750	8,750	8,750	-
Transfers out	400,000	400,000	-	400,000
Transfer to fund balance	-	-	280,155	(280,155)
Total Expenditures	<u>\$ 719,125</u>	<u>\$ 719,125</u>	<u>\$ 480,318</u>	<u>\$ 238,807</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2017

Special Revenue Fund – Community Improvement*

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Federal sources	\$ -	\$ 202,700	\$ -	\$ (202,700)
State sources	-	-	-	-
Leases and rentals	12,000	12,000	12,000	-
Royalties	542,000	542,000	791,606	249,606
Contributions and donations	-	-	120,572	120,572
Other revenues	50	50	2,315	2,265
Transfers in	2,100,000	2,100,000	2,100,000	-
Fund balance appropriation	90,000	1,098,593	356,694	(741,899)
Total Revenues	<u>\$ 2,744,050</u>	<u>\$ 3,955,343</u>	<u>\$ 3,383,187</u>	<u>\$ (572,156)</u>
Expenditures				
General Government	\$ 4,000	\$ 148,022	\$ 142,184	\$ 5,838
Recreation and culture	-	24,928	61,664	(36,736)
Capital outlay	840,000	1,882,343	1,279,789	602,554
Principal payments	1,365,000	1,365,000	1,365,000	-
Interest and fiscal charges	535,050	535,050	534,550	500
Total Expenditures	<u>\$ 2,744,050</u>	<u>\$ 3,955,343</u>	<u>\$ 3,383,187</u>	<u>\$ 572,156</u>

*Included in the General Fund per GASB 54, see notes to required supplementary information

Special Revenue Fund – CDBG

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues - Federal sources	<u>\$ 330,000</u>	<u>\$ 405,000</u>	<u>\$ 334,885</u>	<u>\$ (70,115)</u>
Expenditures				
Health and welfare	\$ 330,000	\$ 380,000	\$ 309,968	\$ 70,032
Capital outlay	-	25,000	24,917	83
Total Expenditures	<u>\$ 330,000</u>	<u>\$ 405,000</u>	<u>\$ 334,885</u>	<u>\$ 70,115</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2017

Special Revenue Fund – Special Investigation

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Federal sources	\$ 198,000	\$ 198,000	\$ 163,789	\$ (34,211)
Fines and forfeitures	175,000	175,000	222,602	47,602
Other revenues	15,000	15,000	5,602	(9,398)
Fund balance appropriation	<u>130,500</u>	<u>130,500</u>	<u>15,771</u>	<u>(114,729)</u>
Total Revenues	<u>\$ 518,500</u>	<u>\$ 518,500</u>	<u>\$ 407,764</u>	<u>\$ (110,736)</u>
Expenditures - Public safety	<u>\$ 518,500</u>	<u>\$ 518,500</u>	<u>\$ 407,764</u>	<u>\$ 110,736</u>

Special Revenue Fund – Neighborhood Stabilization

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues - Federal sources	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>
Expenditures - Health and welfare	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2017

Debt Service Fund – Energy Grant

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues - Transfers In	<u>\$ 376,939</u>	<u>\$ 376,939</u>	<u>\$ 376,938</u>	<u>\$ (1)</u>
Expenditures				
Principal payments	\$ 268,122	\$ 268,122	\$ 268,122	\$ -
Interest and fiscal charges	<u>108,817</u>	<u>108,817</u>	<u>108,816</u>	<u>1</u>
Total Expenditures	<u>\$ 376,939</u>	<u>\$ 376,939</u>	<u>\$ 376,938</u>	<u>\$ 1</u>

Debt Service Fund – Special Assessment Debt Service

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Special assessments	\$ 342,900	\$ 342,900	\$ 1,141,377	\$ 798,477
Other revenues	<u>114,405</u>	<u>114,405</u>	<u>117,872</u>	<u>3,467</u>
Total Revenues	<u>\$ 457,305</u>	<u>\$ 457,305</u>	<u>\$ 1,259,249</u>	<u>\$ 801,944</u>
Expenditures				
Debt principal payments	\$ 190,000	\$ 190,000	\$ 190,000	\$ -
Interest and fiscal charges	31,186	31,186	30,436	750
Transfers out	295	295	295	-
Transfer to fund balance	<u>235,824</u>	<u>235,824</u>	<u>1,038,518</u>	<u>(802,694)</u>
Total Expenditures	<u>\$ 457,305</u>	<u>\$ 457,305</u>	<u>\$ 1,259,249</u>	<u>\$ (801,944)</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2017

Capital Projects Fund – Capital Projects – Roads

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Special assessments	\$ 16,150	\$ 16,150	\$ 13,968	\$ (2,182)
Contributions and donations	-	-	108,229	108,229
Other revenues	969	969	10,507	9,538
Fund balance appropriation	108,031	612,700	138,501	(474,199)
Total Revenues	<u>\$ 125,150</u>	<u>\$ 629,819</u>	<u>\$ 271,205</u>	<u>\$ (358,614)</u>
Expenditures				
Public works	\$ -	\$ 235,602	\$ 145,199	\$ 90,403
Capital outlay	-	269,067	856	268,211
Interest and fiscal charges	-	-	-	-
Transfers out	125,150	125,150	125,150	-
Transfer to fund balance	-	-	-	-
Total Expenditures	<u>\$ 125,150</u>	<u>\$ 629,819</u>	<u>\$ 271,205</u>	<u>\$ 358,614</u>

Capital Projects Fund – Capital Projects – Energy Project

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Other revenues	\$ 100	\$ 100	\$ 100	\$ -
Fund balance appropriation	-	47,667	47,667	-
Total Revenues	<u>\$ 100</u>	<u>\$ 47,767</u>	<u>\$ 47,767</u>	<u>\$ -</u>
Expenditures				
Transfers out	\$ -	\$ 47,767	\$ 47,767	\$ -
Transfer to fund balance	100	-	-	-
Total Expenditures	<u>\$ 100</u>	<u>\$ 47,767</u>	<u>\$ 47,767</u>	<u>\$ -</u>

Charter Township of Canton

Other Supplemental Information Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2017

	Agency Funds			
	Balance			Balance
	January 1, 2017	Additions	Deletions	December 31, 2017
<u>Tax Collections</u>				
Assets - Cash and cash equivalents	<u>\$ 3,690,114</u>	<u>\$ 164,969,853</u>	<u>\$ 165,658,423</u>	<u>\$ 3,001,544</u>
Liabilities - Due to other governmental units	<u>\$ 3,690,114</u>	<u>\$ 168,477,344</u>	<u>\$ 169,165,914</u>	<u>\$ 3,001,544</u>
<u>Other Agency Funds</u>				
Assets - Cash and cash equivalents	<u>\$ 771,877</u>	<u>\$ 435,014</u>	<u>\$ 905,480</u>	<u>\$ 301,411</u>
Liabilities				
Accounts payable	\$ -	\$ 817,745	\$ 817,745	\$ -
Cash bonds and deposits	<u>771,877</u>	<u>471,348</u>	<u>941,814</u>	<u>301,411</u>
Total liabilities	<u>\$ 771,877</u>	<u>\$ 1,289,093</u>	<u>\$ 1,759,559</u>	<u>\$ 301,411</u>
<u>Total Agency Funds</u>				
Assets - Cash and cash equivalents	<u>\$ 4,461,991</u>	<u>\$ 165,404,867</u>	<u>\$ 166,563,903</u>	<u>\$ 3,302,955</u>
Liabilities				
Accounts payable	\$ -	\$ 817,745	\$ 817,745	\$ -
Cash bonds and deposits	<u>771,877</u>	<u>471,348</u>	<u>941,814</u>	<u>301,411</u>
Due to other governmental funds	<u>3,690,114</u>	<u>168,477,344</u>	<u>169,165,914</u>	<u>3,001,544</u>
Total liabilities	<u>\$ 4,461,991</u>	<u>\$ 169,766,437</u>	<u>\$ 170,925,473</u>	<u>\$ 3,302,955</u>

Charter Township of Canton

Component Units Balance Sheet December 31, 2017

	Downtown Development Authority
Assets	
Cash and cash equivalents (Note 3)	\$ 2,693,309
Receivables, net, property taxes	1,568,567
Total Assets	<u>\$ 4,261,876</u>
Liabilities	
Liabilities	
Accounts payable	\$ 65,706
Accrued and other liabilities	6,161
Due to other governmental units	119,909
Total Liabilities	<u>191,776</u>
Deferred Inflows of Resources (Note 5)	<u>2,226,874</u>
Fund Balances	
Total Fund Balances - unassigned	1,843,226
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,261,876</u>
Total fund balances for component units	\$ 1,843,226
Amounts reported for component units in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	12,540,635
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(1,034,483)
Interest amounts on long-term liabilities are not payable until due in the funds	(3,448)
Net OPEB Liability and related deferred outflows and inflows of resources are not reported in the funds	(199,605)
Net Pension Liability and related deferred outflows and inflows of resources are not reported in the funds	<u>(19,697)</u>
Total net position for component units	<u>\$ 13,126,628</u>

Charter Township of Canton

Component Units Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended December 31, 2017

	Downtown Development Authority
Revenues	
Property taxes	\$ 2,081,723
Other revenues	79,201
Total Revenues	2,160,924
Expenditures	
Current:	
Community and economic development	996,116
Capital outlay	19,370
Debt service	
Principal payments	1,034,483
Interest and fiscal charges	62,715
Total Expenditures	2,112,684
Net Change in Fund Balances	48,240
Fund Balances - Beginning	1,794,986
Fund Balances - Ending	\$ 1,843,226
 Net change in fund balances of component units	 \$ 48,240
 Amounts reported for component units in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures (\$19,370); in the statement of activities, these costs are allocated over their estimated useful lives as depreciation (\$622,495)	(603,125)
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)	1,040,933
Accrued interest is an expenditure in the statement of activities, but not in the governmental funds	3,449
OPEB expense is an expense in the statement of activities, but not in the governmental funds	(824)
Pension expense is an expense in the statement of activities, but not in the governmental funds	(19,697)
 Change in net position of component units	 \$ 468,976

Intentionally left blank

Statistical Section

Intentionally left blank

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.

Charter Township of Canton

	Fiscal Year Ended December 31			
	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	\$ 53,231,465	\$ 54,914,974	\$ 58,824,432	\$ 58,668,835
Restricted	16,363,562	13,292,162	10,906,361	9,198,330
Unrestricted	<u>11,190,868</u>	<u>6,130,666</u>	<u>(859,022)</u>	<u>(621,110)</u>
Total net position	80,785,895	74,337,802	68,871,771	67,246,055
Business-type Activities				
Net investment in capital assets	88,787,902	88,447,727	89,157,966	89,415,716
Unrestricted	<u>51,716,104</u>	<u>52,981,714</u>	<u>56,275,402</u>	<u>61,315,530</u>
Total net position	140,504,006	141,429,441	145,433,368	150,731,246
Primary Government in Total				
Net investment in capital assets	142,019,367	143,362,701	147,982,398	148,084,551
Restricted	16,363,562	13,292,162	10,906,361	9,198,330
Unrestricted	<u>62,906,972</u>	<u>59,112,380</u>	<u>55,416,380</u>	<u>60,694,420</u>
Total net position	<u>\$ 221,289,901</u>	<u>\$ 215,767,243</u>	<u>\$ 214,305,139</u>	<u>\$ 217,977,301</u>

Financial Trend Information
Net Position by Component
(Unaudited)

Fiscal Year Ended December 31					
2012	2013	2014	2015	2016	2017
\$ 56,812,054	\$ 55,391,656	\$ 55,216,572	\$ 56,477,790	\$ 56,742,762	\$ 60,684,910
7,933,685	6,801,052	7,771,309	14,181,175	18,834,484	20,067,173
<u>(4,911,410)</u>	<u>(4,425,302)</u>	<u>(3,601,365)</u>	<u>(28,140,914)</u>	<u>(27,272,544)</u>	<u>(44,924,262)</u>
59,834,329	57,767,406	59,386,516	42,518,051	48,304,702	35,827,821
89,840,219	95,085,038	96,625,929	101,736,096	108,795,797	121,033,234
<u>70,502,760</u>	<u>68,986,032</u>	<u>70,916,715</u>	<u>70,249,251</u>	<u>71,444,083</u>	<u>72,208,647</u>
160,342,979	164,071,070	167,542,644	171,985,347	180,239,880	193,241,881
146,652,273	150,476,694	151,842,501	158,213,886	165,538,559	181,718,144
7,933,685	6,801,052	7,771,309	14,181,175	18,834,484	20,067,173
<u>65,591,350</u>	<u>64,560,730</u>	<u>67,315,350</u>	<u>42,108,337</u>	<u>44,171,539</u>	<u>27,284,385</u>
<u>\$ 220,177,308</u>	<u>\$ 221,838,476</u>	<u>\$ 226,929,160</u>	<u>\$ 214,503,398</u>	<u>\$ 228,544,582</u>	<u>\$ 229,069,702</u>

Charter Township of Canton

	Fiscal Year Ended December 31			
	2008	2009	2010	2011
Expenses				
Governmental Activities:				
General government	\$ 8,458,738	\$ 8,803,717	\$ 8,798,543	\$ 8,775,190
Public safety	27,409,325	28,220,711	27,379,218	28,587,397
Public works	7,502,335	8,126,977	6,847,169	6,494,742
Health and welfare	398,253.00	410,703	390,000	480,377
Community and economic development	1,269,725.00	1,752,539	1,786,279	2,026,007
Recreation and culture	9,704,756	9,635,079	10,103,016	9,322,192
Interest on long-term debt	1,437,625	1,315,953	1,297,659	1,199,838
Total governmental activities expenses	<u>56,180,757</u>	<u>58,265,679</u>	<u>56,601,884</u>	<u>56,885,743</u>
Business-type Activities:				
Water and sewer	29,805,654	26,048,538	25,795,038	27,966,291
Golf course	1,942,810	1,958,461	1,826,702	1,762,977
Solid Waste	-	-	-	-
Total business-type activities expenses	<u>31,748,464</u>	<u>28,006,999</u>	<u>27,621,740</u>	<u>29,729,268</u>
Total primary government expenses	87,929,221	86,272,678	84,223,624	86,615,011
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	2,466,563	2,641,451	2,509,714	1,962,547
Public safety	2,483,345	2,372,519	2,276,974	2,475,031
Public works	1,136,033.00	836,301	653,255	660,120
Community and economic development	167,448.00	61,650	46,680	80,184
Recreation and culture	3,354,345	3,457,720	3,339,551	3,624,807
Operating grants and contributions	1,784,920	2,480,678	3,053,617	2,668,932
Capital grants and contributions	880,719	488,857	1,575,888	1,679,101
Total governmental activities program revenues	<u>12,273,373</u>	<u>12,339,176</u>	<u>13,455,679</u>	<u>13,150,722</u>
Business-type Activities:				
Charges for services:				
Water and sewer	25,678,395	25,971,691	29,648,978	32,339,884
Golf course	1,349,586	1,248,704	1,313,755	1,265,963
Solid Waste	-	-	-	-
Operating grants and contributions	-	-	2,329.00	-
Capital grants and contributions	432,834	17,698	501,550	289,738
Total business-type activities program revenues	<u>27,460,815</u>	<u>27,238,093</u>	<u>31,466,612</u>	<u>33,895,585</u>
Total primary government program revenues	39,734,188	39,577,269	44,922,291	47,046,307

Charter Township of Canton

Financial Trend Information Changes in Net Position (Unaudited)

Fiscal Year Ended December 31					
2012	2013	2014	2015	2016	2017
\$ 11,309,459	\$ 11,704,127	\$ 9,247,357	\$ 9,813,611	\$ 9,857,724	\$ 8,540,508
30,064,262	27,086,416	27,845,444	27,792,019	30,735,166	31,505,662
6,269,139	5,512,466	5,605,318	2,576,399	6,141,038	3,171,928
752,697	882,105	526,002	556,666	526,641	819,585
2,228,085	1,513,206	1,824,235	1,193,318	1,099,975	794,327
9,726,736	7,695,983	9,588,377	9,937,482	10,345,671	10,659,958
<u>1,063,633</u>	<u>701,255</u>	<u>746,039</u>	<u>663,623</u>	<u>611,201</u>	<u>701,643</u>
<u>61,414,011</u>	<u>55,095,558</u>	<u>55,382,772</u>	<u>52,533,118</u>	<u>59,317,416</u>	<u>56,193,611</u>
28,101,037	28,531,499	28,941,639	32,126,598	37,058,228	36,630,178
1,693,847	3,106,669	3,083,471	3,119,416	3,162,737	3,301,814
-	-	-	3,472,441	3,554,683	3,728,582
<u>29,794,884</u>	<u>31,638,168</u>	<u>32,025,110</u>	<u>38,718,455</u>	<u>43,775,648</u>	<u>43,660,574</u>
91,208,895	86,733,726	87,407,882	91,251,573	103,093,064	99,854,185
2,038,342	2,136,425	2,145,581	2,337,824	2,258,491	2,147,019
2,962,267	3,190,399	3,620,294	4,861,730	6,029,789	6,122,962
548,440	530,254	636,480	785,831	741,161	1,099,694
76,555	126,836	208,890	220,176	124,945	132,789
3,684,664	3,425,061	3,420,528	3,571,392	3,550,564	3,880,877
2,381,099	1,757,051	2,358,971	2,022,182	5,695,240	2,825,517
<u>1,352,433</u>	<u>936,869</u>	<u>1,929,286</u>	<u>824,931</u>	<u>326,642</u>	<u>332,941</u>
<u>13,043,800</u>	<u>12,102,895</u>	<u>14,320,030</u>	<u>14,624,066</u>	<u>18,726,832</u>	<u>16,541,799</u>
35,979,971	30,151,691	29,457,523	33,380,950	39,955,292	41,522,135
1,300,206	2,612,371	2,619,612	2,594,960	2,719,930	2,960,537
-	-	-	3,804,454	3,875,381	4,273,050
-	-	-	-	-	1,192,629
<u>191,613</u>	<u>957,336</u>	<u>1,783,938</u>	<u>4,789,423</u>	<u>3,873,481</u>	<u>6,200,318</u>
<u>37,471,790</u>	<u>33,721,398</u>	<u>33,861,073</u>	<u>44,569,787</u>	<u>50,424,084</u>	<u>56,148,669</u>
50,515,590	45,824,293	48,181,103	59,193,853	69,150,916	72,690,468

Charter Township of Canton

	Fiscal Year Ended December 31			
	2008	2009	2010	2011
Net (Expense) Revenue				
Governmental Activities	\$ (43,907,384)	\$ (45,926,503)	\$ (43,146,205)	\$ (43,735,021)
Business-type Activities	<u>(4,287,649)</u>	<u>(768,906)</u>	<u>3,844,872</u>	<u>4,166,317</u>
Total primary government net expense	(48,195,033)	(46,695,409)	(39,301,333)	(39,568,704)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property taxes	10,526,330	10,139,914	8,461,037	7,860,564
Public safety operating levy	22,762,912	21,717,029	21,033,514	24,559,351
State-shared revenues	5,852,220	5,045,295	4,941,182	6,809,756
Royalties	2,339,226	2,194,569	2,154,437	2,367,768
Investment earnings	1,646,081	723,406	538,493	283,830
Miscellaneous - Net of miscellaneous expense	796,726	632,453	380,002	881,364
Transfers	<u>(529,521)</u>	<u>(974,256)</u>	<u>171,509</u>	<u>(653,328)</u>
Total governmental activities	<u>43,393,974</u>	<u>39,478,410</u>	<u>37,680,174</u>	<u>42,109,305</u>
Business-type Activities:				
Investment earnings	1,953,054	563,987	146,306	165,660
Miscellaneous - Net of miscellaneous expense	48,635	156,098	184,258	312,573
Transfers	<u>529,521</u>	<u>974,256</u>	<u>159,055</u>	<u>653,328</u>
Total business-type activities	<u>2,531,210</u>	<u>1,694,341</u>	<u>489,619</u>	<u>1,131,561</u>
Change in Net Position				
Governmental Activities	(513,410)	(6,448,093)	(5,466,031)	(1,625,716)
Business-type Activities	<u>(1,756,439)</u>	<u>925,435</u>	<u>4,334,491</u>	<u>5,297,878</u>
Total primary government	<u>\$ (2,269,849)</u>	<u>\$ (5,522,658)</u>	<u>\$ (1,131,540)</u>	<u>\$ 3,672,162</u>

Financial Trend Information
Change in Net Position (Continued)
(Unaudited)

Fiscal Year Ended December 31					
2012	2013	2014	2015	2016	2017
\$ (48,370,211)	\$ (42,992,663)	\$ (41,062,742)	\$ (37,909,052)	\$ (40,590,584)	\$ (39,651,812)
<u>7,676,906</u>	<u>2,083,230</u>	<u>1,835,963</u>	<u>5,851,332</u>	<u>6,648,436</u>	<u>12,488,095</u>
(40,693,305)	(40,909,433)	(39,226,779)	(32,057,720)	(33,942,148)	(27,163,717)
7,839,343	8,603,673	8,841,460	5,800,383	5,912,158	6,151,130
24,448,324	23,531,143	24,122,860	29,537,218	30,394,934	31,376,057
6,655,724	6,777,200	7,059,577	7,014,260	7,189,988	7,734,136
2,356,122	2,866,943	2,492,379	2,559,964	2,738,255	2,708,334
239,031	80,608	213,942	206,252	170,189	539,611
902,525	640,316	1,233,073	1,612,064	1,134,819	836,827
<u>(1,670,362)</u>	<u>(1,574,143)</u>	<u>(1,281,439)</u>	<u>(731,077)</u>	<u>(1,163,108)</u>	<u>(991,226)</u>
<u>40,770,707</u>	<u>40,925,740</u>	<u>42,681,852</u>	<u>45,999,064</u>	<u>46,377,235</u>	<u>48,354,869</u>
122,536	(58,574)	252,404	236,524	159,577	245,213
141,929	129,592	101,768	82,210	283,412	1,015,615
<u>1,670,362</u>	<u>1,574,143</u>	<u>1,281,439</u>	<u>731,077</u>	<u>1,163,108</u>	<u>991,226</u>
<u>1,934,827</u>	<u>1,645,161</u>	<u>1,635,611</u>	<u>1,049,811</u>	<u>1,606,097</u>	<u>2,252,054</u>
(7,599,504)	(2,066,923)	1,619,110	8,090,012	5,786,651	8,703,057
<u>9,611,733</u>	<u>3,728,391</u>	<u>3,471,574</u>	<u>6,901,143</u>	<u>8,254,533</u>	<u>14,740,149</u>
<u>\$ 2,012,229</u>	<u>\$ 1,661,468</u>	<u>\$ 5,090,684</u>	<u>\$ 14,991,155</u>	<u>\$ 14,041,184</u>	<u>\$ 23,443,206</u>

Charter Township of Canton

	Fiscal Year Ended December 31			
	2008	2009	2010	2011*
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	5,020,582
Unassigned	-	-	-	2,549,713
Reserved	135,335	184,540	142,537	-
Unreserved	<u>7,390,406</u>	<u>5,850,990</u>	<u>5,361,889</u>	<u>-</u>
Total General Fund	<u>\$ 7,525,741</u>	<u>\$ 6,035,530</u>	<u>\$ 5,504,426</u>	<u>\$ 7,570,295</u>
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	9,198,330
Assigned	-	-	-	17,370
Reserved	448,326	1,459,163	1,720,367	-
Unreserved, reported in:				
Special Revenue Funds	16,898,190	11,169,439	6,062,666	-
Debt Service Funds	1,512,194	246,244	616,195	-
Capital Project Funds	<u>129,319</u>	<u>1,492,909</u>	<u>145,425</u>	<u>-</u>
Total all other governmental funds	<u>\$ 18,988,029</u>	<u>\$ 14,367,755</u>	<u>\$ 8,544,653</u>	<u>\$ 9,215,700</u>

*Fund balance classifications were changed as a result of the implementation of GASB 54.

Financial Trend Information
Fund Balances - Governmental Funds
(Unaudited)

Fiscal Year Ended December 31					
2012*	2013*	2014*	2015*	2016*	2017*
\$ -	\$ -	\$ 75,187	\$ 84,704	\$ 81,301	\$ 84,201
112,149	739,291	1,143,932	1,212,422	1,492,655	1,736,955
3,966,716	6,386,556	6,693,176	10,223,850	16,140,088	17,301,326
3,870,951	4,608,635	6,963,141	7,088,320	4,513,399	5,126,979
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,949,816</u>	<u>\$ 11,734,482</u>	<u>\$ 14,875,436</u>	<u>\$ 18,609,296</u>	<u>\$ 22,227,443</u>	<u>\$ 24,249,461</u>
\$ -	\$ -	\$ 250,121	\$ 283,363	\$ 276,422	\$ 286,282
10,201,163	7,185,443	8,193,846	13,301,846	17,553,869	18,364,932
145,551	303,290	345,073	480,017	1,293,018	2,331,536
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 10,346,714</u>	<u>\$ 7,488,733</u>	<u>\$ 8,789,040</u>	<u>\$ 14,065,226</u>	<u>\$ 19,123,309</u>	<u>\$ 20,982,750</u>

Charter Township of Canton

	Fiscal Year Ended December 31			
	2008	2009	2010	2011
Revenue				
Property taxes	\$ 33,289,242	\$ 31,856,943	\$ 29,494,551	\$ 32,419,915
Licenses and permits	1,197,230	984,361	952,993	1,032,936
Federal grants	817,613	576,222	2,865,427	1,149,047
State sources	6,713,837	6,313,603	6,094,962	8,108,606
Charges for services	5,540,075	5,248,619	4,313,474	4,662,672
Fines and forfeitures	-	-	-	1,027,990
Administration charges	4,145,817	4,325,698	4,374,796	3,394,753
Special assessments	813,702	453,417	569,844	677,598
Leases and rentals	-	-	-	932,930
Royalties	2,339,227	2,194,569	2,082,262	2,439,943
Contributions and donations	121,262	90,612	270,130	68,535
Summit recreation fees	1,356,919	1,338,821	1,189,965	1,298,529
Other revenues	3,073,552	2,149,872	2,500,336	763,537
Total revenue	59,408,476	55,532,737	54,708,740	57,976,991
Expenditures				
Current:				
General government	7,752,581	8,162,470	8,115,122	7,360,924
Public safety	24,959,284	27,002,655	27,409,716	27,358,082
Public works	6,331,663	6,711,002	5,823,199	5,752,010
Health and welfare	398,253	410,703	390,000	408,455
Community and economic development	910,517	1,390,872	1,435,205	1,611,759
Recreation and culture	9,376,969	9,297,250	9,209,633	8,108,805
Capital outlay	4,498,982	3,847,248	3,994,755	1,139,736
Debt service				
Principal payments	2,450,557	2,481,688	2,630,841	2,797,139
Interest and paying agent fees	1,437,625	1,363,660	1,286,810	1,199,837
Total expenditures	58,116,431	60,667,548	60,295,281	55,736,747
Excess of Revenue Over (Under) Expenditures	1,292,045	(5,134,811)	(5,586,541)	2,240,244
Other Financing Sources (Uses)				
Transfers in	5,243,503	6,347,417	5,026,470	503,106
Transfers out	(5,773,024)	(7,323,091)	(5,794,135)	(1,156,434)
Issuance of debt	-	-	-	1,150,000
Premium on bond issuance	-	-	-	-
Payment to escrow for bond refunding	-	-	-	-
Total other financing sources (uses)	(529,521)	(975,674)	(767,665)	496,672
Net Change in Fund Balances	762,524	(6,110,485)	(6,354,206)	2,736,916
Fund Balances - Beginning of year	25,751,246	26,513,770	20,403,285	14,049,079
Fund Balances - End of year	\$ 26,513,770	\$ 20,403,285	\$ 14,049,079	\$ 16,785,995
Debt Service as a Percentage of Noncapital Expenditures	7.3%	6.8%	7.0%	7.3%

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					
2012	2013	2014	2015	2016	2017
\$ 32,287,667	\$ 32,120,566	\$ 32,964,680	\$ 35,341,794	\$ 36,307,358	\$ 37,527,952
1,520,777	1,716,049	1,692,015	2,908,944	3,860,273	4,005,740
1,544,297	857,334	1,109,332	771,619	607,857	1,243,985
7,238,842	7,364,428	7,596,354	7,329,972	7,527,531	8,193,545
4,870,141	4,141,425	4,553,306	5,343,111	4,790,772	5,146,423
400,768	639,106	1,150,674	667,242	922,066	585,315
3,418,174	3,774,463	3,774,464	3,894,464	4,001,934	3,936,771
789,389	849,652	891,756	889,914	1,200,711	1,437,046
989,398	911,185	1,079,625	3,367,624	467,056	581,352
2,356,122	2,866,943	2,492,379	2,559,964	2,738,255	2,708,334
205,451	51,416	72,498	174,820	3,824,144	257,181
1,300,278	1,733,903	1,703,863	1,684,658	1,758,189	1,875,437
919,582	1,040,441	967,898	1,188,851	956,038	1,154,836
<u>57,840,886</u>	<u>58,066,911</u>	<u>60,048,844</u>	<u>66,122,977</u>	<u>68,962,184</u>	<u>68,653,917</u>
7,812,988	7,296,114	7,421,697	7,699,449	8,362,477	8,968,840
27,623,979	27,602,335	26,406,391	27,509,173	29,226,100	33,274,592
5,402,935	6,032,987	5,067,663	2,225,234	5,300,903	2,174,215
438,328	428,695	454,709	485,373	455,348	482,192
2,224,994	1,514,113	1,391,851	1,136,073	999,571	1,060,069
8,465,905	7,667,659	7,917,510	8,220,757	8,771,269	9,100,609
5,290,383	3,407,166	1,135,900	2,822,413	2,785,643	5,760,642
1,883,188	2,778,620	3,413,636	2,977,016	2,431,736	2,241,122
<u>1,117,782</u>	<u>1,084,969</u>	<u>1,116,787</u>	<u>1,020,366</u>	<u>789,799</u>	<u>720,266</u>
<u>60,260,482</u>	<u>57,812,658</u>	<u>54,326,144</u>	<u>54,095,854</u>	<u>59,122,846</u>	<u>63,782,547</u>
(2,419,596)	254,253	5,722,700	12,027,123	9,839,338	4,871,370
503,106	841,618	1,343,447	452,873	456,449	502,383
(2,173,468)	(2,228,611)	(2,624,886)	(1,183,950)	(1,619,557)	(1,492,294)
19,426,606	2,059,425	-	897,750	-	-
2,644,809	-	-	-	-	-
<u>(16,470,922)</u>	<u>-</u>	<u>-</u>	<u>(3,183,750)</u>	<u>-</u>	<u>-</u>
<u>3,930,131</u>	<u>672,432</u>	<u>(1,281,439)</u>	<u>(3,017,077)</u>	<u>(1,163,108)</u>	<u>(989,911)</u>
1,510,535	926,685	4,441,261	9,010,046	8,676,230	3,881,459
<u>16,785,995</u>	<u>18,296,530</u>	<u>19,223,215</u>	<u>23,664,476</u>	<u>32,674,522</u>	<u>41,350,752</u>
<u>\$ 18,296,530</u>	<u>\$ 19,223,215</u>	<u>\$ 23,664,476</u>	<u>\$ 32,674,522</u>	<u>\$ 41,350,752</u>	<u>\$ 45,232,211</u>
5.5%	7.1%	8.5%	7.8%	5.7%	5.1%

Charter Township of Canton

Taxable Value by Property Type					
Real Property					
Tax Year	Residential	Commercial	Industrial	Agricultural and Other	Personal Property
2008	3,039,738,038	485,848,752	215,226,227	-	196,917,035
2009	2,782,705,818	523,427,429	217,640,841	-	199,207,382
2010	2,538,207,107	492,789,278	207,782,818	-	188,948,882
2011	2,488,720,526	460,893,827	209,029,530	-	188,608,344
2012	2,442,184,795	446,506,733	168,198,527	-	182,161,374
2013	2,499,490,244	436,058,303	173,283,987	-	197,242,852
2014	2,579,557,870	436,434,997	167,314,421	-	180,307,175
2015	2,675,749,498	434,477,257	170,960,248	-	181,957,841
2016	2,756,714,731	453,413,711	171,629,701	-	164,119,979
2017	2,900,192,280	470,048,451	174,880,789	-	166,709,558

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
3,937,730,052	8.65	4,480,360,765	43.94
3,722,981,470	8.65	4,117,993,828	45.20
3,427,728,085	10.4	3,680,639,083	46.56
3,347,252,227	10.4	3,535,664,037	47.34
3,239,051,429	10.4	3,406,380,087	47.54
3,306,075,386	10.4	3,504,744,425	47.17
3,363,614,463	10.9	3,671,050,974	45.81
3,463,144,844	10.9	3,989,366,308	43.40
3,545,878,122	10.9	4,324,188,747	41.00
3,711,831,078	10.9	4,514,043,177	41.11

Charter Township of Canton

Tax Year	Millage Rates - Direct Township Taxes						Overlapping Taxes				
	General Operating	Police	Fire	Total Direct Taxes	County	Jail	Huron Clinton Metro Parks	Wayne County Parks	Library	Wayne County Community College	Wayne County Judgment Levy
2008	2.6160	3.6760	2.3580	8.6500	6.6380	0.9381	0.2146	0.2459	1.4980	2.4769	0.0000
2009	2.3660	3.9260	2.3580	8.6500	6.6380	0.9381	0.2146	0.2459	1.4980	2.4769	0.0000
2010	2.3660	4.9260	3.1080	10.4000	6.6380	0.9381	0.2146	0.2459	1.5437	2.4769	0.0000
2011	2.3660	4.9260	3.1080	10.4000	6.6380	0.9381	0.2146	0.2459	1.5437	2.2408	0.0000
2012	2.3660	4.9260	3.1080	10.4000	6.6380	0.9381	0.2146	0.2459	1.5437	2.2408	0.0000
2013	2.3660	4.9260	3.1080	10.4000	6.6380	0.9381	0.2146	0.2459	1.5437	3.2408	0.0000
2014	1.3660	5.6760	3.8580	10.9000	6.6380	0.9381	0.2146	0.2459	1.5437	3.2408	0.0000
2015	1.3660	5.6760	3.8580	10.9000	6.6380	0.9381	0.2146	0.2459	1.5437	3.2408	0.9761
2016	1.3660	5.6760	3.8580	10.9000	6.6380	0.9381	0.2146	0.2459	1.5301	3.2408	0.0000
2017	1.3660	5.6760	3.8580	10.9000	6.6380	0.9381	0.2140	0.2459	1.5139	3.2408	0.0000

Source: Charter Township of Canton's Finance Department.

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

Overlapping Taxes										
		Schoolcraft	Intermediate		School -	School -		School -	School -	School -
Detroit	Detroit	Community	School	State	Homestead	Homestead	School -	Non-	Non-	School -
Zoo	DIA	College	District	Education	Plymouth/ Canton	Wayne/ Westland	Homestead Van Buren	Plymouth/ Canton	Wayne/ Westland	homestead Van Buren
0.1000	0.0000	1.7967	3.4643	6.0000	3.1500	4.5122	1.2603	21.1500	22.5122	19.2603
0.1000	0.0000	1.7967	3.4643	6.0000	3.2600	4.6322	4.1100	21.2600	22.6322	22.1100
0.1000	0.0000	1.7967	3.4643	6.0000	3.7600	5.0122	4.1100	21.7600	23.0122	22.1100
0.1000	0.0000	1.7967	3.4643	6.0000	3.9600	5.5022	4.1100	21.9600	23.5022	22.1100
0.1000	0.2000	1.7967	3.4643	6.0000	4.1000	5.8522	4.1100	22.1000	23.8522	22.1100
0.1000	0.2000	1.7967	3.4643	6.0000	4.1000	6.2522	4.1100	22.1000	24.2522	22.1100
0.1000	0.2000	1.7967	3.4643	6.0000	4.1000	6.4522	4.1100	22.1000	24.4522	22.1100
0.1000	0.2000	1.7967	3.4643	6.0000	4.0000	6.5522	4.1100	22.0000	24.5522	22.1100
0.1000	0.2000	1.7881	5.4643	6.0000	4.1000	6.5522	3.4772	22.1000	24.5522	21.2594
0.1000	0.2000	1.7766	5.4643	6.0000	4.1000	3.8222	3.4759	22.1000	21.8222	21.2581

Charter Township of Canton

Revenue Capacity Information Principal Property Taxpayers (Unaudited)

Taxpayer	2017 Taxable Value	Percentage of Total	2008 Taxable Value	Percentage of Total	2008 Rank
1 DTE	\$ 62,326,480	1.68	\$ 25,849,200	0.66	2
2 Yazaki North America	11,407,831	0.31	52,185,873	1.33	1
3 Uptown Investors LLC	10,502,837	0.28	13,872,641	0.35	6
4 Crossing Owner LLC	9,947,872	0.27			
5 Canton Corners/Ford Road LLC	8,996,059	0.24			
6 Sysco Food Serv of Detroit	8,879,702	0.24			
7 Village Squire Apartments LLC	8,636,561	0.23	9,259,507	0.24	10
8 47440 Michigan Ave LLC	8,008,100	0.22			
9 Ford Lilley Group LLC	7,879,570	0.21			
10 ITC Transmission	7,748,192	0.21			
Michigan Consolidated			19,647,740	0.50	3
IKEA			14,281,691	0.36	5
Honeytree			16,000,000	0.41	4
Tianz Inc			10,735,362	0.27	9
Procoil Company			11,218,725	0.28	7
Kmart Corporation			10,984,183	0.28	8

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
2008	39,088,247	36,729,903	93.97	2,286,159	39,016,061	99.82
2009	36,528,403	34,391,286	94.15	2,116,319	36,507,605	99.94
2010	39,400,002	37,499,775	95.18	1,844,212	39,343,988	99.86
2011	38,620,257	37,130,370	96.14	1,433,032	38,563,402	99.85
2012	37,388,738	36,258,623	96.98	1,102,584	37,361,207	99.93
2013	37,867,919	36,833,711	97.27	1,014,817	37,848,528	99.95
2014	40,087,661	39,137,538	97.63	940,147	40,077,685	99.98
2015	41,434,037	40,520,541	97.80	902,617	41,423,158	99.97
2016	42,587,884	41,711,770	97.94	861,873	42,573,643	99.97
2017	44,481,973	43,591,945	98.00	881,212	44,473,157	99.98

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

Charter Township of Canton

	2008	2009	2010	2011
Governmental Activities				
General obligation bonds	\$ 30,238,358	\$ 28,900,999	\$ 27,200,550	\$ 26,757,320
Special assessment bonds	4,400,000	3,500,000	2,600,000	1,700,000
Installment purchase agreements	-	-	-	-
Total	34,638,358	32,400,999	29,800,550	28,457,320
Business-type Activities				
General obligation bonds	50,292,418	48,469,885	47,128,453	44,792,678
Capital leases	-	-	-	-
Total	50,292,418	48,469,885	47,128,453	44,792,678
Total debt of the government	84,930,776	80,870,884	76,929,003	73,249,998
Total Population	84,716	88,944	90,173	90,128
Total Debt per Capita	\$ 1,002.54	\$ 909.23	\$ 853.13	\$ 812.73
Taxable Value	3,937,730,052	3,722,981,470	3,427,728,085	3,347,252,227
Ratio of Total Debt to Taxable Value	2.16%	2.17%	2.24%	2.19%

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

2012	2013	2014	2015	2016	2017
\$ 28,345,420	\$ 24,532,060	\$ 21,785,737	\$ 17,248,178	\$ 15,240,639	\$ 13,217,727
1,300,000	2,265,000	1,795,000	1,285,000	1,095,000	905,000
<u>4,421,606</u>	<u>5,065,859</u>	<u>4,628,635</u>	<u>4,173,284</u>	<u>3,699,175</u>	<u>3,431,053</u>
34,067,026	31,862,919	28,209,372	22,706,462	20,034,814	17,553,780
42,311,292	39,740,867	37,076,162	34,577,688	32,517,686	28,629,332
<u>-</u>	<u>667,127</u>	<u>518,051</u>	<u>361,703</u>	<u>458,493</u>	<u>557,805</u>
<u>42,311,292</u>	<u>40,407,994</u>	<u>37,594,213</u>	<u>34,939,391</u>	<u>32,976,179</u>	<u>29,187,137</u>
76,378,318	72,270,913	65,803,585	57,645,853	53,010,993	46,740,917
89,627	92,036	93,186	90,787	91,515	93,791
\$ 852.18	\$ 785.25	\$ 706.15	\$ 634.96	\$ 579.26	\$ 498.35
3,239,051,429	3,306,075,386	3,363,614,463	3,463,144,844	3,545,878,122	3,711,831,078
2.36%	2.19%	1.96%	1.66%	1.50%	1.26%

Charter Township of Canton

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

Fiscal Year	Governmental Activities	Business-type Activities	Total Primary Government	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita
	Tax-limited General Obligation Bonds (LTGO)	Tax-limited General Obligation Bonds (LTGO)					
2008	30,238,358	50,292,418	80,530,776	3,937,730,052	2.05	84,716	950.60
2009	28,900,999	48,469,885	77,370,884	3,722,981,470	2.08	88,944	869.88
2010	27,200,550	47,128,453	74,329,003	3,427,728,085	2.17	90,173	824.29
2011	26,757,320	44,792,678	71,549,998	3,347,252,227	2.14	90,128	793.87
2012	28,345,420	42,311,292	70,656,712	3,239,051,429	2.18	89,627	788.34
2013	24,532,060	39,740,867	64,272,927	3,306,075,386	1.94	92,036	698.35
2014	21,785,737	37,076,162	58,861,899	3,363,614,463	1.75	93,186	631.66
2015	17,248,178	34,577,688	51,825,866	3,463,144,844	1.50	90,787	570.85
2016	15,240,639	32,517,686	47,758,325	3,545,878,122	1.35	91,515	521.86
2017	13,217,727	28,629,332	41,847,059	3,711,831,078	1.13	93,791	446.17

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	\$ 279,924,920	9.58%	\$ 26,816,807
Plymouth-Canton Community Schools	242,078,000	55.36%	134,014,381
Wayne-Westland Schools	12,470,000	15.94%	1,987,718
Van Buren Schools	65,285,000	17.56%	11,464,046
Schoolcraft Community College	21,485,000	23.18%	4,980,223
Western Townships Utilities Authority	19,095,000	34.29%	6,546,735
Total overlapping debt	640,337,920		185,809,910
Direct Township debt	17,553,780	100.00%	17,553,780
Total direct and overlapping debt	\$ 657,891,700		\$ 203,363,690

*Applicable percentages are calculated using the Township's share of the revenue-base which is taxable value.

Charter Township of Canton

	2008	2009	2010	2011
Calculation of Debt Limit				
State equalized valuation	\$ 4,480,360,765	\$ 4,117,993,828	\$ 3,680,639,083	\$ 3,535,664,037
Plus: equivalent valuation of Act 198 exemptions	<u>74,325,581</u>	<u>64,485,690</u>	<u>58,316,200</u>	<u>27,646,470</u>
Total valuation	<u>\$ 4,554,686,346</u>	<u>\$ 4,182,479,518</u>	<u>\$ 3,738,955,283</u>	<u>\$ 3,563,310,507</u>
10 percent of taxable value	455,468,635	418,247,952	373,895,528	356,331,051
Calculation of Debt Subject to Limit				
Total debt	84,930,776	80,870,884	76,929,003	73,249,998
Less debt not subject to limit -				
Installment purchase agreements	-	-	-	-
Special assessment bonds	4,400,000	3,500,000	2,600,000	1,700,000
Capital leases payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Debt Subject to Limit	<u>80,530,776</u>	<u>77,370,884</u>	<u>74,329,003</u>	<u>71,549,998</u>
Legal Debt Margin	<u>\$ 374,937,859</u>	<u>\$ 340,877,068</u>	<u>\$ 299,566,525</u>	<u>\$ 284,781,053</u>
Net Debt Subject to Limit as Percent of Debt Limit	17.68%	18.50%	19.88%	20.08%

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 3,406,380,087	\$ 3,504,744,425	\$ 3,671,050,974	\$ 3,989,366,308	\$ 4,324,188,747	\$ 4,514,043,177
<u>25,275,883</u>	<u>21,109,653</u>	<u>23,264,370</u>	<u>25,251,340</u>	<u>20,041,030</u>	<u>17,117,060</u>
<u>\$ 3,431,655,970</u>	<u>\$ 3,525,854,078</u>	<u>\$ 3,694,315,344</u>	<u>\$ 4,014,617,648</u>	<u>\$ 4,344,229,777</u>	<u>\$ 4,531,160,237</u>
343,165,597	352,585,408	369,431,534	401,461,765	434,422,978	453,116,024
76,378,318	72,270,913	65,803,585	57,645,853	53,010,993	46,740,917
4,421,606	5,065,859	4,628,635	4,173,284	3,699,175	3,431,053
1,300,000	2,265,000	1,795,000	1,258,000	1,095,000	905,000
<u>-</u>	<u>667,127</u>	<u>518,051</u>	<u>361,703</u>	<u>458,493</u>	<u>557,805</u>
<u>70,656,712</u>	<u>64,272,927</u>	<u>58,861,899</u>	<u>51,852,866</u>	<u>47,758,325</u>	<u>41,847,059</u>
<u>\$ 272,508,885</u>	<u>\$ 288,312,481</u>	<u>\$ 310,569,635</u>	<u>\$ 349,608,899</u>	<u>\$ 386,664,653</u>	<u>\$ 411,268,965</u>
20.59%	18.23%	15.93%	12.92%	10.99%	9.24%

Charter Township of Canton

Water and Sewer Revenue Bonds

Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service		Coverage
				Principal	Interest	
2008	28,068,349	23,902,872	4,165,477	130,000	9,800	29.80
2009	32,628,164	21,862,403	10,765,761	130,000	7,200	78.47
2010	32,628,164	24,172,183	8,455,981	135,000	4,575	60.58
2011	33,083,379	26,532,814	6,550,565	140,000	1,800	46.20
2012	36,413,370	26,807,154	9,606,216	-	-	-
2013	31,178,512	27,332,133	3,846,379	-	-	-
2014	31,593,153	27,965,687	3,627,466	-	-	-
2015	38,485,238	30,967,666	7,517,572	-	-	-
2016	44,061,098	34,505,046	9,556,052	-	-	-
2017	50,019,440	35,446,017	14,573,423	-	-	-

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
610,034	775,000	118,694	0.68
328,330	900,000	98,850	0.33
372,026	900,000	85,350	0.38
466,577	900,000	71,150	0.48
588,087	400,000	56,550	1.29
602,845	400,000	41,750	1.36
584,555	470,000	69,861	1.08
696,178	510,000	48,814	1.25
1,040,715	190,000	36,612	4.59
1,257,747	190,000	30,436	5.71

Charter Township of Canton

Demographic and Economic Statistics (Unaudited)

Fiscal Year	Population (1)	Median Household Income (3)	Per Capita Personal Income (3)	Unemployment Rate (2)	Estimated Number of Households (1)
2008	84,716	(4)	(4)	3.00	32,898
2009	88,944	(4)	(4)	5.20	32,735
2010	90,173	78,018	33,748	4.60	32,771
2011	90,128	82,256	33,632	3.97	32,813
2012	89,627	79,917	34,655	3.50	32,647
2013	92,036	77,970	34,236	2.70	33,559
2014	93,186	78,373	34,617	2.20	34,031
2015	90,787	79,448	35,239	2.60	33,170
2016	91,515	80,322	36,517	2.30	33,471
2017	93,791	82,352	38,142	2.00	34,317

(1) Southeast Michigan Council of Governments Information Services (SEMCOG)

(2) U.S. Bureau of Labor Statistics

(3) Canton Public Library, Gale Cengage Learning Demographics Now

(4) Not Available

Charter Township of Canton

Principal Employers (Unaudited)

Taxpayer	2017 Employee	Percentage of Total	2008 Employees	Percentage of Total	2008 Rank
Plymouth Canton Schools	2,001	8.45	3,120	16.01	1
Yazaki North America	1,380	5.83	1,400	7.19	2
Wal-Mart Stores, Inc.	714	3.01	285	1.46	9
A & D Transport	600	2.53	450	2.31	5
Sysco Detroit LLC	472	1.99	635	3.26	3
Charter Township of Canton	363	1.53	359	1.84	7
The Kroger Co.	352	1.49	500	2.57	4
IKEA	325	1.37	(1)	(1)	(1)
Target Brands, Inc.	321	1.36	370	1.90	6
Meijer, Inc.	306	1.29	(1)	(1)	(1)

(1) Not available

Source: Taxpayer, SEMCOG, and Canton Library Reference USA

Intentionally left blank

Charter Township of Canton

Operating Information Full-time Equivalent Government Employees (Unaudited)

Department	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Supervisor's Office	4	4	4.5	3.5	2.8	3	3	3	3	3.5
Economic Development	-	4	3.5	2.5	3.2	3	3	3	3	1.8
Cable	-	3	3	***	***	***	***	***	***	***
Human Resources	-	5	5	5	5	5	5	5	5	5
Legal	-	2	2	1	2	2	2	2	2	2
Economic Development	2	**	**	**	**	**	**	**	**	**
Clerk's Office	8	7	7	7	8	6.5	6.5	6.5	6.5	6.5
Treasurer's Office	7	7	6.4	6.6	6.6	5.6	6	6	6	5.6
Utility Billing	4	4	4.6	4.4	4.4	4.4	4	4	4	4.4
Executive Operations and Public Safety										
Fire	70	70	66.4	66.4	70.9	71.4	70.4	77.4	75	74.7
Police	113	113	114.1	110.1	105.1	98.1	101.1	108.6	108	114.3
Human Resources	5	**	**	**	**	**	**	**	**	**
Finance and Budget										
Finance and Budget	10	10	10	10	10	10	10	10	10	10.3
Information Technology Systems	7	7	7	7	6	6	5	5	5	5
Cable Television	3	**	**	**	**	**	**	**	**	**
Municipal Services										
Director's Office	3	3	3	3	3	2	2	2	2.5	3
Building and Inspection Services	10	10	12	11	9.5	11	14	14.5	16.5	18.5
Engineering Services	15	13	10	9	8	8	8	8	8	8
Planning Services	7	7	6	6	6	6	6	6	6	6
Public Works	36	36	37	36	36	35.5	33.5	32.5	33	34
Leisure Services										
Director's Office	7	6	8	7.5	6.5	7.5	7.5	7.5	7.5	7.5
Parks Division/Grounds	12	12	12	11	11	12	12	12	12	11.3
Summit Community Center	9	9	9.4	10	8.25	12	13	13	11	12.2
Pheasant Run Golf Course	2	2	3.5	3.5	3.5	3	3.5	3	4	4.2
Parks and Recreation	11	10	8.45	7.35	7.85	7	6	6	6	5.2
Softball Center	1	1	1.4	2.4	1.4	1	1	1	1	3
Performing Arts	2	2	1.75	2.75	3.75	4	4	4	3	3.7
Community Services	2	1	-	-	-	-	-	-	-	-
Facilities Maintenance	9	10	10	9	9.25	8	8	8	9	8.8
Cable	-	-	-	3	3	5	5	5	5	4
Total	<u>359</u>	<u>358</u>	<u>356</u>	<u>345</u>	<u>341</u>	<u>337</u>	<u>339.5</u>	<u>353.0</u>	<u>352.0</u>	<u>362.5</u>

Source: Township personnel records

** Department reorganization in 2009 - see Supervisor's Office.

*** Cable moved from Supervisor's Office to Leisure Services.

Charter Township of Canton

Function/Program	2008	2009	2010	2011
Police:				
Physical arrests	3,522	3,756	4,269	4,125
Traffic violations	15,577	20,383	19,838	18,248
Parking violations	472	330	1,050	1,001
Fire:				
Fire runs	1,124	1,050	1,030	1,048
Emergency medical runs	4,604	4,766	5,039	5,073
Inspections	747	874	746	747
Parks and recreation:				
Recreation program attendance	437,329	408,641	397,591	413,341
Community center admissions	300,896	298,085	245,551	265,948
Library:				
Circulation (books borrowed)	1,796,819	2,015,317	1,951,445	1,801,003
Collection volume (physical)	307,300	309,995	291,656	296,614
Collection volume (electronic)	-	-	-	-
Water:				
Number of customers billed	23,502	23,414	23,480	23,548
Total consumption (billed - gallons)	3,095,821,000	2,711,815,000	2,749,910,000	2,784,419,000
Sewer:				
Number of customers billed	23,187	23,202	23,269	23,359

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

Operating Information
Operating Indicators
(Unaudited)

2012	2013	2014	2015	2016	2017
4,223	4,272	4,004	3,672	3,413	4,719
18,975	18,701	15,860	15,689	12,080	11,071
817	443	241	203	179	184
1,015	1,028	1,150	1,120	1,076	1,124
5,472	5,596	6,237	6,453	6,478	7,058
914	976	851	1,318	2,042	2,241
378,131	346,620	328,179	429,426	484,679	505,767
287,879	268,196	254,481	258,592	267,954	290,972
1,737,417	1,642,268	1,414,409	1,411,415	1,307,755	1,307,040
318,671	319,303	339,037	319,828	316,912	308,437
-	-	-	-	-	73,834
23,475	23,464	23,713	23,785	24,054	24,704
3,030,012,000	2,439,156,000	2,375,939,000	2,371,757,000	2,736,494,000	2,706,815,000
23,288	23,275	23,524	23,598	23,869	24,518

Charter Township of Canton

Operating Information Capital Asset Statistics (Unaudited)

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units:										
Cars and Jeep	50	48	48	43	42	52	59	54	59	59
Prisoner van	1	1	1	1	1	1	1	1	1	1
Motorcycles	6	4	4	4	4	0	0	0	0	0
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Fire and emergency response vehicle:	15	15	15	15	16	16	16	16	17	17
Public works:										
Streets (miles)	393	393	393	393	393	393	393	402	410	415
Streetlights	705	708	708	712	710	709	710	707	707	707
Parks and recreation:										
Acreage	859	859	859	859	859	859	859	859	859	859
Parks	7	9	9	9	9	9	9	9	9	9
Soccer fields	30	39	39	39	39	39	39	39	39	39
Baseball diamonds	22	19	19	19	19	19	19	19	19	19
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)	425	425	430	430	431	432	435	447	452	496
Fire hydrants	4,935	5,047	5,076	5,097	5,105	5,135	5,147	5,275	5,317	5,413
Sewer:										
Miles of sanitary sewers	331	335	337	337	337	337	338	349	352	358

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