

# **Charter Township of Canton Wayne County, Michigan**

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## **Comprehensive Annual Financial Report with Supplemental Information For the Fiscal Year Ended December 31, 2005**

### **Supervisor**

Thomas J. Yack

### **Clerk**

Terry Bennett

### **Treasurer**

Elaine J. Kirchgatter

### **Trustees**

Melissa McLaughlin

Todd Caccamo

Karl Zarbo

Todd Lajoy

### **Finance Director**

Anthony Minghine

Prepared by Finance Department

# Charter Township of Canton

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# Charter Township of Canton

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May 2, 2006

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

### **Transmittal**

This letter serves to formally transmit to the board of trustees the Comprehensive Annual Financial Report for the 2005 fiscal year. This report was prepared by the finance and budget department. Responsibility for the accuracy, completeness, and fairness of the data herein including all disclosures rests with the Charter Township. We would ask that the board review and accept this report, which details the Township of Canton's financial condition. Additional information can be obtained by referring to the management's discussion and analysis section of this report.

### **Business, Industry, and Commercial**

2006 proved to be a dynamic year of economic development. Industrial, retail, and residential sectors were very strong.

Industrial development was highlighted with the opening of Lotus International, a CRT research and manufacturing company and materials science technology center. Office projects begun or completed included a large medical office, two office buildings near Michigan Avenue, and a first-class office center on Canton Center near Ford Road.

It was a tremendous year for commercial. Lowes opened a new store and Target expanded to meet increased demand. Victory Toyota broke ground on a Michigan Avenue dealership. Center Stage was demolished to make way for a Starbucks and other retailers.

Retail projects announced in 2006 included Borders and Petco on the closed Frank Nursery property and Best Buy on a yet to be cleared site. The big news was a decision by COSTCO to locate at Canton Center and Michigan Avenue. The store will encourage other retailers to consider Michigan Avenue as a location.

Residential development was very strong until the fourth quarter of the year. The quarter saw a softening of the market. The Hamlet, a 900-unit development, finished its first phase and began phase two. Cherry Hill Village continued to sell at a rapid rate, as did Vintage Valley, The Traditions, The Links at Fellows Creek, and Hampton Ridge North. Condominium development and construction continued to be a significant portion of building.

Overall, Canton booked more than \$225 million of new state equalized value. Canton's SEV surpassed \$4 billion for the first time.

The Downtown Development Authority completed a number of small projects along Ford Road and prepared for many large projects for 2006.

### **Public Facilities**

Canton completed Fire Station 3 on Denton, near Cherry Hill. The fire station will serve the ever-growing west side of Canton. Work was completed on a new general storage facility to be located at the Department of Public Works. The board of trustees authorized the expansion of the Pheasant Run Golf Club maintenance facility to include an enlarged Parks Division facility.

### **Budgeting**

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

### **Pension and Postemployment Benefits**

Our pension program is administered and handled by private insurance companies, Retirement Funding/Schwab, and the Municipal Employees' Retirement System (MERS). The Charter Township has both a defined contribution plan and a defined benefit program. It is mandatory for employees to contribute 5 percent of their base pay. The Charter Township matches it with 15 percent for the defined contribution plan, and the MERS contribution is determined actuarially. There is a pension committee comprised of the treasurer, administrative services director, an accountant from the finance and budget department, and one member of each of the union and nonunion groups.

A fund was created in 1997 to account for retiree health insurance premium costs. It is anticipated that the investments in this fund will provide for future health care benefit costs for retired Charter Township employees.

### **Component Units**

The Charter Township of Canton Building Authority is governed by a board that is appointed by the Charter Township supervisor. Although it is legally separate from the Charter Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Charter Township's public buildings. Included in the financial statements is the Charter Township's discretely presented component unit, the Downtown Development Authority (DDA). The DDA captures tax revenues that are used to fund improvements to the downtown area.

### **Cash Management**

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

### **Risk Management**

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

## **Independent Audit**

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

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

## **Achievements and Awards**

Canton was once again one of the safest communities in the United States, ranking in the top 20 for the fourth consecutive year. The finance and budget department was recognized again for outstanding financial reporting. The department also received recognition for the development of a paperless board packet for the board of trustees and the planning commission. Canton Cable Television was the recipient of a number of awards by the National Association of Telecommunications Officers and Advisors.

Canton's strengths continue to be exceptional strategic planning, as well as strong financial management; sound finances with surpluses and significant fund balances stimulated by economic growth; low tax rates; and strengthened wealth levels among its residents. For the 13<sup>th</sup> consecutive year, the Charter Township has achieved national recognition from the Government Finance Officers' Association (GFOA). Canton received a GFOA Certificate of Achievement for Excellence in Financial Reporting for Canton's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004.

## **Acknowledgments**

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

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

Sincerely,



Thomas J. Yack  
Canton Supervisor



Anthony J. Minghine  
Director of Finance and Budget



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charter Township of Canton,  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

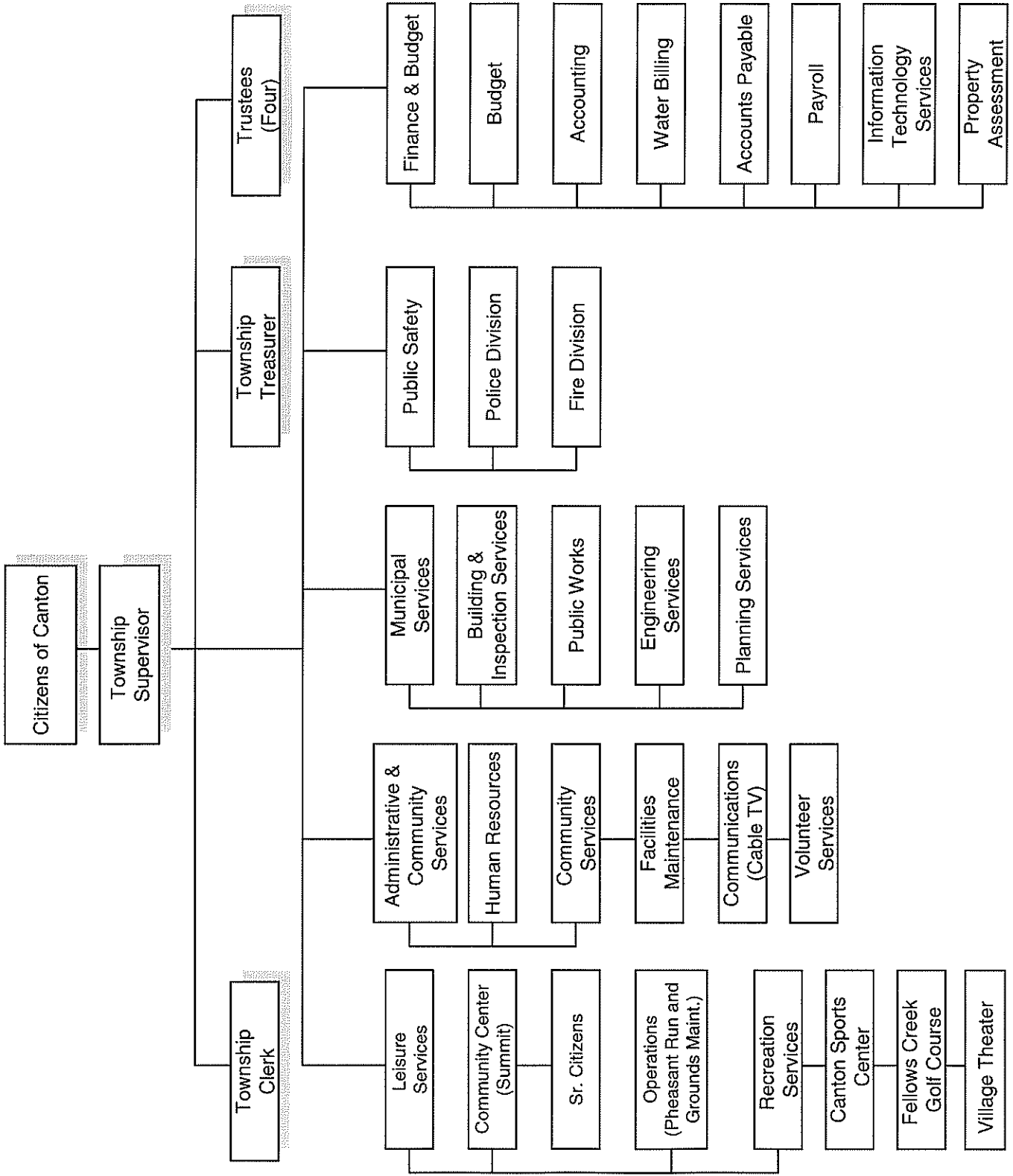
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# CHARTER TOWNSHIP OF CANTON





# Charter Township of Canton

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## List of Principal Officials as of December 31, 2005

### Supervisor's Office

Supervisor Thomas Yack

### Clerk's Office

Clerk Terry G. Bennett  
Deputy Clerk Pam Popejoy

### Treasurer's Office

Treasurer Elaine Kirchgatter  
Assistant Deputy Treasurer Bruce Malinczak

### Finance and Budget Division

Director Anthony J. Minghine  
Accounting Manager Karen H. Fox  
Budget & Water Billing Manager John Spencer  
Information Technology Manager Bradford Thompson

### Administrative and Community Services Division

Director Daniel Durack  
Human Resource Manager David Medley  
Community Services Manager Michael Ager

### Municipal Services Department

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

### Leisure Services Department

Director Ann Conklin  
Chief of Recreation and Facilities Debra Bilbrey-Honsowetz  
Chief of Parks Brad Sharp

### Public Safety Department

Director John Santomauro  
Deputy Chief Alexander Wilson  
Deputy Chief Laura Golles  
Fire Chief Michael Rorabacher  
Fire Marshall Frank Barrett

# Charter Township of Canton

## Labor Agreements as of December 31, 2005

Bargaining Unit	Expiration Date	Number of Employees
Police:		
Deputy chiefs	12/31/05	2
Sergeants and lieutenants	12/31/05	15
Police Officers Association of Michigan - Represents police officers and dispatchers	06/30/08	80
International Association of Firefighters - Represents firefighters	06/30/08	58
Technical, Professional, and Officeworkers Association of Michigan - Represents clerical employees	12/31/08	68
American Federation of State, County, and Municipal Employees - Represents public works employees, facilities maintenance employees, building inspectors, and ordinance officers	03/31/09	<u>70</u>
Total		<u><u>293</u></u>

# Charter Township of Canton

## Summary of Personnel - Budgeted Positions as of December 31, 2005

	<u>Full-time</u>	<u>Part-time</u>
Supervisor's Office	2	1
Economic Development	1	-
Clerk's Office	6	-
Treasurer's Office	6	-
Finance and Budget:		
Finance	12	-
Utility Billing	5	-
Information Technology Systems	8	-
Administrative Services:		
Director's Office	3	-
Human Resources	5	-
Community Services	4	1
Facilities Maintenance	16	-
Cable Television	3	3
Emergency Management	-	1
Municipal Services:		
Director's Office	4	-
Building and Inspection Services	20	1
Engineering Services	24	1
Planning Services	9	1
Public Works	35	1
Leisure Services:		
Director's Offices	5	1
Parks Division	12	-
Summit Community Center	6	-
Pheasant Run Golf Course	3	1
Parks and Recreation	11	-
Softball Center	2	1
Performing Arts	1	-
Public Safety:		
Fire	68	-
Police	109	1
	<u>380</u>	<u>14</u>
Total budgeted employees	<u>380</u>	<u>14</u>

# Charter Township of Canton

## Fund Organization Chart

Fund Name	Fund Number
<b>Governmental Funds</b>	
<b>General Fund</b>	101
<b>Special Revenue Funds</b>	
Police	207
Fire	206
Public Improvement	245
Community Improvement	246
Special Investigation	266, 267, & 289
Community Center	208
Street Lighting	219
Community Development Block Grant	274
Cable TV	230
911 Service	261
<b>Debt Service Funds</b>	
Building Authority	369
Beck Road Paving	864
South Haggerty Paving	865
Koppnick Corporate Park, Sewer, Water Main & Paving	852
Tonquish Creek Storm Sewer	854
Saltz Road	873
Lotz Road Paving	874
Cherry Hill Road Paving	875
Denton Road Paving	876
<b>Capital Projects Funds</b>	
Road Paving	403
Building Authority Construction	469
Building Construction	402
Saltz Road Paving	803
Lotz Road Paving	804
Cherry Hill Road	815

# Charter Township of Canton

## Fund Organization Chart (Continued)

Fund Name	Fund Number
<b>Proprietary Fund</b>	
<b>Enterprise Fund</b>	
Water and Sewer	592
Golf Course	584
<b>Fiduciary Funds</b>	
<b>Trust and Agency Funds</b>	
Tax Collections	703
Other Agency	701-702
Postemployment Benefits	736





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27400 Northwestern Highway  
P.O. Box 307  
Southfield, MI 48037-0307  
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## Independent Auditor's Report

To the Township Board  
Charter Township of Canton

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of and for the year ended December 31, 2005, which collectively comprise the Charter Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Charter Township of Canton. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of December 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

A member of



A worldwide association of independent accounting firms

To the Township Board  
Charter Township of Canton

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Canton's basic financial statements. The accompanying introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2006 on our consideration of the Charter Township of Canton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Moran, PLLC*

April 3, 2006

# Charter Township of Canton

## Management's Discussion and Analysis

### Overview of the Financial Statements

Canton's 2005 annual report is presented in conformity with the requirements of GASB 34, as it was in 2004 and 2003. 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 kinds of statements that present different views of the Charter Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Charter Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Charter Township's government, reporting the Charter Township's operations in more detail than the government-wide statements.

### Government-wide Statements

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

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

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

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

# Charter Township of Canton

## Management's Discussion and Analysis (Continued)

### Fund Financial Statements

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

The Charter Township has three types of funds:

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

# Charter Township of Canton

## Management's Discussion and Analysis (Continued)

### Financial Overview

The Charter Township has combined total net assets of \$227.1 million. This is an increase over 2004 of \$10 million. Business-type activities comprise \$148.1 million, and governmental activities make up \$79 million of the total net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Assets</b>						
Current and other assets	\$ 71,490,506	\$ 64,695,649	\$ 32,570,993	\$ 36,718,803	\$ 104,061,499	\$ 101,414,452
Noncurrent assets	7,214,754	8,742,004	-	-	7,214,754	8,742,004
Capital assets and investments in joint ventures	81,605,542	80,853,518	129,038,694	123,271,694	210,644,236	204,125,212
Total assets	160,310,802	154,291,171	161,609,687	159,990,497	321,920,489	314,281,668
<b>Liabilities</b>						
Current liabilities	35,985,886	35,639,544	5,337,595	4,984,923	41,323,481	40,624,467
Long-term liabilities	45,391,219	47,634,555	8,125,411	8,877,137	53,516,630	56,511,692
Total liabilities	81,377,105	83,274,099	13,463,006	13,862,060	94,840,111	97,136,159
<b>Net Assets</b>						
Invested in capital assets - Net of related debt	45,205,467	41,737,768	91,961,552	88,244,363	137,167,019	129,982,131
Restricted:						
Police and fire	7,200,449	9,798,077	-	-	7,200,449	9,798,077
Western Wayne Criminal Investigation	1,455,081	935,983	-	-	1,455,081	935,983
Street lighting	5,325	3,136	-	-	5,325	3,136
911 activities	1,156,440	863,911	-	-	1,156,440	863,911
Debt service	1,862,445	2,088,613	4,462	11,463	1,866,907	2,100,076
Unrestricted	22,048,490	15,589,584	56,180,667	57,872,611	78,229,157	73,462,195
Total net assets	<b>\$ 78,933,697</b>	<b>\$ 71,017,072</b>	<b>\$ 148,146,681</b>	<b>\$ 146,128,437</b>	<b>\$ 227,080,378</b>	<b>\$ 217,145,509</b>

The most significant change was an increase in the assets of the governmental activities. The primary source of the increase was related to completing construction of Denton Road and Fire Station 3. Other changes are minimal and balances are fairly consistent with last year.

# Charter Township of Canton

## Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets for 2005 and 2004:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 9,495,363	\$ 8,318,904	\$ 26,959,633	\$ 26,240,769	\$ 36,454,996	\$ 34,559,673
Operating grants and contributions	3,263,870	1,794,831	-	-	3,263,870	1,794,831
Capital grants and contributions	4,390,608	5,565,856	2,014,599	4,341,542	6,405,207	9,907,398
General revenue:						
Property taxes	7,647,583	5,988,123	-	-	7,647,583	5,988,123
Public safety operating levy	19,533,530	18,872,962	-	-	19,533,530	18,872,962
State-shared revenue	6,018,024	6,034,910	-	-	6,018,024	6,034,910
Franchise fees and royalties	1,233,579	1,241,583	-	-	1,233,579	1,241,583
Investment earnings	1,869,021	626,011	694,673	423,662	2,563,694	1,049,673
Miscellaneous	1,274,992	3,925,025	83,865	198,117	1,358,857	4,123,142
<b>Total revenue</b>	<b>54,726,570</b>	<b>52,368,205</b>	<b>29,752,770</b>	<b>31,204,090</b>	<b>84,479,340</b>	<b>83,572,295</b>
<b>Program Expenses</b>						
General government	6,705,957	7,871,063	-	-	6,705,957	7,871,063
Public safety	22,262,105	18,300,773	-	-	22,262,105	18,300,773
Public works	7,388,912	11,121,653	-	-	7,388,912	11,121,653
Building, planning, and engineering	3,874,353	3,679,756	-	-	3,874,353	3,679,756
Culture and recreation	8,677,474	8,405,420	-	-	8,677,474	8,405,420
Sanitation	2,664,103	2,432,446	-	-	2,664,103	2,432,446
Interest on long-term debt	388,909	649,025	-	-	388,909	649,025
Water and sewer	-	-	25,846,472	24,247,381	25,846,472	24,247,381
Golf course	-	-	2,371,297	2,253,164	2,371,297	2,253,164
<b>Total program expenses</b>	<b>51,961,813</b>	<b>52,460,136</b>	<b>28,217,769</b>	<b>26,500,545</b>	<b>80,179,582</b>	<b>78,960,681</b>
<b>Excess of Revenue Over (Under) Expenses - Before transfers and special item</b>						
	2,764,757	(91,931)	1,535,001	4,703,545	4,299,758	4,611,614
<b>Special Item - Gain on sale of assets</b>						
	5,635,111	-	-	-	5,635,111	-
<b>Transfers</b>						
	(483,243)	(544,585)	483,243	544,585	-	-
<b>Change in Net Assets</b>						
	7,916,625	(636,516)	2,018,244	5,248,130	9,934,869	4,611,614
<b>Net Assets - Beginning of year</b>						
	71,017,072	71,653,588	146,128,437	140,880,307	217,145,509	212,533,895
<b>Net Assets - End of year</b>						
	<b>\$ 78,933,697</b>	<b>\$ 71,017,072</b>	<b>\$ 148,146,681</b>	<b>\$ 146,128,437</b>	<b>\$ 227,080,378</b>	<b>\$ 217,145,509</b>

### Governmental Activities

Revenues for governmental activities totaled \$54.7 million in 2005. A total of \$7.6 million was in the form of property tax collections, an increase of \$1.6 million over 2004. This increase reflects a change in the general operating millage from 2.00 mills to 2.366 mills, as well as a significant increase in taxable value of \$273 million. The police and fire special assessment millage generated \$19.5 million. State-shared revenues continue to be of concern, but have remained flat. They provided \$6.0 million in 2005, and it appears they will hold in 2006. The state budget, however, continues to be in crisis with no signs of recovering anytime soon. The amount received in 2005 was the same as in 2004. There was \$5.5 million generated from the sale of township property. Other miscellaneous revenues totaled \$1.27 million.

# **Charter Township of Canton**

## **Management's Discussion and Analysis (Continued)**

### **Business-type Activities**

The Charter Township has two business-type activities. These include the water and sewer operations, and the operating fund for the Pheasant Run and Fellows Creek golf courses. Revenues for business-type activities were \$29.8 million. A total of \$2.4 million was attributable to golf operations. The Charter Township owns two golf courses. The Pheasant Run course is operated by the Charter Township and is an upscale public course. Operating revenues were impacted in 2005 as in 2004 by poor weather throughout the season. Fellows Creek is leased to an operator, and the lessee pays a fixed fee to the Charter Township. The amount received in 2005 was \$200,000.

The water and sewer operation is much larger. Water is provided to the Charter Township residents via the Detroit Water and Sewer Department. Sewage treatment is provided by contracts with Western Township Utility Authority, Wayne County, and the Ypsilanti Community Utility Authority. The Charter Township is participating in a WTUA/YCUA project to expand the YCUA treatment facilities to ensure continued sewage treatment services for the community. This project is 99 percent complete at this time and remains on budget.

### **Current Economic Events**

The Charter Township continues to experience good growth in the community. However, housing starts to decline in late 2005 and is continuing into 2006. Retail remains active. Canton was chosen as the only IKEA site in Michigan and it has spurred additional retail investment. Our state equalized value (SEV) is now \$3.954 billion, which is \$698 million more than our taxable value. This is significant because in Michigan, taxes are based on taxable value, not SEV.

Revenue sharing remains to be the most significant budgetary concern at this time. The State of Michigan is experiencing significant structural budget problems, and as they look for solutions, revenue sharing has dwindled. The governor's current budget calls for a level funding for state revenue-sharing payments. These levels continue to be below earlier levels. Our continued growth does provide additional tax revenue but further stretches the State dollars. The Charter Township raised the local operating millage to 2.36 mills for the fiscal year ended 2005. This increase of .36 mills is not slated for operation, but is targeted at improving road intersections in the community. Our five-year strategic plan helps to guide the community and serve as our operating plan. This plan will serve as our guide as we develop future budget and strategies.

# **Charter Township of Canton**

## **Management's Discussion and Analysis (Continued)**

### **Financial Analysis of Township Funds and Budgets**

The General Fund ended 2005 with a fund balance of \$3.15 million, with \$306,365 reserved for encumbrances. The drawdown of fund balance was planned. Tax revenue was up due to increased taxable value. The millage rate remained the same in 2005. Tax collections were \$31 million in 2005. This is an increase of \$3 million over 2004. Investment income was down over \$300,000 from last year. Expenditures were below expectations by \$2.35 million below final budget. This is reflective of adjustments made in operating budgets throughout the General Fund that reduced costs.

The General Fund budget is amended throughout the year as deemed necessary. This is primarily done to prevent overexpenditures. With that in mind, the General Fund expenditures were 92 percent of budget. With the exception of the previously mentioned projects, no major General Fund areas were significantly under or over budget.

Police and fire operations are funded separately through special assessment millages. These funds are expended exclusively for operations of police and fire, respectively. The Police Fund balance is stable. The Fire Fund balance is down from last year as was planned to fund the cost of fire station three.

### **Capital Assets and Debt Administration**

The Charter Township continued several capital projects in 2005. Projects that were 99 percent completed at year end were: Fire Station #3, which is the new station off of Denton Road, Fellows Creek Naturalization, a park development off Flodin Park, Storage Building at DPW to store various departments' equipment, and Denton Road extension to Ridge Road. The Sanitary Sewer Relief project was started in 2005 and is in the design phase. Readers of this report should refer to the notes section for more detailed information regarding long-term debt and capital.

### **Contact Us**

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



# Charter Township of Canton

## Statement of Net Assets December 31, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 21,010,176	\$ 1,528,135	\$ 22,538,311	\$ 4,472,825
Investments (Note 3)	19,703,217	26,791,414	46,494,631	-
Receivables - Net:				
Property taxes	15,613,719	-	15,613,719	1,210,298
Customers	-	5,185,688	5,185,688	-
Special assessments	5,804,524	-	5,804,524	-
Accrued interest and other receivables	940,807	161,228	1,102,035	14,210
Internal balances	1,884,997	(1,884,997)	-	-
Due from other governmental units	3,232,790	15,154	3,247,944	578,943
Other assets	2,873,532	61,961	2,935,493	-
Inventories	-	712,410	712,410	-
Restricted assets (Note 8)	426,744	149,450	576,194	-
Investment in joint venture (Note 13):				
35th District Courthouse Authority	1,662,394	-	1,662,394	-
Western Townships Utilities Authority (WTUA)	-	28,964,735	28,964,735	-
Capital lease receivable	5,552,360	-	5,552,360	-
Nondepreciable capital assets (Note 4)	15,682,177	13,345,731	29,027,908	-
Depreciable capital assets - Net (Note 4)	65,923,365	86,578,778	152,502,143	2,339,889
<b>Total assets</b>	<b>160,310,802</b>	<b>161,609,687</b>	<b>321,920,489</b>	<b>8,616,165</b>
<b>Liabilities</b>				
Accounts payable	1,647,398	1,905,426	3,552,824	47,344
Accrued and other liabilities	2,393,528	1,253,679	3,647,207	122,053
Cash bonds and deposits	2,360,859	2,033,502	4,394,361	-
Current liabilities payable from restricted assets (Note 8)	-	144,988	144,988	-
Unearned revenue (Note 5):				
Special assessments	227,012	-	227,012	-
Property taxes and other	29,357,089	-	29,357,089	1,789,241
Noncurrent liabilities (Note 7):				
Due within one year:				
Bond and other contractual obligations	2,679,701	556,223	3,235,924	175,000
Other long-term obligations	1,158,690	65,207	1,223,897	-
Due in more than one year:				
Bond and other contractual obligations	39,856,239	7,406,734	47,262,973	1,290,000
Other long-term obligations	1,696,589	97,247	1,793,836	-
<b>Total liabilities</b>	<b>81,377,105</b>	<b>13,463,006</b>	<b>94,840,111</b>	<b>3,423,638</b>
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	45,205,467	91,961,552	137,167,019	874,889
Restricted:				
Police and Fire	7,200,449	-	7,200,449	-
Western Wayne Criminal Investigation	1,455,081	-	1,455,081	-
Street lighting	5,325	-	5,325	-
911 activities	1,156,440	-	1,156,440	-
Debt service	1,862,445	4,462	1,866,907	-
Unrestricted	22,048,490	56,180,667	78,229,157	4,317,638
<b>Total net assets</b>	<b>\$ 78,933,697</b>	<b>\$ 148,146,681</b>	<b>\$ 227,080,378</b>	<b>\$ 5,192,527</b>

# Charter Township of Canton

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,705,957	\$ 568,650	\$ 910,641	\$ -
Public safety	22,262,105	987,207	1,799,469	-
Public works	7,388,912	-	-	4,092,634
Building, planning, and engineering	3,874,353	3,839,924	344,932	252,723
Culture and recreation	8,677,474	4,099,582	208,828	45,251
Sanitation	2,664,103	-	-	-
Interest on long-term debt	388,909	-	-	-
Total governmental activities	51,961,813	9,495,363	3,263,870	4,390,608
Business-type activities:				
Water and sewer	25,846,472	25,137,903	-	2,014,599
Golf course	2,371,297	1,821,730	-	-
Total primary government	<u>\$ 80,179,582</u>	<u>\$ 36,454,996</u>	<u>\$ 3,263,870</u>	<u>\$ 6,405,207</u>
Component unit - Downtown Development Authority	<u>\$ 839,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes				
Public safety operating levy				
Captured taxes				
State-shared revenues				
Royalties				
Investment earnings				
Gain on sale of asset				
Miscellaneous				
Transfers				
Total general revenues and transfers				
<b>Change in Net Assets</b>				
<b>Net Assets - Beginning of year</b>				
<b>Net Assets - End of year</b>				

**Statement of Activities**  
**Year Ended December 31, 2005**

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				
Governmental				
Activities	Business-type Activities	Total	Component Unit	
\$ (5,226,666)	\$ -	\$ (5,226,666)	\$ -	-
(19,475,429)	-	(19,475,429)	-	-
(3,296,278)	-	(3,296,278)	-	-
563,226	-	563,226	-	-
(4,323,813)	-	(4,323,813)	-	-
(2,664,103)	-	(2,664,103)	-	-
(388,909)	-	(388,909)	-	-
(34,811,972)	-	(34,811,972)	-	-
-	1,306,030	1,306,030	-	-
-	(549,567)	(549,567)	-	-
(34,811,972)	756,463	(34,055,509)	-	-
-	-	-	(839,118)	-
7,647,583	-	7,647,583	-	-
19,533,530	-	19,533,530	-	-
-	-	-	1,497,904	-
6,018,024	-	6,018,024	-	-
1,233,579	-	1,233,579	-	-
1,869,021	694,673	2,563,694	85,863	-
5,635,111	-	5,635,111	-	-
1,274,992	83,865	1,358,857	76,104	-
(483,243)	483,243	-	-	-
42,728,597	1,261,781	43,990,378	1,659,871	-
7,916,625	2,018,244	9,934,869	820,753	-
71,017,072	146,128,437	217,145,509	4,371,774	-
<b>\$ 78,933,697</b>	<b>\$ 148,146,681</b>	<b>\$ 227,080,378</b>	<b>\$ 5,192,527</b>	-

# Charter Township of Canton

	General	Police	Fire	Public Improvement
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 5,759,438	\$ 4,691,997	\$ 2,903,034	\$ 1,397,018
Investments (Note 3)	1,151,924	4,542,633	5,729,938	4,608,425
Receivables - Net:				
Property taxes	4,664,235	7,189,358	3,760,126	-
Special assessments	29,323	-	-	-
Accrued interest and other receivables	16,885	47,020	39,003	41,323
Other assets	67,298	179,462	33,166	2,582,293
Due from other funds (Note 6)	2,008,906	3,447	18,604	460,699
Due from other governmental units	1,446,433	71,845	-	-
Restricted assets (Note 8)	-	-	-	-
<b>Total assets</b>	<b>\$ 15,144,442</b>	<b>\$ 16,725,762</b>	<b>\$ 12,483,871</b>	<b>\$ 9,089,758</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 643,812	\$ 196,462	\$ 49,806	\$ -
Accrued and other liabilities	449,326	723,849	337,141	-
Due to other funds (Note 6)	218,912	81,306	28,586	-
Due to other governmental units	-	-	-	-
Cash bonds and deposits	2,360,859	-	-	-
Deferred revenue (Note 5):				
Special assessments	26,196	-	-	-
Property taxes and other	8,290,901	13,517,115	7,074,919	2,582,293
<b>Total liabilities</b>	<b>11,990,006</b>	<b>14,518,732</b>	<b>7,490,452</b>	<b>2,582,293</b>
<b>Fund Balances</b>				
Reserved for encumbrances	306,365	76,218	295,225	-
Unreserved, reported in:				
General Fund	2,848,071	-	-	-
Special Revenue Funds	-	2,130,812	4,698,194	6,507,465
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
<b>Total fund balances</b>	<b>3,154,436</b>	<b>2,207,030</b>	<b>4,993,419</b>	<b>6,507,465</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,144,442</b>	<b>\$ 16,725,762</b>	<b>\$ 12,483,871</b>	<b>\$ 9,089,758</b>

**Governmental Funds  
Balance Sheet  
December 31, 2005**

Community Improvement	Community Center	Cable TV	Building Construction	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 265,509	\$ 73,530	\$ 308,516	\$ 1,444,617	\$ 4,166,517	\$ 21,010,176
-	-	1,634,430	-	2,035,867	19,703,217
-	-	-	-	-	15,613,719
-	-	-	-	5,775,201	5,804,524
-	-	243,939	-	552,637	940,807
-	11,313	-	-	-	2,873,532
-	260,163	-	-	-	2,751,819
265,813	-	-	-	447,525	2,231,616
-	-	-	-	426,744	426,744
<b>\$ 531,322</b>	<b>\$ 345,006</b>	<b>\$ 2,186,885</b>	<b>\$ 1,444,617</b>	<b>\$ 13,404,491</b>	<b>\$ 71,356,154</b>
\$ 4,953	\$ 93,249	\$ 1,233	\$ 262	\$ 657,621	\$ 1,647,398
-	48,640	4,360	-	117,155	1,680,471
-	116,725	-	-	421,293	866,822
-	-	-	-	259,901	259,901
-	-	-	-	-	2,360,859
-	-	-	-	5,404,083	5,430,279
-	-	-	-	545,922	32,011,150
4,953	258,614	5,593	262	7,405,975	44,256,880
-	1,100	870	-	1,210,909	1,890,687
-	-	-	-	-	2,848,071
526,369	85,292	2,180,422	-	2,614,502	18,743,056
-	-	-	-	1,862,445	1,862,445
-	-	-	1,444,355	310,660	1,755,015
526,369	86,392	2,181,292	1,444,355	5,998,516	27,099,274
<b>\$ 531,322</b>	<b>\$ 345,006</b>	<b>\$ 2,186,885</b>	<b>\$ 1,444,617</b>	<b>\$ 13,404,491</b>	<b>\$ 71,356,154</b>

# Charter Township of Canton

## Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets Year Ended December 31, 2005

<b>Total Fund Balances for Governmental Funds</b>	\$ 27,099,274
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	81,605,542
Capital lease receivable from the Library is not a financial resource and is not reported in the funds	5,552,360
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(42,535,940)
Interest amounts on long-term liabilities are not payable until due in the funds	(453,156)
Land contract receivables for installment sales are expected to be collected over several years and are not available to pay for current year expenditures	2,582,293
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	5,203,267
Compensated absences are not due and payable in the current period and are not reported in the funds	(2,520,936)
State revenue-sharing receipts are expected to be collected during the subsequent year and are not available to pay for current year expenditures	1,001,174
Grant revenue receivables are expected to be collected during the subsequent year and are not available to pay for current year expenditures	71,768
Self-insurance liabilities are not due and payable in the current period and are not reported in the funds	(334,343)
Investment in joint venture is not a financial resource and is not reported in the funds	<u>1,662,394</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 78,933,697</u></b>

# Charter Township of Canton

	General	Police	Fire	Public Improvement
<b>Revenue</b>				
Property taxes	\$ 7,647,583	\$ 12,429,075	\$ 7,104,455	\$ -
Licenses and permits	2,553,743	56,744	-	-
Federal sources	365,079	128,651	18,144	-
State sources	6,234,827	70,765	3,270	-
Charges for services	3,888,779	95,327	662,135	-
Court fees	74,694	-	-	-
Administration charges	3,726,795	-	-	-
Special assessments	-	-	-	-
Royalties	-	-	-	-
Contributions from other governmental units	-	-	-	-
Summit recreation fees	-	-	-	-
Other revenues	921,433	279,965	247,325	337,798
<b>Total revenue</b>	<b>25,412,933</b>	<b>13,060,527</b>	<b>8,035,329</b>	<b>337,798</b>
<b>Expenditures</b>				
Current:				
General government	7,377,650	-	-	-
Public safety	79,314	12,979,907	10,713,577	-
Public services	8,584,999	-	-	-
Recreation	4,004,715	-	-	-
Sanitation	3,107,479	-	-	-
Other	-	-	-	5,780
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>23,154,157</b>	<b>12,979,907</b>	<b>10,713,577</b>	<b>5,780</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>2,258,776</b>	<b>80,620</b>	<b>(2,678,248)</b>	<b>332,018</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 6)	499,462	-	-	-
Transfers out (Note 6)	(2,951,300)	-	-	-
Payment of refunding	-	-	-	-
Proceeds from sale of capital assets	-	-	-	3,127,082
Proceeds from issuance of debt (Note 7)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(2,451,838)</b>	<b>-</b>	<b>-</b>	<b>3,127,082</b>
<b>Net Change in Fund Balances</b>	<b>(193,062)</b>	<b>80,620</b>	<b>(2,678,248)</b>	<b>3,459,100</b>
<b>Fund Balances - Beginning of year</b>	<b>3,347,498</b>	<b>2,126,410</b>	<b>7,671,667</b>	<b>3,048,365</b>
<b>Fund Balances - End of year</b>	<b>\$ 3,154,436</b>	<b>\$ 2,207,030</b>	<b>\$ 4,993,419</b>	<b>\$ 6,507,465</b>

**Governmental Funds  
Statement of Revenue, Expenditures, and  
Changes in Fund Balances  
Year Ended December 31, 2005**

Community Improvement	Community Center	Cable TV	Building Construction	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,181,113
-	-	-	-	-	2,610,487
45,251	-	-	-	675,452	1,232,577
-	-	-	-	1,186,529	7,495,391
-	-	-	-	333,429	4,979,670
-	-	-	-	-	74,694
-	-	-	-	-	3,726,795
-	-	-	-	819,052	819,052
1,233,579	-	869,566	-	-	2,103,145
-	-	-	400,000	560,824	960,824
-	921,506	-	-	-	921,506
12,671	1,248,808	72,916	44,924	1,427,193	4,593,033
1,291,501	2,170,314	942,482	444,924	5,002,479	56,698,287
1,601,690	-	-	-	471,009	9,450,349
-	-	-	-	1,007,872	24,780,670
-	-	-	-	222,136	8,807,135
-	3,019,592	-	-	-	7,024,307
-	-	-	-	-	3,107,479
-	-	347,701	-	-	353,481
-	-	-	672,317	1,434,237	2,106,554
-	-	-	-	1,873,957	1,873,957
1,601,690	3,019,592	347,701	672,317	5,009,211	57,503,932
(310,189)	(849,278)	594,781	(227,393)	(6,732)	(805,645)
550,000	1,043,242	-	-	1,659,857	3,752,561
(296,584)	(154,157)	(527,545)	-	(306,218)	(4,235,804)
-	-	-	-	(6,782,507)	(6,782,507)
-	-	-	-	-	3,127,082
-	-	-	-	6,551,000	6,551,000
253,416	889,085	(527,545)	-	1,122,132	2,412,332
(56,773)	39,807	67,236	(227,393)	1,115,400	1,606,687
583,142	46,585	2,114,056	1,671,748	4,883,116	25,492,587
<b>\$ 526,369</b>	<b>\$ 86,392</b>	<b>\$ 2,181,292</b>	<b>\$ 1,444,355</b>	<b>\$ 5,998,516</b>	<b>\$ 27,099,274</b>



# 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, 2005

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 1,606,687
Amounts reported for governmental activities in the statement of activities are different because:	
Certain revenue reported in the statement of activities in previous years did not provide current financial resources in the governmental funds until the current year	(87,731)
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	823,287
Governmental funds report proceeds from fixed asset disposals; in the statement of activities, losses on disposals are reported	(74,263)
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)	8,447,553
Accrued interest is an expenditure in the statement of activities, but not in the governmental funds	31,633
Land contract revenues are recorded in the statement of activities when the property is sold; they are not reported in the funds until collected or collectible within 60 days of year end	2,582,293
Governmental activities record payments received as a reduction in the capital lease receivable; governmental funds record as revenue when received	(325,346)
Accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(227,972)
Bond proceeds (net of deferred cost of financing of \$486,257) are not reported as financing sources in the statement of activities	(6,064,743)
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	2,243,865
Grant monies recorded when earned in the statement of activities that did not provide current financial resources	71,768
The change in equity interest in 35th District Courthouse Authority is not reported in the governmental funds	(1,198,904)
Change in self-insurance liabilities	88,498
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 7,916,625</u></b>

# Charter Township of Canton

## Proprietary Funds Statement of Net Assets December 31, 2005

	Enterprise - Water and Sewer	Golf Course	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 367,309	\$ 1,160,826	\$ 1,528,135
Investments (Note 3)	26,791,414	-	26,791,414
Receivables:			
Customers	5,185,688	-	5,185,688
Accrued interest and other receivables	161,228	-	161,228
Other assets	49,092	12,869	61,961
Due from other funds (Note 6)	779,491	-	779,491
Due from other governmental units	15,154	-	15,154
Inventories	695,052	17,358	712,410
Restricted assets (Note 8)	149,450	-	149,450
Total current assets	34,193,878	1,191,053	35,384,931
Noncurrent assets:			
Investment in joint venture - Western Townships			
Utilities Authority (WTUA) (Note 13)	28,964,735	-	28,964,735
Non-depreciable capital assets (Note 4)	4,143,335	9,202,396	13,345,731
Depreciable capital assets - Net (Note 4)	83,303,998	3,274,780	86,578,778
Total noncurrent assets	116,412,068	12,477,176	128,889,244
Total assets	150,605,946	13,668,229	164,274,175
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,891,352	14,074	1,905,426
Accrued and other liabilities	1,218,834	34,845	1,253,679
Cash bonds and deposits	2,033,502	-	2,033,502
Due to other funds (Note 6)	1,123,461	1,541,027	2,664,488
Current liabilities payable from restricted assets (Note 8)	144,988	-	144,988
Current portion of long-term liabilities (Note 7)	190,207	431,223	621,430
Total current liabilities	6,602,344	2,021,169	8,623,513
Noncurrent liabilities:			
Provision for compensated absences	40,415	-	40,415
Provision for uninsured losses	43,489	13,343	56,832
Long-term liabilities - Net of current portion (Note 7)	800,000	6,606,734	7,406,734
Total noncurrent liabilities	883,904	6,620,077	7,503,981
Total liabilities	7,486,248	8,641,246	16,127,494
<b>Net Assets</b>			
Investment in capital assets - Net of related debt	86,522,333	5,439,219	91,961,552
Restricted - Debt service	4,462	-	4,462
Unrestricted	56,592,903	(412,236)	56,180,667
Total net assets	<u>\$ 143,119,698</u>	<u>\$ 5,026,983</u>	<u>\$ 148,146,681</u>

# Charter Township of Canton

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2005

	Enterprise -		Total
	Water and Sewer	Golf Course	
<b>Operating Revenue</b>			
Sale of water	\$ 7,855,382	\$ -	\$ 7,855,382
Sewage disposal revenues	10,598,348	-	10,598,348
Service charges	254,795	-	254,795
Greens fees and cart rentals	-	1,189,828	1,189,828
Operating lease	-	200,000	200,000
Other revenues	788,760	492,477	1,281,237
Total operating revenue	19,497,285	1,882,305	21,379,590
<b>Operating Expenses</b>			
Recreation	-	1,582,246	1,582,246
Salaries and wages	1,982,069	-	1,982,069
Payroll taxes and fringe benefits	847,633	-	847,633
Insurance	130,957	-	130,957
Supplies	95,886	-	95,886
Engineering fees	167,779	-	167,779
Professional services	302,083	-	302,083
Vehicle expense	122,514	-	122,514
Water purchases	7,307,139	-	7,307,139
Sewage disposal charges	6,148,480	-	6,148,480
Maintenance	411,484	-	411,484
Administration charges	1,949,596	-	1,949,596
Depreciation (Note 4)	2,734,319	328,531	3,062,850
Other expenses	1,352,058	6,501	1,358,559
Total operating expenses	23,551,997	1,917,278	25,469,275
<b>Operating Loss</b>	(4,054,712)	(34,973)	(4,089,685)
<b>Nonoperating Revenue (Expenses)</b>			
Customer connection fees	5,663,908	-	5,663,908
Investment income	676,233	18,440	694,673
Interest expense	(2,294,475)	(454,019)	(2,748,494)
<b>Operating Loss Before Contributions</b>	(9,046)	(470,552)	(479,598)
<b>Capital Contributions</b> - Lines constructed by developers	2,014,599	-	2,014,599
<b>Transfers from Other Funds</b> (Note 6)	-	483,243	483,243
<b>Change in Net Assets</b>	2,005,553	12,691	2,018,244
<b>Net Assets</b> - Beginning of year	141,114,145	5,014,292	146,128,437
<b>Net Assets</b> - End of year	<u>\$ 143,119,698</u>	<u>\$ 5,026,983</u>	<u>\$ 148,146,681</u>

# Charter Township of Canton

## Proprietary Funds Statement of Cash Flows Year Ended December 31, 2005

	Enterprise - Water and Sewer	Enterprise - Golf Course	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 17,526,417	\$ 1,682,305	\$ 19,208,722
Payments to suppliers and vendors	(13,628,848)	(1,010,507)	(14,639,355)
Payments to employees	(2,801,042)	(657,055)	(3,458,097)
Payments connected with interfund services	(1,034,127)	398,948	(635,179)
Other receipts (payments)	(563,298)	193,499	(369,799)
Net cash provided by (used in) operating activities	(500,898)	607,190	106,292
<b>Cash Flows from Noncapital Financing Activities</b> - Transfers from other funds	-	483,243	483,243
<b>Cash Flows from Capital and Related Financing Activities</b>			
Investment in joint venture	(2,825,104)	-	(2,825,104)
Purchase of capital assets	(3,984,519)	(12,628)	(3,997,147)
Connection fees	5,663,908	-	5,663,908
Proceeds from issuance of debt	-	2,680,080	2,680,080
Principal and interest paid on capital debt	(2,489,268)	(3,642,392)	(6,131,660)
Net cash used in capital and related financing activities	(3,634,983)	(974,940)	(4,609,923)
<b>Cash Flows from Investing Activities</b>			
Interest received on investments	915,150	18,440	933,590
Purchase of investment securities	(1,916,099)	-	(1,916,099)
Sale of investment securities	4,281,404	-	4,281,404
Net cash provided by investing activities	3,280,455	18,440	3,298,895
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(855,426)	133,933	(721,493)
<b>Cash and Cash Equivalents</b> - Beginning of year	1,372,185	1,026,893	2,399,078
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 516,759</u>	<u>\$ 1,160,826</u>	<u>\$ 1,677,585</u>
<b>Statement of Net Assets Classification of Cash and Cash Equivalents</b>			
Cash and cash equivalents	\$ 367,309	\$ 1,160,826	\$ 1,528,135
Restricted assets (Note 8)	149,450	-	149,450
Total cash and cash equivalents	<u>\$ 516,759</u>	<u>\$ 1,160,826</u>	<u>\$ 1,677,585</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (4,054,712)	\$ (34,973)	\$ (4,089,685)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	2,734,319	328,531	3,062,850
Changes in assets and liabilities:			
Receivables	(488,696)	-	(488,696)
Due from other funds	(142,988)	331,439	188,451
Due from other governmental units	6,227	-	6,227
Inventory	2,573	(1,447)	1,126
Other assets	1,362	(5,341)	(3,979)
Accounts payable	596,066	(38,613)	557,453
Accrued and other liabilities	528,546	(39,915)	488,631
Cash bonds and deposits	(693,412)	-	(693,412)
Provisions for compensated absences and uninsured losses	(48,640)	-	(48,640)
Due to other funds	1,058,457	67,509	1,125,966
Net cash provided by (used in) operating activities	<u>\$ (500,898)</u>	<u>\$ 607,190</u>	<u>\$ 106,292</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended December 31, 2005, developers constructed water and sewer lines with an estimated value of \$2,014,599 and donated them to the Charter Township's Water and Sewer Fund. The Township's Water and Sewer Fund also recognized an unrealized loss on investments of \$200,745.

# Charter Township of Canton

## Fiduciary Funds Statement of Net Assets December 31, 2005

	Pension and Other Employee Benefits Fund	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,746,695	\$ 16,096,879
Receivables - Accrued interest and other	21,145	-
	<u>2,767,840</u>	<u>                    </u>
Total assets	2,767,840	<u><b>\$ 16,096,879</b></u>
<b>Liabilities</b>		
Cash bonds and deposits	-	\$ 442,838
Due to other governmental units	-	15,654,041
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>                    </u>	<u><b>\$ 16,096,879</b></u>
<b>Net Assets</b> - Held in trust for pension and other employee benefits	<u><b>\$ 2,767,840</b></u>	

# Charter Township of Canton

## Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2005

	<u>Pension and Other Employee Benefits Fund</u>
<b>Additions</b>	
Contributions (Employer only)	\$ 940,696
Investment income - Interest and dividends	<u>73,263</u>
Total additions	1,013,959
<b>Deductions - Benefit payments</b>	<u>419,038</u>
<b>Net Increase</b>	594,921
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	
Beginning of year	<u>2,172,919</u>
End of year	<u><u>\$ 2,767,840</u></u>

# Charter Township of Canton

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**Notes to Financial Statements  
December 31, 2005**

## **Note 1 - Summary of Significant Accounting Policies**

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

### **Reporting Entity**

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

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

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

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

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

# Charter Township of Canton

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## Notes to Financial Statements December 31, 2005

### Note I - Summary of Significant Accounting Policies (Continued)

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.

#### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.



### Note I - Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Street Lighting Fund has a "service type" special assessment that is billed in 2005 for services performed in 2006. Therefore, the revenue is recognized in 2006 and classified as unearned revenue within the government-wide statements.

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

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

The Charter Township reports the following major governmental funds:

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

# Charter Township of Canton

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**Notes to Financial Statements  
December 31, 2005**

## **Note I - Summary of Significant Accounting Policies (Continued)**

- The Police Fund is a full-service department consisting of 82 sworn personnel and 33 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 59 sworn fire personnel and three support personnel, which provides fire suppression, fire prevention, and emergency medical service. The main source of revenue for the Fire Department comes from a voter-approved special assessment on real property.
- The Public Improvement Fund accounts for special community projects such as road improvements and building construction. Revenues come from property sales and General Fund contributions.
- The Community Improvement Fund accounts for royalty payments for solid waste deposited in two privately owned landfills in the Charter Township, although only one remains open at this time. The money from this fund is used to fund community improvements and recreation projects, not for operations.
- The Community Center Fund accounts for the activity of Canton's Summit on the Park. Revenue consists primarily of user charges associated with the athletic center and rentals from the banquet facility.
- The Cable TV Fund accounts for royalty revenues and expenditures related to cable TV operations. Franchise fee revenues are paid to the Charter Township based on a percentage of cable TV subscriber fees. Expenditures in this fund are to provide for local cable TV programming services.
- The Building Construction Fund accounts for all Charter Township construction activity that is not funded by the Building Authority Bonds.

The Charter Township reports the following major proprietary funds:

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

# Charter Township of Canton

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## Notes to Financial Statements December 31, 2005

### Note 1 - Summary of Significant Accounting Policies (Continued)

Additionally, the Charter Township reports the following fund types:

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

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

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

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

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

# Charter Township of Canton

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## Notes to Financial Statements December 31, 2005

### Note 1 - Summary of Significant Accounting Policies (Continued)

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

#### **Property Tax Revenue**

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

The Charter Township's 2004 tax is levied and collectible on December 1, 2004 and is recognized as revenue in the year ended December 31, 2005, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2004 taxable valuation of the Charter Township totaled approximately \$3,257 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 2.3660 mills for operating purposes, 2.3580 mills for fire operating services, and 4.1260 mills for police operating. This resulted in approximately \$7.6 million for operating, \$7.1 million for fire operating, and \$12.4 million for police operating. All tax amounts are recognized in the respective General, Police, and Fire Funds' financial statements as tax revenue.

#### **Assets, Liabilities, and Net Assets or Equity**

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

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

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

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Restricted Assets** - The county contract related to bonds of the Water and Sewer Fund requires amounts to be set aside for debt service principal and interest. These amounts have been classified as restricted assets. The Charter Township has also restricted assets in the governmental activities for unspent bond proceeds.

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

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

Infrastructure	25 years
Buildings and improvements	40 years
Vehicles	5 years
Furniture, fixtures, and equipment	7 to 15 years
Computer equipment	3 to 5 years
Land improvements	15 years
Water and sewer distribution systems	50 years

**Compensated Absences** - It is the Charter Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The liability for unpaid accumulated sick leave is limited to certain employment groups that receive payment for unused sick leave when those employees separate from service with the Charter Township. All sick and vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds as it comes due for payment (when employees terminate).

**Long-term Obligations** - Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Net Assets** - In the government-wide financial statements, net assets that are legally restricted by outside parties for use for a specific purpose are shown as restricted. The following restrictions apply to net assets as of December 31, 2005:

- **Police and Fire** - Special tax levies to fund police and fire activities
- **Western Wayne Criminal Investigation** - Amounts directed by consortium for funding various narcotics and auto theft programs
- **Street Lighting** - Special assessment tax levy to fund street lighting program
- **Community Development Block Grant** - Grant amount received in excess of expenditures that must be spent on this federal program
- **911 Activities** - Fees collected to fund 911 activities
- **Debt Service** - Amounts remaining from debt issuance related to special assessments and amounts collected from residents in special assessment districts that must be used to service the related outstanding debt

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

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### 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, 2005		\$ (1,833,878)
Building permit revenue		2,529,869
Related expenses:		
Direct costs	\$ 2,270,118	
Estimated indirect costs	<u>1,035,079</u>	
Total construction code expenses		<u>3,305,197</u>
Cumulative shortfall at December 31, 2005		<u>\$ (2,609,206)</u>

### 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.

# Charter Township of Canton

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**Notes to Financial Statements  
December 31, 2005**

## **Note 3 - Deposits and Investments (Continued)**

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

The Charter Township has designated 21 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 \$47,400,564 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized; the component unit had \$2,401,232 of uninsured and uncollateralized bank deposits. In addition, the Charter Township has \$3,076,597 of negotiable certificates of deposit, of which \$1,500,000 is FDIC insured. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.



# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### 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
<b>Government-wide</b>		
Money markets	\$ 848,753	0 months
Federal National Mortgage Association	5,050,692	1.6 years
Federal Home Loan Bank	26,959,344	1.3 years
Federal Home Loan Mortgage Corporation	4,671,184	11 months
Negotiable certificates of deposit	3,076,597	7 months
U.S. Treasury	21,776	4.1 years
<b>Component Unit - Federal Home Loan Bank</b>	<b>1,484,687</b>	<b>1 year</b>

#### 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
<b>Government-wide</b>			
Money market	\$ 1,135,788	Unrated	N/A
Money market	506,535	AAA	S&P
Federal National Mortgage Association	2,188,692	Unrated	N/A
Federal National Mortgage Association	2,279,645	AAA	S&P
Federal National Mortgage Association	582,355	AI	S&P
Pooled investments	397,652	Unrated	N/A
Federal Home Loan Mortgage Corporation	4,125,072	Unrated	N/A
Federal Home Loan Mortgage Corporation	546,112	AAA	S&P
J Funds	66,867	AI	S&P
Negotiable certificates of deposit	3,076,597	Unrated	N/A
Federal Home Loan Bank	15,690,475	Unrated	N/A
Federal Home Loan Bank	1,095,437	AI	S&P
Federal Home Loan Bank	9,998,968	AAA	S&P

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 3 - Deposits and Investments (Continued)

Investment	Fair Value	Rating	Rating Organization
<b>Component Unit</b>			
Money market	\$ 367,975	Unrated	N/A
Federal Home Loan Bank	1,659,150	AAA	S&P

### Note 4 - Capital Assets

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

	Balance January 1, 2005	Additions	Adjustments	Disposals	Balance December 31, 2005
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 14,876,496	\$ 101,162	\$ 747,172	\$ (71,728)	\$ 15,653,102
Construction in progress	1,770,734	-	(1,741,659)	-	29,075
Subtotal	16,647,230	101,162	(994,487)	(71,728)	15,682,177
Capital assets being depreciated:					
Infrastructure	11,211,090	60,881	-	-	11,271,971
Buildings and improvements	57,460,131	3,366,675	994,487	-	61,821,293
Vehicles	6,516,917	582,427	-	(183,100)	6,916,244
Furniture, fixtures, and equipment	13,340,569	343,016	-	(600)	13,682,985
Computer equipment	1,358,451	300,217	-	(285,668)	1,373,000
Subtotal	89,887,158	4,653,216	994,487	(469,368)	95,065,493
Accumulated depreciation:					
Infrastructure	5,097,815	463,021	-	-	5,560,836
Buildings and improvements	8,270,276	1,547,581	-	-	9,817,857
Vehicles	4,483,076	616,119	-	(183,100)	4,916,095
Furniture, fixtures, and equipment	6,866,470	1,023,886	-	(540)	7,889,816
Computer equipment	960,233	280,484	-	(283,193)	957,524
Subtotal	25,677,870	3,931,091	-	(466,833)	29,142,128
Net capital assets being depreciated	64,209,288	722,125	994,487	(2,535)	65,923,365
Net governmental capital assets	<u>\$ 80,856,518</u>	<u>\$ 823,287</u>	<u>\$ -</u>	<u>\$ (74,263)</u>	<u>\$ 81,605,542</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 4 - Capital Assets (Continued)

Business-type Activities	Balance				Balance
	January 1, 2005	Additions	Adjustments	Disposals	December 31, 2005
Capital assets not being depreciated:					
Land	\$ 10,701,413	\$ -	\$ -	\$ -	\$ 10,701,413
Construction in progress	867,309	3,225,811	(1,448,802)	-	2,644,318
Subtotal	11,568,722	3,225,811	(1,448,802)	-	13,345,731
Capital assets being depreciated:					
Land improvements	1,213,022	143,159	-	-	1,356,181
Water and sewer distribution systems	106,318,070	2,014,599	1,406,802	-	109,739,471
Buildings and building improvements	9,789,391	463,940	42,000	-	10,295,331
Vehicles and equipment	5,801,506	134,546	-	-	5,936,052
Office furnishings	2,036,300	24,151	-	-	2,060,451
Computer equipment	61,142	5,540	-	-	66,682
Subtotal	125,219,431	2,785,935	1,448,802	-	129,454,168
Accumulated depreciation:					
Land improvements	836,968	78,067	-	-	915,035
Water and sewer distribution systems	31,561,067	2,233,015	-	-	33,794,082
Buildings and building improvements	1,672,360	272,324	-	-	1,944,684
Vehicles and equipment	4,296,018	344,221	-	-	4,640,239
Office furnishings	1,393,710	127,929	-	-	1,521,639
Computer equipment	52,417	7,294	-	-	59,711
Subtotal	39,812,540	3,062,850	-	-	42,875,390
Net capital assets being depreciated	85,406,891	(276,915)	1,448,802	-	86,578,778
Net business-type capital assets	\$ 96,975,613	\$ 2,948,896	\$ -	\$ -	\$ 99,924,509

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

Component Unit	Balance			Balance
	January 1, 2005	Additions	Disposals	December 31, 2005
Capital assets being depreciated:				
Infrastructure	\$ 1,081,514	\$ 135,109	\$ -	\$ 1,216,623
Buildings	-	13,258	-	13,258
Furniture, fixtures, and equipment	2,823,181	107,171	-	2,930,352
Subtotal	3,904,695	255,538	-	4,160,233
Accumulated depreciation:				
Infrastructure	298,805	62,984	-	361,789
Buildings	-	331	-	331
Furniture, fixtures, and equipment	1,296,221	162,003	-	1,458,224
Subtotal	1,595,026	225,318	-	1,820,344
Net component unit capital assets	\$ 2,309,669	\$ 30,220	\$ -	\$ 2,339,889

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 4 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 791,745
Public safety	1,037,205
Public works	662,411
Building, planning, and engineering	110,300
Recreation and culture	<u>1,329,430</u>

Total governmental activities	<u>\$ 3,931,091</u>
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Business-type activities:

Water and sewer	\$ 2,734,319
Golf course	<u>328,531</u>

Total business-type activities	<u>\$ 3,062,850</u>
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**Construction Commitments** - The Charter Township has active construction projects at year end related primarily to the construction of Fire Station #3 and Pilgrim Hills water and sewer mains. These amounts do not include projects not covered by bond proceeds. At year end, the Charter Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Fire Station #3	\$ 3,492,743	\$ 299,360
Pilgrim Hills - Water and sewer mains	2,677,464	603,058
Other	<u>39,932</u>	<u>454,093</u>
Total	<u>\$ 6,210,139</u>	<u>\$ 1,356,511</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 5 - Deferred Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Special assessments	\$ 5,203,267	\$ 227,012	\$ 5,430,279
Property taxes and other	<u>2,654,061</u>	<u>29,357,089</u>	<u>32,011,150</u>
Total	<u>\$ 7,857,328</u>	<u>\$ 29,584,101</u>	<u>\$ 37,441,429</u>

The component unit reported unearned property tax revenue in the amount of \$1,789,241.

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from other funds:		
General Fund	Police	\$ 37,752
	Community Center	112,310
	Water and Sewer	673,461
	Golf Course	776,316
	Nonmajor governmental funds	<u>409,067</u>
	Total General Fund	2,008,906

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

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

Receivable Fund	Payable Fund	Amount
Due to/from other funds (Continued):		
Special Revenue Funds:		
Fire	General	\$ 18,604
Police	Fire	3,447
Community Center	General	138,069
	Police	20,210
	Golf Course	100,384
	Nonmajor governmental funds	<u>1,500</u>
	Total Community Center	260,163
Public Improvement	Nonmajor governmental funds	10,699
	Water and Sewer	<u>450,000</u>
	Total Public Improvement	<u>460,699</u>
	Total governmental funds	2,751,819
Enterprise Funds - Water and Sewer		
	General	62,239
	Fire	25,139
	Police	23,344
	Golf Course	664,327
	Community Center	4,415
	Nonmajor governmental funds	<u>27</u>
	Total Water and Sewer	<u>779,491</u>
	Total	<u><u>\$ 3,531,310</u></u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

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

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

Interfund transfers reported in the fund statements were as follows:

Fund Transferred From	Fund Transferred To	Amount
General	Community Improvement (1)	\$ 550,000
	Community Center (1)	895,600
	Nonmajor governmental funds (2,3)	<u>1,505,700</u>
	Total General Fund	2,951,300
Cable TV	Community Center (1)	47,133
	General (1)	<u>480,412</u>
	Total Cable TV	527,545
Community Center	Nonmajor governmental funds (3)	154,157
Community Improvement	Golf Course (1)	296,584
Nonmajor governmental funds	General (1)	19,050
	Golf Course (3)	186,659
	Community Center (3)	<u>100,509</u>
	Total nonmajor governmental funds	<u>306,218</u>
	Total governmental funds	<u>\$ 4,235,804</u>

The following describes the nature of significant transfers:

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

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 7 - Long-term Debt

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

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
1998 Building Authority Bonds (Softball Center): Amount of issue - \$2,500,000 Maturing through 2008	3.75%	\$300,000	\$ 1,150,000	\$ -	\$ (250,000)	\$ 900,000	\$ 300,000
1999 (Refunded Bonds) Building Authority Bonds (Library)*: Amount of issue - \$6,000,000 Maturing through 2020	5.20%	\$250,000	5,800,000	-	(5,050,000)	750,000	250,000
2000 (Refunded Bonds) Building Authority Recreation Bonds (debt issue split between governmental and business-type activities): Amount of issue - \$2,100,000 Maturing through 2020	4.75% - 6.75%	\$70,000- \$105,000	1,968,750	-	(1,548,750)	420,000	70,000
<b>Limited Tax General Obligations:</b>							
2003 Capital Improvement (Limited Tax): Amount of issue - \$23,000,000 Maturity through 2023	2.50% - 4.50%	\$450,000 - \$2,100,000	22,650,000	-	(400,000)	22,250,000	450,000
Limited Tax General Obligations Series 2003: Amount of issue - \$2,675,000 Maturity through 2016	2.375% - 3.900%	\$175,000 - \$290,000	2,675,000	-	(201,695)	2,473,305	209,843
2004 Capital Improvement (Limited Tax) - Fire Station: Amount of issue - \$2,500,000 Maturing through 2014	2.00% - 3.65%	\$150,000 - \$325,000	2,500,000	-	(150,000)	2,350,000	200,000
<b>Limited Tax General Obligation Refunding Bonds,</b>							
Series 2005 (debt issue split between governmental and business-type activities) Amount of issue - \$9,450,000 Maturity through 2020 Deferred cost of financing	2.65%- 4.50%	\$30,250- \$847,750	-	6,551,000 (486,257)	(77,500) 30,392	6,473,500 (455,865)	30,250 (30,392)



# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities (Continued)</b>							
Special Assessment Bonds:							
1996 Special Assessment Bonds:							
Amount of issue - \$1,590,000							
Maturing through 2006	4.375%	\$200,000	\$ 400,000	\$ -	\$ (200,000)	\$ 200,000	\$ 200,000
1997 Special Assessment Bonds:							
Amount of issue - \$2,140,000							
Maturing through 2007	5.00%	\$200,000	600,000	-	(200,000)	400,000	200,000
Special Assessment Bonds (Continued):							
1998 Special Assessment Bonds:							
Amount of issue - \$3,480,000		\$375,000 -					
Maturing through 2008	3.65%	\$400,000	1,575,000	-	(400,000)	1,175,000	400,000
2004 Special Assessment Bond:							
Amount of issue - \$4,100,000		\$50,000 -					
Maturing through 2018	5.00%	\$400,000	4,100,000	-	-	4,100,000	400,000
2004 Special Assessment Bond:							
Amount of issue - \$1,500,000 ***							
Maturing through 2011	3.66%	\$500,000	1,500,000	-	-	1,500,000	-
Total bond obligations			44,918,750	6,064,743	(8,447,553)	42,535,940	2,679,701
Other long-term obligations:							
Accumulated employee benefits**			2,292,964	2,095,365	(1,867,393)	2,520,936	1,158,690
Provision for uninsured losses**			422,841	-	(88,498)	334,343	-
Total other long-term obligations			2,715,805	2,095,365	(1,955,891)	2,855,279	1,158,690
Total governmental activities			47,634,555	8,160,108	(10,403,444)	45,391,219	3,838,391

\* The Library Building Authority bonds debt service requirements are being provided by the Canton Township Library. The Charter Township and the Library have entered into an agreement that calls for annual payments from the Library equal to the debt service requirements on the bonds. A portion of the bond was refunded during the year ended December 31, 2005, although it did not change the terms of the capital lease. A capital lease for \$5,552,360 has been recorded at 12/31/05.

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

\*\*\* Bonds have a variable interest rate; the rate was 3.66% as of December 31, 2005 and is determined by the prime rate.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
General Obligation Bonds:							
Building Authority Recreation Bonds, Series 2000 (Refunded Bonds) (debt issue split between governmental and business-type activities):							
Amount of issue - \$3,900,000	4.75% -	\$97,500 -	\$ 3,656,250	\$ -	\$ (2,876,250)	\$ 780,000	\$ 130,000
Maturing through 2020	6.75%	\$195,000					
Building Authority Limited Tax GO Bonds:							
Amount of issue - \$3,890,000	2.375% -	\$315,000 -	3,890,000	-	(293,306)	3,596,694	305,156
Maturing through 2016	3.700%	\$480,000					
Limited Tax General Obligation Refunding Bonds, Series 2005 (debt issue split between governmental and business-type activities):							
Amount of issue - \$9,450,000	2.65%-	\$9,750-	-	2,899,000	(32,500)	2,866,500	9,750
Maturing through 2020	4.50%	\$383,500					
Deferred cost of financing							
County contractual obligations:							
Wayne County Metropolitan Sewage Disposal System Bonds							
Amount of issue - \$2,500,000	4.25% -		420,000	-	(140,000)	280,000	140,000
Maturing through 2007	5.00%	\$140,000					
Michigan State Revolving Loan Fund:							
Amount of issue - \$2,295,000	2.00%	\$25,000 -	905,000	-	(120,000)	785,000	125,000
Maturing through 2012		\$110,000					
Total bonds and other contractual obligations			8,871,250	2,680,080	(3,448,373)	8,102,957	696,223
Less current portion payable from restricted assets			140,000	-	-	140,000	140,000
Total bonds and other contractual obligations, net of current portion			8,731,250	2,680,080	(3,448,373)	7,962,957	556,223
Other long-term obligations:							
Accumulated employee benefits			89,055	187,052	(170,485)	105,622	65,207
Provision for uninsured losses			56,832	-	-	56,832	-
Total other long-term obligations			145,887	187,052	(170,485)	162,454	65,207
Total business-type activities			8,877,137	2,867,132	(3,618,858)	8,125,411	621,430
Total governmental and business-type activities			\$ 56,511,692	\$ 11,027,240	\$ (14,022,302)	\$ 53,516,630	\$ 4,459,821
<b>Component Unit</b>							
General obligation bonds:							
1994 Downtown Development Bonds:							
Amount of issue - \$850,000	5.40% -	\$65,000 -	\$ 410,000	\$ -	\$ (70,000)	\$ 340,000	\$ 75,000
Maturing through 2009	5.85%	\$95,000					
1999 Downtown Development Bonds:							
Amount of issue - \$1,500,000	4.00% -	\$100,000 -	1,200,000	-	(75,000)	1,125,000	100,000
Maturing through 2014	4.60%	\$150,000					
Total component unit bond obligations			\$ 1,610,000	\$ -	\$ (145,000)	\$ 1,465,000	\$ 175,000

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 7 - Long-term Debt (Continued)

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

	Governmental Activities			Business-type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 2,710,093	\$ 1,568,341	\$ 4,278,434	\$ 709,906	\$ 300,650	\$ 1,010,556	\$ 175,000	\$ 157,073	\$ 332,073
2007	2,614,168	1,475,416	4,089,584	715,831	275,047	990,878	180,000	149,263	329,263
2008	2,450,557	1,388,457	3,839,014	604,443	252,412	856,855	190,000	145,377	335,377
2009	2,481,669	1,315,589	3,797,258	613,331	229,924	843,255	220,000	134,887	354,887
2010	2,630,840	1,251,906	3,882,746	704,160	209,132	913,292	125,000	28,925	153,925
2011-2015	12,654,601	5,018,465	17,673,066	3,150,399	678,121	3,828,520	575,000	54,338	629,338
2016-2020	11,449,877	2,769,039	14,218,916	1,810,124	210,643	2,020,767	-	-	-
2021-2024	6,000,000	541,613	6,541,613	-	-	-	-	-	-
Total	\$ 42,991,805	\$ 15,328,826	\$ 58,320,631	\$ 8,308,194	\$ 2,155,929	\$ 10,464,123	\$ 1,465,000	\$ 669,863	\$ 2,134,863

**Defeased Debt** - During the year, the Township issued \$9,450,000 in limited tax general obligation refunding bonds with interest rates ranging between 2.65 percent and 4.5 percent. The proceeds of these bonds were used to advance refund \$4,800,000 of \$5,800,000 for 1999 Library Building Authority bonds and \$4,275,000 of \$5,625,000 for 2000 Recreation projects for governmental and business-type activities by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The remaining outstanding liability is \$750,000 and \$1,200,000, respectively. The advance refunding reduced total debt service payments over the next 16 years by approximately \$505,000, which represents an economic gain of approximately \$333,000. The trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At December 31, 2005, \$9,075,000 of bonds outstanding are considered defeased.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 8 - Restricted Assets

Restricted assets at December 31, 2005 for governmental activities represents unspent bond proceeds in the amount of \$426,744.

Restricted assets at December 31, 2005 for business-type activities consists of the following:

Cash and cash equivalents		\$ 149,450
Less current liabilities payable from restricted assets:		
Current maturities of long-term debt	\$ 140,000	
Accrued interest payable	<u>4,988</u>	<u>144,988</u>
Net restricted assets		<u>\$ 4,462</u>

### Note 9 - Risk Management

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

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

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

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

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 9 - Risk Management (Continued)

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

	2005	2004
Estimated liability - Beginning of year	\$ 479,673	\$ 483,063
Estimated claims incurred, including changes in estimates	173,743	3,972,596
Claim payments, administration fees, and excess payments	<u>(262,241)</u>	<u>(3,975,986)</u>
Estimated liability - End of year	<u>\$ 391,175</u>	<u>\$ 479,673</u>

### Note 10 - Defined Contribution Retirement Plan

The Charter Township participates in the Charter Township of Canton Retirement Plan, a defined contribution plan, which is administered by The Charles Schwab Trust Co. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate as of the date of employment. As established by the Charter Township Board, the Charter Township contributes 15 percent of employees' gross earnings and employees contribute 5 percent of earnings. In accordance with these requirements, the Charter Township contributed approximately \$1,695,000 during the current year, and employees contributed approximately \$573,000.

### Note 11 - Defined Benefit Pension Plan

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

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 11 - Defined Benefit Pension Plan (Continued)

#### Funding Policy

The obligation to contribute to and maintain the MERS for these full-time employees was established by the Charter Township's board of trustees and requires a contribution from the employees of 5 percent of gross wages and a contribution from the employer ranging from 7.41 percent to 16.12 percent of participating employees' gross wages depending on their membership agreement.

#### Annual Pension Cost

For the year ended December 31, 2005, the Charter Township's annual pension cost of \$1,247,800 for the plan was equal to the required and actual contribution. The 2005 annual required contribution was determined as part of the initial actuarial valuation as of December 31, 2003, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year plus percentage based on an age-related scale to reflect merit longevity and promotional salary increases, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 30 years.

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

	Year Ended December 31		
	2005	2004	2003
Annual pension cost (APC)	\$ 1,247,800	\$ 697,085	\$ 438,340
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

# Charter Township of Canton

## Notes to Financial Statements December 31, 2005

### Note 11 - Defined Benefit Pension Plan (Continued)

	December 31	
	2004	2003
Actuarial value of assets	\$ 25,045,702	\$ 22,143,453
Actuarial accrued liability (AAL) (entry age)	\$ 31,978,973	\$ 26,889,198
Unfunded AAL (UAAL)	\$ 6,933,271	\$ 4,745,745
Funded ratio	78.32%	82.35%
Covered payroll	\$ 8,384,603	\$ 7,988,306
UAAL as a percentage of covered payroll	82.69%	59.41%

As the Charter Township's participation in the plan began the year ended December 31, 2003 and the actuarial valuation for the year ended December 31, 2005 was not available as of the audit date, only two years of trend information are disclosed during the current year.

### Note 12 - Postemployment Benefits

The Charter Township provides health care benefits to certain full-time employees, based on age and years of service, upon retirement in accordance with labor contracts. Currently, 42 retirees are eligible. The Charter Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contributions required by the participants. The Charter Township purchases Medicare supplemental insurance for retirees eligible for Medicare. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due. Postemployment benefits paid during the current year amounted to approximately \$419,000.

**Upcoming Reporting Change** - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

# Charter Township of Canton

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**Notes to Financial Statements  
December 31, 2005**

## **Note 13 - Joint Ventures**

The Charter Township is a member of the Western Townships Utilities Authority (WTUA), which provides sewage disposal services to the residents of Canton, Northville, and Plymouth Townships. The participating communities provide annual funding for its operations. During the current year, the Charter Township contributed approximately \$11,669,000 to WTUA for operations, debt, and capital. The Charter Township's equity interest is recorded within the Water and Sewer Fund. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, Michigan 48187.

The Charter Township is a member of the 35<sup>th</sup> District Court System and has an equity interest in the 35<sup>th</sup> District Courthouse Authority (the "Courthouse"), which provides judicial services to the Charter Township and various other surrounding communities. The Charter Township appoints one member to the joint venture's board, which then approves the annual budget. The Charter Township's equity interest is recorded within the governmental activities column in the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Charter Township and various other surrounding communities agreed to become guarantors of bonds issued by the Courthouse during 1999. There were bonds outstanding of \$3,550,000 at December 31, 2005, of which the Charter Township guarantees 47 percent, or \$1,668,500. Complete financial statements for the Courthouse can be obtained from the administrative offices at 660 Plymouth Road, Plymouth, Michigan 48170.



## **Required Supplemental Information**

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# Charter Township of Canton

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property taxes	\$ 7,726,943	\$ 7,761,442	\$ 7,647,583	\$ (113,859)
Licenses and permits	2,770,150	2,820,150	2,553,743	(266,407)
Federal sources	18,500	430,338	365,079	(65,259)
State sources	6,253,193	6,299,693	6,234,827	(64,866)
Charges for services	5,198,883	5,242,383	3,888,779	(1,353,604)
Court fees	281,000	281,000	74,694	(206,306)
Administration charges	4,250,151	3,769,739	3,726,795	(42,944)
Interest and other	799,212	752,712	921,433	168,721
Transfers in	-	505,412	499,462	(5,950)
Fund balance appropriation	27,800	587,773	193,062	(394,711)
Total revenues	<u>\$ 27,325,832</u>	<u>\$ 28,450,642</u>	<u>\$ 26,105,457</u>	<u>\$ (2,345,185)</u>
<b>Expenditures</b>				
General government	\$ 7,250,129	\$ 8,254,109	\$ 7,377,650	\$ 876,459
Public safety	85,500	85,500	79,314	6,186
Public services	9,110,042	9,113,946	8,584,999	528,947
Recreation	4,588,433	4,668,536	4,004,715	663,821
Sanitation	3,227,340	3,354,700	3,107,479	247,221
Transfers out	3,064,388	2,973,851	2,951,300	22,551
Total expenditures	<u>\$ 27,325,832</u>	<u>\$ 28,450,642</u>	<u>\$ 26,105,457</u>	<u>\$ 2,345,185</u>

# Charter Township of Canton

## Police

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property taxes	\$ 12,486,641	\$ 12,486,641	\$ 12,429,075	\$ (57,566)
Licenses and permits	53,400	53,400	56,744	3,344
Federal sources	105,568	92,497	128,651	36,154
State sources	-	53,384	70,765	17,381
Charges for services	84,000	84,000	95,327	11,327
Royalties	-	-	-	-
Summit recreational fees	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-
Interest and other	171,100	218,061	279,965	61,904
Transfers in	-	-	-	-
Fund balance appropriation	-	307,798	-	(307,798)
Total revenues	<u>\$ 12,900,709</u>	<u>\$ 13,295,781</u>	<u>\$ 13,060,527</u>	<u>\$ (235,254)</u>
<b>Expenditures</b>				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	12,900,709	13,295,781	12,979,907	315,874
Recreation	-	-	-	-
Other	-	-	-	-
Transfers to other funds	-	-	-	-
Transfer to fund balance	-	-	80,620	(80,620)
Total expenditures	<u>\$ 12,900,709</u>	<u>\$ 13,295,781</u>	<u>\$ 13,060,527</u>	<u>\$ 235,254</u>

**Required Supplemental Information**  
**Budgetary Comparison Schedule - Major Special Revenue Funds**  
**Year Ended December 31, 2005**

Fire				Public Improvement			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
\$ 7,128,625	\$ 7,128,625	\$ 7,104,455	\$ (24,170)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
12,600	12,600	18,144	5,544	-	-	-	-
4,300	4,300	3,270	(1,030)	-	-	-	-
75,000	655,500	662,135	6,635	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	100,000	3,116,382	3,127,082	10,700
598,000	117,500	247,325	129,825	500	199,812	337,798	137,986
-	-	-	-	-	-	-	-
-	3,333,249	2,678,248	(655,001)	-	-	-	-
<b><u>\$ 7,818,525</u></b>	<b><u>\$ 11,251,774</u></b>	<b><u>\$ 10,713,577</u></b>	<b><u>\$ (538,197)</u></b>	<b><u>\$ 100,500</u></b>	<b><u>\$ 3,316,194</u></b>	<b><u>\$ 3,464,880</u></b>	<b><u>\$ 148,686</u></b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,818,525	11,251,774	10,713,577	538,197	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,000	10,000	5,780	4,220
-	-	-	-	-	-	-	-
-	-	-	-	90,500	3,306,194	3,459,100	(152,906)
<b><u>\$ 7,818,525</u></b>	<b><u>\$ 11,251,774</u></b>	<b><u>\$ 10,713,577</u></b>	<b><u>\$ 538,197</u></b>	<b><u>\$ 100,500</u></b>	<b><u>\$ 3,316,194</u></b>	<b><u>\$ 3,464,880</u></b>	<b><u>\$ (148,686)</u></b>

# Charter Township of Canton

## Community Improvement

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal sources	200,000	200,000	45,251	(154,749)
State sources	-	-	-	-
Charges for services	-	-	-	-
Royalties	1,000,000	1,125,000	1,233,579	108,579
Summit recreational fees	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-
Interest and other	5,500	5,500	12,671	7,171
Transfers in	550,000	550,000	550,000	-
Fund balance appropriation	554,984	559,703	56,773	(502,930)
<b>Total revenues</b>	<b>\$ 2,310,484</b>	<b>\$ 2,440,203</b>	<b>\$ 1,898,274</b>	<b>\$ (541,929)</b>
<b>Expenditures</b>				
General government	\$ 2,018,150	\$ 2,143,619	\$ 1,601,690	\$ 541,929
Public safety	-	-	-	-
Recreation	-	-	-	-
Other	-	-	-	-
Transfers to other funds	292,334	296,584	296,584	-
Transfer to fund balance	-	-	-	-
<b>Total expenditures</b>	<b>\$ 2,310,484</b>	<b>\$ 2,440,203</b>	<b>\$ 1,898,274</b>	<b>\$ 541,929</b>

**Required Supplemental Information**  
**Budgetary Comparison Schedule - Major Special Revenue Funds**  
**(Continued)**  
**Year Ended December 31, 2005**

Community Center				Cable TV			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	745,000	745,000	869,566	124,566
865,000	865,000	921,506	56,506	-	-	-	-
-	-	-	-	-	-	-	-
1,446,700	1,446,700	1,248,808	(197,892)	20,500	20,500	72,916	52,416
942,733	942,733	1,043,242	100,509	-	-	-	-
-	2,600	-	(2,600)	34,523	149,796	-	(149,796)
<b><u>\$ 3,254,433</u></b>	<b><u>\$ 3,257,033</u></b>	<b><u>\$ 3,213,556</u></b>	<b><u>\$ (43,477)</u></b>	<b><u>\$ 800,023</u></b>	<b><u>\$ 915,296</u></b>	<b><u>\$ 942,482</u></b>	<b><u>\$ 27,186</u></b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
3,254,433	3,102,874	3,019,592	83,282	-	-	-	-
-	-	-	-	376,543	394,589	347,701	46,888
-	154,159	154,157	2	423,480	520,707	527,545	(6,838)
-	-	39,807	(39,807)	-	-	67,236	(67,236)
<b><u>\$ 3,254,433</u></b>	<b><u>\$ 3,257,033</u></b>	<b><u>\$ 3,213,556</u></b>	<b><u>\$ 43,477</u></b>	<b><u>\$ 800,023</u></b>	<b><u>\$ 915,296</u></b>	<b><u>\$ 942,482</u></b>	<b><u>\$ (27,186)</u></b>

# Charter Township of Michigan

## Note to Required Supplemental Information December 31, 2005

### Note - Budgetary information

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

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

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

	Budget Statement	Fund Balance Appropriation	Proceeds from Sale of Capital Assets	Transfers	Operating Statement
General Fund:					
Total revenue	\$ 26,105,457	\$ (193,062)	\$ -	\$ (499,462)	\$ 25,412,933
Total expenditures	26,105,457	-	-	(2,951,300)	23,154,157
Police Fund - Total expenditures	13,060,527	(80,620)	-	-	12,979,907
Fire Fund - Total revenue	10,713,577	(2,678,248)	-	-	8,035,329
Public Improvement Fund:					
Total revenue	3,464,880	-	(3,127,082)	-	337,798
Total expenditures	3,464,880	(3,459,100)	-	-	5,780
Community Improvement Fund:					
Total revenue	1,898,274	(56,773)	-	(550,000)	1,291,501
Total expenditures	1,898,274	-	-	(296,584)	1,601,690
Community Center Fund:					
Total revenue	3,213,556	-	-	(1,043,242)	2,170,314
Total expenditures	3,213,556	(39,807)	-	(154,157)	3,019,592
Cable TV Fund - Total expenditures	942,482	(67,236)	-	(527,545)	347,701

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.

# Charter Township of Michigan

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## Note to Required Supplemental Information December 31, 2005

### Note - Budgetary information (Continued)

- A public hearing is conducted in September to obtain taxpayer comments.
- In October, the budget is legally adopted by the Board through adoption of the appropriation ordinance.
- The Charter Township Supervisor is authorized to transfer budgeted amounts within budgetary centers (activity); however, any revisions that alter the total expenditure of any budgetary center (activity) must be approved by the Board.

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

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

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The Charter Township had no significant budget variances during the current year.



## **Other Supplemental Information**

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# Charter Township of Canton

	Nonmajor Special Revenue			
	Special Investigation	Street Lighting	Community Development Block Grant	911 Service Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 1,518,373	\$ 151,028	\$ 191,477	\$ 481,913
Investments	114,424	-	-	662,908
Receivables - Net:				
Special assessments	-	99,821	-	-
Accrued interest and other receivables	2,777	-	-	11,947
Due from other governmental units	24,014	-	33,502	-
Restricted assets	-	-	-	-
<b>Total assets</b>	<b>\$ 1,659,588</b>	<b>\$ 250,849</b>	<b>\$ 224,979</b>	<b>\$ 1,156,768</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 67,263	\$ 18,511	\$ 28,843	\$ 328
Accrued and other liabilities	117,155	-	-	-
Due to other funds	27	-	196,136	-
Due to other governmental units	-	-	-	-
Deferred revenue:				
Special assessment	-	227,013	-	-
Property taxes and other	20,062	-	-	-
<b>Total liabilities</b>	<b>204,507</b>	<b>245,524</b>	<b>224,979</b>	<b>328</b>
<b>Fund Balances</b>				
Reserved	-	-	-	2,344
Unreserved	1,455,081	5,325	-	1,154,096
<b>Total fund balances</b>	<b>1,455,081</b>	<b>5,325</b>	<b>-</b>	<b>1,156,440</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,659,588</b>	<b>\$ 250,849</b>	<b>\$ 224,979</b>	<b>\$ 1,156,768</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2005**

Nonmajor Debt Service Funds

Building Authority	Beck Road Paving	South Haggerty Paving	Koppernick Corporate Park	Tonquish Creek Storm Sewer	Lotz Road Paving	Denton Road Paving	Saltz Road Paving	Cherry Hill Road Paving
\$ -	\$ 704,456	\$ 5,789	\$ 345,423	\$ 266,503	\$ 62,725	\$ -	\$ -	\$ -
-	-	-	-	199,714	-	-	-	-
-	-	429,140	401,032	18,927	515,608	1,500,000	810,673	2,000,000
-	-	-	-	5,504	-	-	-	-
-	-	-	-	-	120,959	-	169,050	-
-	-	-	-	-	-	-	-	-
<b>\$ -</b>	<b>\$ 704,456</b>	<b>\$ 434,929</b>	<b>\$ 746,455</b>	<b>\$ 490,648</b>	<b>\$ 699,292</b>	<b>\$ 1,500,000</b>	<b>\$ 979,723</b>	<b>\$ 2,000,000</b>
\$ -	\$ 10,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	50,699	-	-	26,634	-	58,041	80,483
-	-	-	-	-	-	-	-	-
-	-	321,332	330,038	13,307	482,787	1,500,000	729,606	1,800,000
-	-	-	-	-	120,959	-	169,050	-
-	10,122	372,031	330,038	13,307	630,380	1,500,000	956,697	1,880,483
-	-	-	-	-	-	-	-	-
-	694,334	62,898	416,417	477,341	68,912	-	23,026	119,517
-	694,334	62,898	416,417	477,341	68,912	-	23,026	119,517
<b>\$ -</b>	<b>\$ 704,456</b>	<b>\$ 434,929</b>	<b>\$ 746,455</b>	<b>\$ 490,648</b>	<b>\$ 699,292</b>	<b>\$ 1,500,000</b>	<b>\$ 979,723</b>	<b>\$ 2,000,000</b>

# Charter Township of Canton

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds (Continued) December 31, 2005

	Nonmajor Capital Projects Funds					Total Nonmajor Governmental Funds
	Road Paving	Building Authority Construction	Cherry Hill Road	Saltz Road Paving	Lotz Road Paving	
<b>Assets</b>						
Cash and investments	\$ 328,604	\$ -	\$ 41,027	\$ 67,746	\$ 1,453	\$ 4,166,517
Investments	1,058,821	-	-	-	-	2,035,867
Receivables - Net:						
Special assessments	-	-	-	-	-	5,775,201
Accrued interest and other receivables	263,489	-	-	268,920	-	552,637
Due from other governmental units	100,000	-	-	-	-	447,525
Restricted assets	61,225	-	-	365,519	-	426,744
<b>Total assets</b>	<b><u>\$ 1,812,139</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 41,027</u></b>	<b><u>\$ 702,185</u></b>	<b><u>\$ 1,453</u></b>	<b><u>\$ 13,404,491</u></b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 531,862	\$ -	\$ -	\$ 692	\$ -	\$ 657,621
Accrued and other liabilities	-	-	-	-	-	117,155
Due to other funds	-	-	-	9,273	-	421,293
Due to other governmental units	259,901	-	-	-	-	259,901
Deferred revenue:						
Special assessment	-	-	-	-	-	5,404,083
Property taxes and other	100,000	-	-	135,851	-	545,922
<b>Total liabilities</b>	<b>891,763</b>	<b>-</b>	<b>-</b>	<b>145,816</b>	<b>-</b>	<b>7,405,975</b>
<b>Fund Balances</b>						
Reserved	1,205,401	-	-	3,164	-	1,210,909
Unreserved	(285,025)	-	41,027	553,205	1,453	4,787,607
<b>Total fund balances</b>	<b><u>920,376</u></b>	<b><u>-</u></b>	<b><u>41,027</u></b>	<b><u>556,369</u></b>	<b><u>1,453</u></b>	<b><u>5,998,516</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,812,139</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 41,027</u></b>	<b><u>\$ 702,185</u></b>	<b><u>\$ 1,453</u></b>	<b><u>\$ 13,404,491</u></b>

# Charter Township of Canton

	Nonmajor Special Revenue Funds			
	Special Investigation	Street Lighting	Community Development Block Grant	911 Service Fund
<b>Revenues</b>				
Federal sources	\$ 204,443	\$ -	\$ 471,009	\$ -
State sources	1,186,529	-	-	-
Charges for services	-	-	-	333,429
Special assessments	-	208,035	-	-
Contributions from other governmental units	-	-	-	-
Interest income	35,498	2,990	-	28,403
Land sales and other	31,197	800	-	-
Total revenues	1,457,667	211,825	471,009	361,832
<b>Expenditures</b>				
Current:				
General government	-	-	471,009	-
Public safety	938,569	-	-	69,303
Public services	-	222,136	-	-
Capital outlay	-	-	-	-
Debt principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	938,569	222,136	471,009	69,303
<b>Excess of Revenues Over (Under) Expenditures</b>	519,098	(10,311)	-	292,529
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	12,500	-	-
Transfers out	-	-	-	-
Payment of refunding	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Total other financing sources (uses)	-	12,500	-	-
<b>Net Change in Fund Balances</b>	519,098	2,189	-	292,529
<b>Fund Balances - Beginning of year</b>	935,983	3,136	-	863,911
<b>Fund Balances - End of year</b>	<b>\$ 1,455,081</b>	<b>\$ 5,325</b>	<b>\$ -</b>	<b>\$ 1,156,440</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2005**

Nonmajor Debt Service Funds

Building Authority	Beck Road Paving	South Haggerty Paving	Kopperrick Corporate Park	Tonquish Creek Storm Sewer	Lotz Road Paving	Denton Road Paving	Saltz Road Paving	Cherry Hill Road Paving
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	15,097	133,918	135,038	8,378	37,519	-	81,067	200,000
560,824	-	-	-	-	-	-	-	-
-	22,417	17,884	64,963	43,075	24,360	-	-	-
-	-	-	-	-	-	-	-	-
560,824	37,514	151,802	200,001	51,453	61,879	-	81,067	200,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
552,500	200,000	200,000	176,000	224,000	-	-	-	-
219,762	13,750	25,350	22,237	28,301	26,634	-	58,041	80,483
772,262	213,750	225,350	198,237	252,301	26,634	-	58,041	80,483
(211,438)	(176,236)	(73,548)	1,764	(200,848)	35,245	-	23,026	119,517
442,445	45,412	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(6,782,507)	-	-	-	-	-	-	-	-
6,551,000	-	-	-	-	-	-	-	-
210,938	45,412	-	-	-	-	-	-	-
(500)	(130,824)	(73,548)	1,764	(200,848)	35,245	-	23,026	119,517
500	825,158	136,446	414,653	678,189	33,667	-	-	-
<b>\$ -</b>	<b>\$ 694,334</b>	<b>\$ 62,898</b>	<b>\$ 416,417</b>	<b>\$ 477,341</b>	<b>\$ 68,912</b>	<b>\$ -</b>	<b>\$ 23,026</b>	<b>\$ 119,517</b>

# Charter Township of Canton

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2005

	Nonmajor Capital Project Funds					Total Nonmajor Governmental Funds
	Road Paving	Building Authority Construction	Cherry Hill Road	Saltz Road Paving	Lotz Road Paving	
<b>Revenues</b>						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 675,452
State sources	-	-	-	-	-	1,186,529
Charges for services	-	-	-	-	-	333,429
Special assessments	-	-	-	-	-	819,052
Contributions from other governmental units	-	-	-	-	-	560,824
Interest income	30,135	7,816	1,603	13,228	49	292,421
Land sales and other	250,000	-	-	852,775	-	1,134,772
<b>Total revenues</b>	<b>280,135</b>	<b>7,816</b>	<b>1,603</b>	<b>866,003</b>	<b>49</b>	<b>5,002,479</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	471,009
Public safety	-	-	-	-	-	1,007,872
Public services	-	-	-	-	-	222,136
Capital outlay	1,032,966	-	11,308	389,963	-	1,434,237
Debt principal payments	-	-	-	-	-	1,352,500
Interest and fiscal charges	46,899	-	-	-	-	521,457
<b>Total expenditures</b>	<b>1,079,865</b>	<b>-</b>	<b>11,308</b>	<b>389,963</b>	<b>-</b>	<b>5,009,211</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(799,730)</b>	<b>7,816</b>	<b>(9,705)</b>	<b>476,040</b>	<b>49</b>	<b>(6,732)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	1,159,500	-	-	-	-	1,659,857
Transfers out	-	(287,168)	-	(19,050)	-	(306,218)
Payment of refunding	-	-	-	-	-	(6,782,507)
Proceeds from sale of bonds	-	-	-	-	-	6,551,000
<b>Total other financing sources (uses)</b>	<b>1,159,500</b>	<b>(287,168)</b>	<b>-</b>	<b>(19,050)</b>	<b>-</b>	<b>1,122,132</b>
<b>Net Change in Fund Balances</b>	<b>359,770</b>	<b>(279,352)</b>	<b>(9,705)</b>	<b>456,990</b>	<b>49</b>	<b>1,115,400</b>
<b>Fund Balances - Beginning of year</b>	<b>560,606</b>	<b>279,352</b>	<b>50,732</b>	<b>99,379</b>	<b>1,404</b>	<b>4,883,116</b>
<b>Fund Balances - End of year</b>	<b>\$ 920,376</b>	<b>\$ -</b>	<b>\$ 41,027</b>	<b>\$ 556,369</b>	<b>\$ 1,453</b>	<b>\$ 5,998,516</b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Major Capital Projects Funds Year Ended December 31, 2005

### Capital Projects - Building Construction

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Contributions from other governmental units	\$ -	\$ 400,000	\$ 400,000	\$ -
Other revenues	-	-	44,924	44,924
Fund balance appropriation	-	1,496,156	227,393	(1,268,763)
Total revenues	<u>\$ -</u>	<u>\$ 1,896,156</u>	<u>\$ 672,317</u>	<u>\$ (1,223,839)</u>
<b>Expenditures - Current - Capital outlay</b>	<u>\$ -</u>	<u>\$ 1,896,156</u>	<u>\$ 672,317</u>	<u>\$ 1,223,839</u>



# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended December 31, 2005

### Special Revenue Fund - Special Investigation

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Federal sources	\$ 111,200	\$ 111,200	\$ 204,443	\$ 93,243
State sources	503,325	503,325	1,186,529	683,204
Interest and other	62,450	62,450	66,695	4,245
Fund balance appropriation	146,550	497,904	-	(497,904)
Total revenues	<u>\$ 823,525</u>	<u>\$ 1,174,879</u>	<u>\$ 1,457,667</u>	<u>\$ 282,788</u>
<b>Expenditures - Current expenditures</b>				
Public safety	\$ 823,525	\$ 1,174,879	\$ 938,569	\$ 236,310
Transfer to fund balance	-	-	519,098	(519,098)
Total expenditures	<u>\$ 823,525</u>	<u>\$ 1,174,879</u>	<u>\$ 1,457,667</u>	<u>\$ (282,788)</u>

### Special Revenue Fund - Street Lighting

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ 200,550	\$ 215,450	\$ 208,035	\$ (7,415)
Interest income	1,450	4,650	2,990	(1,660)
Land sales and other	782	782	800	18
Transfer in	-	12,500	12,500	-
Fund balance appropriation	15,344	-	-	-
Total revenues	<u>\$ 218,126</u>	<u>\$ 233,382</u>	<u>\$ 224,325</u>	<u>\$ (9,057)</u>
<b>Expenditures - Current expenditures</b>				
Transfer to fund balance	\$ -	\$ 2,844	\$ 2,189	\$ 655
Public services	218,126	230,538	222,136	8,402
Total expenditures	<u>\$ 218,126</u>	<u>\$ 233,382</u>	<u>\$ 224,325</u>	<u>\$ 9,057</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2005

### Special Revenue Fund - Community Development Block Grant

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues - Federal sources</b>	<b>\$ 295,581</b>	<b>\$ 710,500</b>	<b>\$ 471,009</b>	<b>\$ (239,491)</b>
<b>Expenditures - General government</b>	<b>\$ 295,581</b>	<b>\$ 710,500</b>	<b>\$ 471,009</b>	<b>\$ 239,491</b>

### Special Revenue Fund - 911 Service

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Charges for services	\$ 240,000	\$ 240,000	\$ 333,429	\$ 93,429
Interest and other	7,000	7,000	28,403	21,403
Total revenues	<b>\$ 247,000</b>	<b>\$ 247,000</b>	<b>\$ 361,832</b>	<b>\$ 114,832</b>
<b>Expenditures</b>				
Current expenditures - Public safety	\$ 73,550	\$ 102,546	\$ 69,303	\$ 33,243
Transfer to fund balance	173,450	144,454	292,529	(148,075)
Total expenditures	<b>\$ 247,000</b>	<b>\$ 247,000</b>	<b>\$ 361,832</b>	<b>\$ (114,832)</b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2005

### Debt Service Fund - Building Authority

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With <u>Final Budget</u>
<b>Revenues</b>				
Contributions from other governmental units	\$ -	\$ 561,100	\$ 560,824	\$ (276)
Proceeds from issuance of debt	-	-	6,551,000	6,551,000
Transfers in	-	442,946	442,445	(501)
Fund balance appropriation	-	-	500	500
Total revenues	<u>\$ -</u>	<u>\$ 1,004,046</u>	<u>\$ 7,554,769</u>	<u>\$ 6,550,723</u>
<b>Expenditures</b>				
Debt principal payments	\$ -	\$ 552,500	\$ 552,500	\$ -
Payment of refunding	-	-	6,782,507	(6,782,507)
Interest and fiscal charges	-	451,546	219,762	231,784
Total expenditures	<u>\$ -</u>	<u>\$ 1,004,046</u>	<u>\$ 7,554,769</u>	<u>\$ (6,550,723)</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2005

### Debt Service Fund - Beck Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ -	\$ 14,311	\$ 15,097	\$ 786
Interest and other	-	14,114	22,417	8,303
Transfers in	-	-	45,412	45,412
Fund balance appropriation	-	185,325	130,824	(54,501)
Total revenues	<u>\$ -</u>	<u>\$ 213,750</u>	<u>\$ 213,750</u>	<u>\$ -</u>
<b>Expenditures</b>				
Debt principal payments	\$ -	\$ 200,000	\$ 200,000	\$ -
Interest and fiscal charges	-	13,750	13,750	-
Total expenditures	<u>\$ -</u>	<u>\$ 213,750</u>	<u>\$ 213,750</u>	<u>\$ -</u>

### Debt Service Fund - South Haggerty Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ -	\$ 112,418	\$ 133,918	\$ 21,500
Interest and other	-	14,690	17,884	3,194
Fund balance appropriation	-	98,592	73,548	(25,044)
Total revenues	<u>\$ -</u>	<u>\$ 225,700</u>	<u>\$ 225,350</u>	<u>\$ (350)</u>
<b>Expenditures</b>				
Debt principal payments	\$ -	\$ 200,000	\$ 200,000	\$ -
Interest and fiscal charges	-	25,700	25,350	350
Total expenditures	<u>\$ -</u>	<u>\$ 225,700</u>	<u>\$ 225,350</u>	<u>\$ 350</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2005

### Debt Service Fund - Koppernick Corporate Park

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ -	\$ 130,957	\$ 135,038	\$ 4,081
Interest and other	-	35,236	64,963	29,727
Fund balance appropriation	-	31,911	-	(31,911)
Total revenues	<u>\$ -</u>	<u>\$ 198,104</u>	<u>\$ 200,001</u>	<u>\$ 1,897</u>
<b>Expenditures</b>				
Debt principal payments	\$ -	\$ 176,000	\$ 176,000	\$ -
Interest and fiscal charges	-	22,104	22,237	(133)
Transfer to fund balance	-	-	1,764	(1,764)
Total expenditures	<u>\$ -</u>	<u>\$ 198,104</u>	<u>\$ 200,001</u>	<u>\$ (1,897)</u>

### Debt Service Fund - Tonquish Creek Storm Sewer

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ -	\$ 9,000	\$ 8,378	\$ (622)
Interest and other	-	7,150	43,075	35,925
Fund balance appropriation	-	235,982	200,848	(35,134)
Total revenues	<u>\$ -</u>	<u>\$ 252,132</u>	<u>\$ 252,301</u>	<u>\$ 169</u>
<b>Expenditures - Current expenditures</b>				
Debt principal payments	\$ -	\$ 224,000	\$ 224,000	\$ -
Interest and fiscal charges	-	28,132	28,301	(169)
Total expenditures	<u>\$ -</u>	<u>\$ 252,132</u>	<u>\$ 252,301</u>	<u>\$ (169)</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2005

### Debt Service Fund - Lotz Road Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Special assessments	\$ -	\$ 36,829	\$ 37,519	\$ 690
Interest income	-	25,460	24,360	(1,100)
Total revenues	<u>\$ -</u>	<u>\$ 62,289</u>	<u>\$ 61,879</u>	<u>\$ (410)</u>
<b>Expenditures</b>				
Interest and fiscal charges	\$ -	\$ 26,713	\$ 26,634	\$ 79
Transfer to fund balance	-	35,576	35,245	331
Total expenditures	<u>\$ -</u>	<u>\$ 62,289</u>	<u>\$ 61,879</u>	<u>\$ 410</u>

### Debt Service Fund - Denton Road Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues - Transfers in</b>				
	<u>\$ -</u>	<u>\$ 48,600</u>	<u>\$ -</u>	<u>\$ (48,600)</u>
<b>Expenditures</b>				
Interest and fiscal charges	\$ -	\$ 45,600	\$ -	\$ 45,600
Transfer to fund balance	-	3,000	-	3,000
Total expenditures	<u>\$ -</u>	<u>\$ 48,600</u>	<u>\$ -</u>	<u>\$ 48,600</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2005

### Debt Service Fund - Saltz Road Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenue - Special assessments</b>	<u>\$ -</u>	<u>\$ 58,283</u>	<u>\$ 81,067</u>	<u>\$ 22,784</u>
<b>Expenditures</b>				
Interest and fiscal charges	\$ -	\$ 58,283	\$ 58,041	\$ 242
Transfer to fund balance	<u>-</u>	<u>-</u>	<u>23,026</u>	<u>(23,026)</u>
Total expenditures	<u>\$ -</u>	<u>\$ 58,283</u>	<u>\$ 81,067</u>	<u>\$ (22,784)</u>

### Debt Service Fund - Cherry Hill Road Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenue - Special assessments</b>	<u>\$ -</u>	<u>\$ 80,948</u>	<u>\$ 200,000</u>	<u>\$ 119,052</u>
<b>Expenditures</b>				
Interest and fiscal charges	\$ -	\$ 80,948	\$ 80,483	\$ 465
Transfer to fund balance	<u>-</u>	<u>-</u>	<u>119,517</u>	<u>(119,517)</u>
Total expenditures	<u>\$ -</u>	<u>\$ 80,948</u>	<u>\$ 200,000</u>	<u>\$ (119,052)</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2005

### Capital Projects Fund - Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Interest income	\$ 2,000	\$ 52,000	\$ 30,135	\$ (21,865)
Land sales and other	1,125,000	402,150	250,000	(152,150)
Transfers in	-	1,159,500	1,159,500	-
Appropriations from fund balance	270,000	469,825	-	(469,825)
Total revenues	<u>\$ 1,397,000</u>	<u>\$ 2,083,475</u>	<u>\$ 1,439,635</u>	<u>\$ (643,840)</u>
<b>Expenditures</b>				
Capital outlay	\$ 1,397,000	\$ 2,083,475	\$ 1,032,966	\$ 1,050,509
Interest expense	-	-	46,899	(46,899)
Transfer to fund balance	-	-	359,770	(359,770)
Total expenditures	<u>\$ 1,397,000</u>	<u>\$ 2,083,475</u>	<u>\$ 1,439,635</u>	<u>\$ 643,840</u>

### Capital Projects Fund - Building Authority Construction

	Building Authority Construction			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Interest income	\$ -	\$ 7,818	\$ 7,816	\$ (2)
Fund balance appropriation	-	279,351	279,352	1
Total revenues	<u>\$ -</u>	<u>\$ 287,169</u>	<u>\$ 287,168</u>	<u>\$ (1)</u>
<b>Expenditures - Current - Capital outlay</b>				
	<u>\$ -</u>	<u>\$ 287,169</u>	<u>\$ 287,168</u>	<u>\$ 1</u>



# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2005

### Capital Projects Fund - Cherry Hill Road

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With <u>Final Budget</u>
<b>Revenues</b>				
Interest income	\$ -	\$ -	\$ 1,603	\$ 1,603
Appropriation from fund balance	-	11,309	9,705	(1,604)
Total revenues	<u>\$ -</u>	<u>\$ 11,309</u>	<u>\$ 11,308</u>	<u>\$ (1)</u>
<b>Current Expenditures - Capital outlay</b>	<u>\$ -</u>	<u>\$ 11,309</u>	<u>\$ 11,308</u>	<u>\$ (1)</u>

### Capital Projects Fund - Saltz Road Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With <u>Final Budget</u>
<b>Revenues</b>				
Interest and other	\$ -	\$ 238,985	\$ 866,003	\$ 627,018
Transfer in	-	184,358	-	(184,358)
Total revenues	<u>\$ -</u>	<u>\$ 423,343</u>	<u>\$ 866,003</u>	<u>\$ 442,660</u>
<b>Expenditures</b>				
Capital outlay	\$ -	\$ 423,343	\$ 389,963	\$ 33,380
Transfer out	-	-	19,050	(19,050)
Transfer to fund balance	-	-	456,990	(456,990)
Total expenditures	<u>\$ -</u>	<u>\$ 423,343</u>	<u>\$ 866,003</u>	<u>\$ (442,660)</u>

# Charter Township of Canton

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## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2005

### Capital Projects Fund - Lotz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues - Interest income</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 49</u>
<b>Expenditures - Transfer to fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 49</u>

# Charter Township of Canton

## Other Supplemental Information Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2005

	Agency Funds			Balance December 31, 2005
	Balance January 1, 2005	Additions	Deletions	
<b><u>Tax Collections</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 20,890,285</u></b>	<b><u>\$ 134,772,701</u></b>	<b><u>\$ 140,008,945</u></b>	<b><u>\$ 15,654,041</u></b>
<b>Liabilities - Due to other governmental units</b>	<b><u>\$ 20,890,285</u></b>	<b><u>\$ 103,785,380</u></b>	<b><u>\$ 109,021,624</u></b>	<b><u>\$ 15,654,041</u></b>
<b><u>Other Agency Funds</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 1,006,654</u></b>	<b><u>\$ 849,113</u></b>	<b><u>\$ 1,412,929</u></b>	<b><u>\$ 442,838</u></b>
<b>Liabilities - Cash bonds and deposits</b>	<b><u>\$ 1,006,654</u></b>	<b><u>\$ 849,113</u></b>	<b><u>\$ 1,412,929</u></b>	<b><u>\$ 442,838</u></b>
<b><u>Total Agency Funds</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 21,896,939</u></b>	<b><u>\$ 135,621,814</u></b>	<b><u>\$ 141,421,874</u></b>	<b><u>\$ 16,096,879</u></b>
<b>Liabilities</b>				
Due to other governmental funds	\$ 20,890,285	\$ 103,785,380	\$ 109,021,624	\$ 15,654,041
Cash bonds and deposits	<u>1,006,654</u>	<u>849,113</u>	<u>1,412,929</u>	<u>442,838</u>
Total liabilities	<b><u>\$ 21,896,939</u></b>	<b><u>\$ 104,634,493</u></b>	<b><u>\$ 110,434,553</u></b>	<b><u>\$ 16,096,879</u></b>

## **Statistical Section**

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# Charter Township of Canton

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Fiscal Year	Property Taxes	Licenses and Permits	State Sources	Federal Sources	Charges for Services
1996	\$ 11,622,160	\$ 2,133,573	\$ 5,598,101	\$ 443,329	\$ 1,697,905
1997	13,102,303	2,485,544	6,109,169	604,857	1,998,427
1998	14,337,246	2,702,634	6,431,656	431,936	2,214,667
1999	15,393,566	2,657,891	6,726,315	583,893	2,951,991
2000	16,928,959	2,442,411	7,159,118	705,193	3,238,193
2001	18,260,062	2,587,070	9,193,412	1,420,904	3,266,027
2002	20,436,493	2,551,057	7,709,288	688,661	2,976,653
2003	22,727,254	2,403,811	7,051,541	764,073	3,172,143
2004	24,861,085	2,591,470	6,534,179	1,164,970	3,867,639
2005	27,181,113	2,610,487	7,495,391	1,232,577	4,979,670

- (1) In 1996, the Charter Township had a large increase in revenues from land sales in comparison to prior years. The Charter Township's land sales in 1996 were greater than \$4,000,000.
- (2) In 1997, the courthouse was destroyed in a fire. The majority of court fees were retained by the Court to fund the rebuilding effort in 1997 and 1998. In 1999, the courthouse was again operational and court fees were distributed to the participating communities.
- (3) In 1997, there was a new special assessment (South Haggerty Paving) and many collections of prior special assessments.
- (4) In 1999, Canton Township began accounting for the Western Wayne Narcotics Consortium in a Special Revenue Fund. An initial transfer of approximately \$900,000 was made to this fund. In addition, the Charter Township took over the food service contracts at both the Summit on the Park as well as Pheasant Run Golf Course.
- (5) In 2002, the Golf Course Fund was reclassified to a proprietary fund type concurrent with the adoption of GASB 34.
- (6) In 2004, Canton Township had a large increase in revenues from land sales in comparison to prior years. The Charter Township's land sales in 2004 were greater than \$3,000,000.

**General Revenues by Source**  
**General, Special Revenue, and Debt Service Funds**  
(Unaudited)

Court Fees	Administrative Charges	Special Assessments	Contributions from Other		Total
			Governmental Units	Other Revenues	
\$ 680,741	\$ 880,086	\$ 479,069	\$ 460,150	\$ 9,789,913 (1)	\$ 33,785,027
198,757 (2)	930,846	1,101,840 (3)	440,875	6,510,689	33,483,307
5,278 (2)	987,129	873,560	471,250	7,906,869	36,362,225
408,822 (2)	1,314,373	1,154,957	456,313	9,688,650 (4)	41,336,771
822,569	1,374,174	1,033,262	423,950	9,528,584 (4)	43,656,413
1,693,792	1,656,446	909,283	399,800	9,171,663 (4)	48,558,459
488,992	2,589,298	737,763	695,624	5,615,741 (5)	44,489,570
200,534	2,791,714	739,165	321,262	5,463,603 (5)	45,635,100
74,236	3,046,138	717,382	521,039	8,582,279 (6)	51,960,417
74,694	3,726,795	819,052	560,824	6,417,154	55,097,757

# Charter Township of Canton

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Fiscal Year	General Government	Public Safety	Public Services	Recreation
1996	\$ 5,784,092	\$ 10,628,289	\$ 3,342,035	\$ 3,380,887
1997	5,596,024	11,406,335	4,711,869	3,333,733
1998	5,908,351	12,273,979	4,581,140	3,460,918
1999	6,815,285	13,592,109	4,723,662	5,324,020 (1)
2000	7,093,633	13,760,299	8,813,786 (2)	6,007,321 (3)
2001	7,795,598	17,417,837	7,872,144	5,804,672
2002	9,199,038	17,338,695	7,833,373	5,461,281 (4)
2003	8,121,823	19,142,528	8,620,309	6,005,243
2004	9,606,264	20,706,000	8,898,412	6,439,401
2005	9,450,349	24,780,670	8,807,135	7,024,307

- (1) In 1999, the Charter Township purchased the Canton Softball Center and the expenditures related to operations are recorded in the General Fund.
- (2) In 2000, the Charter Township purchased land to be used for future parks.
- (3) In 2000, the Charter Township made various capital improvements to Fellows Creek Golf Club, which are recorded in the Golf Course Fund.
- (4) In 2002, the Golf Course Fund was reclassified to a proprietary fund type concurrent with the adoption of GASB 34.

**General Government Expenditures by Function**  
**General, Special Revenue, and Debt Service Funds**  
(Unaudited)

Sanitation	Debt Service	Other Expenditures	Total
\$ 1,474,134	\$ 1,651,519	\$ 548,681	\$ 26,809,637
1,699,962	1,854,884	355,121	28,957,928
1,600,619	2,148,437	275,300	30,248,744
1,895,826	2,583,909	317,224	35,252,035
1,962,340	2,557,787	301,500	40,496,666
2,171,248	3,558,334	375,655	44,995,488
2,083,855	2,593,465	428,849	44,938,556
2,284,566	2,353,412	334,697	46,862,578
2,506,162	1,948,167	711,641	50,816,047
3,107,479	1,827,058	353,481	55,350,479



# Charter Township of Canton

## General Fund Balance Compared to Annual Expenditures (Unaudited)

Fiscal Year	Reserved Fund Balance	Unreserved Fund Balance	Annual Expenditures	Unreserved Fund Balance as a Percentage of Expenditures
1996	\$ 309,001	\$ 4,871,820	\$ 10,124,629	48.12
1997	177,534	6,815,696	10,333,311	65.96
1998	262,547	8,327,176	10,984,802	75.81
1999	347,189	7,677,952	13,687,691	56.09
2000	585,215	8,055,315	14,350,342	56.13
2001	545,652	6,781,211	16,616,576	40.81
2002	569,543	5,748,432	18,485,918	31.10
2003	562,679	4,857,473	20,125,014	24.14
2004	156,840	3,190,658	21,467,041	14.86
2005	306,365	2,848,071	23,154,157	12.30

# Charter Township of Canton

## General Government State Revenues by Source General, Special Revenue, and Debt Services Funds (Unaudited)

Fiscal Year	State Income Tax	State Sales Tax	State Business Tax	Public Grants	Total
1996	\$ 568,618	\$ 4,034,948	\$ 524,565	\$ 469,970	\$ 5,598,101
1997	-	4,902,553	2,379	1,204,237	6,109,169
1998	-	5,973,581	2,379	455,696	6,431,656
1999	-	6,315,230	-	411,085	6,726,315
2000	-	6,726,868	-	432,250	7,159,118
2001	-	7,740,557	-	1,452,855	9,193,412
2002	-	7,079,679	-	629,609	7,709,288
2003	-	6,516,026	-	632,810	7,148,836
2004	-	6,035,884	-	498,295	6,534,179
2005	-	6,099,268	-	1,396,123	7,495,391

# Charter Township of Canton

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## Computation of Legal Debt Margin December 31, 2005 (Unaudited)

### Debt Limit

2005 taxable valuation \$ 3,529,744,325

Debt limit (10% of Equalized Valuation) \$ 352,974,433

### Debt Applicable to Debt Limit

Total bond obligation including  
Michigan State Revolving Loan  
Fund

\$ 51,020,000

Less special assessment bonds

7,375,000

Total debt applicable to limitation

43,645,000

### Legal Debt Margin

\$ 309,329,433

# Charter Township of Canton

## Ratio of Annual Debt Service Expenditures for Township Portion of Special Assessment General Obligation Bonded Debt to Total General Governmental Expenditures Last Ten Fiscal Years (Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to General Expenditures
1996	\$ 81,241	\$ 61,910	\$ 143,151	\$ 26,809,637	0.53
1997	99,631	59,205	158,836	28,957,928	0.55
1998	121,168	63,212	184,380	30,248,744	0.61
1999	375,285	62,795	438,080	35,252,035	1.24
2000	195,655	34,200	229,855	40,496,666	0.57
2001	91,569	31,540	123,109	44,995,488	0.27
2002	80,269	16,338	96,607	44,938,556	0.21
2003	75,665	11,631	87,296	46,862,578	0.19
2004	40,811	4,601	45,412	50,816,047	0.09
2005	43,050	2,362	45,412	55,350,479	0.08

(1) Includes General, Special Revenue, and Debt Service Funds.

# Charter Township of Canton

## Ratio of Township Portion of Special Assessment General Obligation Bonded Debt to Assessed Value and Township Portion of Special Assessment General Obligation Bonded Debt Per Capita (1) Last Ten Fiscal Years (Unaudited)

Fiscal Year	Assessed (3)	Estimated Population (2)	General Bonded Debt Outstanding	Percent of General Bonded Debt to Assessed Value	General Bonded Debt Per Capita
1996	\$ 1,470,814,152	\$ 69,000	\$ 499,677	3.40	\$ 7.24
1997	1,623,155,252	69,000	735,291	4.53	10.66
1998	1,807,347,573	72,000	898,495	4.97	12.48
1999	2,013,647,997	75,000	774,294	3.85	10.32
2000	2,208,749,763	76,366	444,382	2.01	5.82
2001	2,465,889,990	76,366	352,813	1.43	4.62
2002	2,711,891,649	81,681	258,902	0.95	3.17
2003	2,979,011,857	82,612	169,595	1.00	2.05
2004	3,256,563,689	83,567	100,206	1.00	1.20
2005	3,529,744,325	84,930	71,628	1.00	0.84

- (1) General obligation bonds reported in the Enterprise Fund with government commitment and Building Authority bonds have been excluded.
- (2) Population estimates from SEMCOG (Southeast Michigan Council of Governments) 2000 population is from U.S. Census.
- (3) From page 87 - Assessed Valuation History Table

# Charter Township of Canton

## Computation of Direct and Overlapping Debt December 31, 2005 (Unaudited)

Jurisdiction		Net General Obligation Bonded Debt Outstanding	Percent Applicable to Canton	Amount Applicable to Canton
Direct	Canton Township	\$ 30,150,000	100.00%	\$ 30,150,000
	Canton Township - Downtown Development Authority	1,465,000	100.00%	1,465,000
	Canton Library	<u>5,680,000</u>	100.00%	<u>5,680,000</u>
	Total direct	37,295,000		37,295,000
Overlapping	County of Wayne	105,148,305	7.31%	7,686,341
	Wayne County Community College	59,165,000	1.92%	1,135,968
	Plymouth-Canton Community Schools	211,057,000	53.05%	111,965,739
	Van Buren Schools	12,150,000	15.51%	1,884,465
	Wayne-Westland Schools	97,175,000	12.61%	12,253,768
	District Court Facilities	3,550,000	47.00%	1,668,500
	Western Townships Utilities Authority	<u>112,188,000</u>	37.90%	<u>42,519,312</u>
Total overlapping	<u>600,433,305</u>		<u>179,114,093</u>	
Total	<u>\$ 637,728,305</u>		<u>\$ 216,409,093</u>	

# Charter Township of Canton

## Assessed Valuation History (Unaudited)

Fiscal Year	Taxable Value			Estimated Actual Valuation (1)	State Equalized Valuation
	Taxable Value Real Property	Personal Property	Total Taxable Value		
1996	\$ 1,364,208,772	\$ 106,605,380	\$ 1,470,814,152	\$ 2,941,628,304	\$ 1,529,176,917
1997	1,503,014,992	120,140,260	1,623,155,252	3,246,310,504	1,713,863,857
1998	1,677,090,903	130,256,670	1,807,347,573	3,614,695,146	1,951,425,250
1999	1,866,351,037	147,296,960	2,013,647,997	4,027,295,994	2,203,898,155
2000	2,058,212,403	150,537,360	2,208,749,763	4,417,499,526	2,479,871,370
2001	2,295,327,510	170,562,480	2,465,889,990	4,931,779,980	2,817,336,350
2002	2,542,497,469	169,394,180	2,711,891,649	5,423,783,298	3,226,241,880
2003	2,797,206,924	181,804,933	2,979,011,857	5,958,023,714	3,635,181,579
2004	3,062,418,433	194,145,256	3,256,563,689	6,513,127,378	3,954,442,252
2005	3,334,990,291	194,754,034	3,529,744,325	7,059,488,650	4,236,220,142

Tax assessment day - December 31

- (1) To be in compliance with the State of Michigan's Proposal A, the taxable value is limited by the lesser of inflation, growth in true cash value, or 5 percent. Noted increase from 2003 to 2004, which relates to the sale of property.

# Charter Township of Canton

## Special Assessment Collections (Unaudited)

Fiscal Year	Current Special Assessment Installment Due	Increase (Decrease) in Special Assessment	Current Special Assessment Collection	Ratio of Collections to Amount Due (Percent)	Total Outstanding Special Assessments
1996	\$ 284,579	\$ 1,900,986	\$ 506,165	117.9	\$ 3,029,118
1997	441,163	2,387,285	1,364,022	309.2	4,052,381
1998	798,670	3,719,844	968,358	121.2	6,803,867
1999	795,441	507,641	1,235,561	155.3	6,075,947
2000	723,368	76,084	1,428,604	197.5	4,723,427
2001	729,607	347,516	1,124,373	154.1	3,969,018
2002	591,034	314,183	1,030,482	174.4	3,252,719
2003	586,443	(914,721)	599,206	149.0	1,738,792
2004	334,765	2,267,248	832,076	248.6	3,173,964
2005	592,040	3,358,441	827,702	139.8	5,704,703

Note: Delinquent special assessments are transferred to the Charter Township tax rolls in the following year. The County Delinquent Tax Revolving Fund reimburses the Charter Township 100 percent of delinquent special assessments. The amounts reported above exclude special assessments for street lighting.



# Charter Township of Canton

## Property Tax Levies Direct and Overlapping Governments (Unaudited)

Fiscal Year	Township Tax (1)	County Tax	School Tax (2)	Community Colleges (3)	Library	Total
1996	\$ 13,855,759	\$ 23,621,539	\$ 10,924,764	\$ 2,665,740	\$ 2,441,423	\$ 53,509,225
1997	15,107,040	26,059,318	12,218,335	2,934,049	2,690,266	59,009,008
1998	16,913,703	29,547,511	14,180,133	3,258,827	2,998,765	66,898,939
1999	18,470,753	33,209,749	18,102,913	3,584,162	3,337,812	76,705,389
2000	20,110,183	36,251,705	18,899,550	3,890,850	3,632,780	82,785,068
2001	22,119,165	40,383,938	21,897,170	4,802,730	3,932,108	93,135,111
2002	24,273,739	48,383,123	22,685,663	5,245,330	4,348,325	104,936,180
2003	26,557,594	49,902,033	24,468,787	5,749,593	4,719,494	111,397,501
2004	28,801,058	57,654,860	26,015,862	6,265,825	5,041,316	123,778,921
2005	30,968,620	62,369,268	28,999,053	6,792,918	5,533,231	134,663,090

(1) Includes general operating, fire, and police taxes

(2) Includes the Plymouth-Canton, Wayne-Westland, and Van Buren school districts

(3) Represents taxes levied for Schoolcraft College and Wayne County Community College

# Charter Township of Canton

## Township Tax Collection History (Unaudited)

Fiscal Year	Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
1996	\$ 13,855,759	\$ 13,169,981	95.05	\$ 680,757	\$ 13,850,738	99.96
1997	15,107,040	14,425,962	95.49	673,957	15,099,919	99.95
1998	16,913,703	15,915,798	94.10	993,722	16,909,520	99.98
1999	18,470,753	17,449,828	94.47	1,020,925	18,470,753	100.00
2000	20,110,183	18,939,449	94.18	1,160,679	20,100,128	99.95
2001	22,119,165	19,613,982	88.67	2,228,018	21,842,000	98.75
2002	24,273,739	22,263,375	91.72	1,291,979	23,555,354	97.04
2003	26,557,594	25,424,921	95.74	1,030,838	26,455,759	99.62
2004	28,801,058	27,562,131	95.70	1,101,872	28,664,003	99.52
2005	30,968,620	29,458,769	95.12	1,086,996	30,545,765	98.63

# Charter Township of Canton

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	1996	1997	1998	1999
Wayne County	6.73	6.73	6.73	6.71
Canton Township	1.11	1.11	1.11	1.11
Schools (by district):				
Plymouth/Canton	5.18	5.18	5.18	6.47
Wayne/Westland	5.10	4.52	8.14	8.14
School Enhancement - Wayne/Westland	3.00	-	-	-
Van Buren	3.00	3.18	4.30	4.30
Community Colleges (by district):				
Plymouth/Canton	1.86	1.86	1.86	1.84
Wayne/Westland	1.21	1.20	1.15	1.02
Van Buren	1.21	1.20	1.15	1.02
Huron-Clinton Metro Parks	0.23	0.23	0.23	0.22
Wayne County Parks	0.25	0.25	0.25	0.25
Jail	0.96	0.96	0.96	0.95
Inter. School Dist./Spec. Ed.	2.00	2.00	2.00	1.99
Library	1.64	1.64	1.64	1.63
Police	5.16	5.16	5.00	4.80
Fire	3.10	3.10	2.94	2.94
State Education Tax	3.00	3.00	3.00	3.00
Total millage for year (by school district):				
Plymouth/Canton	31.22 (1)	31.22 (1)	30.90 (1)	31.91 (1)
Wayne/Westland	33.49 (1)	29.90 (1)	33.15 (1)	32.76 (1)
Van Buren	28.39 (1)	28.56 (1)	29.31 (1)	28.92 (1)

Note: All rates are expressed in dollars per \$1,000 of taxable value.

Canton Township's general operating tax rate charter limit equals \$10.00 per \$1,000 of taxable value.

(1) All based on homesteads; nonhomestead additional 18.00 mills

**Tax Rate History**  
**Direct and Overlapping Governments**  
(Unaudited)

2000	2001	2002	2003	2004	2005
6.67	6.66	6.64	6.64	6.64	6.64
1.11	1.51	1.71	2.00	2.37	2.37
6.15	6.49	6.30	8.15	9.10	9.43
8.14	8.00	7.70	10.13	11.10	10.84
-	-	-	-	-	-
4.29	4.27	4.26	6.26	7.26	7.26
1.83	1.82	1.80	1.80	1.80	1.80
1.00	2.50	2.49	2.49	2.48	2.48
1.00	2.50	2.49	2.49	2.48	2.48
0.22	0.22	0.22	0.22	0.22	0.21
0.25	0.25	0.25	0.25	0.25	0.25
0.94	0.94	0.94	0.94	0.94	0.94
1.98	1.98	3.46	3.46	3.46	3.46
1.61	1.59	1.58	1.56	1.53	1.56
4.80	4.40	4.40	4.25	4.13	4.13
2.94	2.94	2.74	2.60	2.36	2.16
3.00	3.00	3.00	-	-	-
31.50 (1)	31.80 (1)	33.03 (1)	31.87 (1)	32.78 (1)	32.93 (1)
32.66 (1)	33.99 (1)	35.12 (1)	34.53 (1)	35.46 (1)	35.03 (1)
28.81 (1)	30.26 (1)	31.68 (1)	30.67 (1)	31.63 (1)	31.44 (1)

# Charter Township of Canton

## Principal Taxpayers December 31, 2005 (Unaudited)

Taxpayer	Real Assessed Valuation	Personal Property Assessed Valuation	Industrial and Commercial Facilities Tax Valuation	Total Assessed Valuation	Percentage of Total Township Assessed Valuation
Yazaki North America Inc.	\$ 10,404,240	\$ 10,019,060	\$ 30,362,772	\$ 50,786,072	1.20
Detroit Edison Company	-	29,862,074	-	29,862,074	0.70
Michigan Consolidated Gas	-	25,227,850	-	25,227,850	0.60
Procoil Corporation	9,084,280	6,106,780	2,652,272	17,843,332	0.42
Singh Wyndchase Townhomes	14,450,000	-	-	14,450,000	0.34
Wal Mart	11,305,546	664,870	-	11,970,416	0.28
Honeytree	11,279,687	-	-	11,279,687	0.27
Kmart	10,023,942	906,450	-	10,930,392	0.26
Sysco Food	8,449,544	1,705,460	-	10,155,004	0.24
Village Squire Apartments	8,486,975	2,570	-	8,489,545	0.20
<b>Total</b>	<b>\$ 83,484,214</b>	<b>\$ 74,495,114</b>	<b>\$ 33,015,044</b>	<b>\$ 190,994,372</b>	<b>4.51</b>

# Charter Township of Canton

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Fiscal Year	Construction		Assessed	
	Number of Permits (1)	Construction Value	Commercial	Industrial
1996	771	\$ 150,863,759	\$ 169,455,330	\$ 77,075,140
1997	856	184,905,790	172,421,330	83,789,320
1998	985	198,941,152	187,880,043	98,452,973
1999	758	199,165,050	199,860,214	110,139,639
2000	560	181,804,433	217,391,941	111,263,567
2001	613	212,606,453	238,431,201	126,293,992
2002	730	197,174,270	270,200,857	136,127,703
2003	511	183,417,340	322,206,541	141,129,471
2004	461	190,220,454	341,386,242	152,197,908
2005	423	213,486,393	385,258,211	170,750,820

(1) New construction permits issued for commercial, industrial, and residential. Construction value based on these as well as all other permits issued.

**Construction and Assessed Property Value  
Last Ten Fiscal Years  
(Unaudited)**

Property Value			
Residential	Agriculture	Developmental	Total
\$ 1,117,008,342	\$ 669,960	\$ -	\$ 1,364,208,772
1,246,123,452	680,890	-	1,503,014,992
1,390,068,311	689,576	-	1,677,090,903
1,555,657,654	693,530	-	1,866,351,037
1,728,853,394	703,501	-	2,058,212,403
1,929,949,340	652,977	-	2,295,327,510
2,136,168,909	-	-	2,542,497,469
2,333,870,912	-	-	2,797,206,924
2,568,834,283	-	-	3,062,418,433
2,778,981,260	-	-	3,334,990,291

# Charter Township of Canton

## Demographic Statistics (Unaudited)

Fiscal Year	Population		Estimated Number of Households	Per Capita Income	Median Age	Education Level in Years of Formal Schooling	Percent Unemployment Rate (1)
1996	69,000	(3)	(4)	(4)	(4)	(4)	1.90
1997	67,924	(3)	23,500 (3)	(4)	(4)	(4)	1.70
1998	72,000	(3)	25,800 (3)	(4)	(4)	(4)	1.50
1999	75,000	(3)	27,294 (3)	(4)	(4)	(4)	1.50
2000	76,366	(2)	27,490 (2)	(4)	33.4 (2)	(4)	2.10
2001	79,449	(3)	28,443 (3)	(4)	(4)	(4)	2.00
2002	81,681	(3)	29,456 (3)	(4)	(4)	(4)	2.60
2003	82,612	(3)	30,613 (3)	(4)	(4)	(4)	3.40
2004	83,567	(3)	31,550 (3)	(4)	(4)	(4)	3.20
2005	84,930	(3)	32,237 (3)	(4)	(4)	(4)	2.60

(1) Michigan Department of Labor & Economic Growth Employment Service Agency

(2) 2000 population from U.S. Census

(3) Southeast Michigan Council of Governments Information Services

(4) Not available



# Charter Township of Canton

## Miscellaneous Statistical Data (Unaudited)

Established	March 7, 1834
Form of government	Charter Township
Number of employees (excluding police and fire):	
Classified	78
Exempt	138
Area in square miles	36

### Streets

Miles of streets	325
Street lights	705

### Recreation

Community centers	1
Parks:	
Township-owned parks	7
County-owned parks	2
Private subdivision parks	35
Golf courses	2 - 27 holes
Teen Center	1
Historical Home	1
Historical School	1

### Public Safety

Public Safety Headquarters	1
Sworn Police Personnel	82
Support Services (Civilian)	33
Number of patrol units:	
Cars and Jeep	41
Prisoner van	1
Motorcycles	6
Number of violations:	
Physical arrests	2,760
Traffic violations	16,293
Parking violations	399
Fire Stations	3
Sworn Fire Personnel	59
Support Services (Civilian)	3
Number of calls answered	5,048

### Election Data

November 2004 election:	
Registered voters	53,612
Voters at polls	41,585
Absentee ballots	10,482
Percent voting	97%

### Population Data

1960 federal census	5,313
1970 federal census	11,026
1980 federal census	48,616
1990 federal census	57,040
2000 federal census	76,366

### Library

Registered patrons	61,715
Items circulated	945,464
Book collections	210,708
Internet access available	
<a href="http://www.metronet.lib.mi.us/canton">www.metronet.lib.mi.us/canton</a>	

### Water Department

Miles of water mains	279
Number of customers	22,967
Number of fire hydrants	3,493
Rates:	
Minimum - 5,000 gallons	11.30
Additional usage billed at \$2.26 per 1,000 gallons	

### Sewerage System

Miles of sanitary sewers	248
Number of customers	22,651
Rates:	
Minimum - 5,000 gallons	15.75
Additional usage billed at \$3.15 per 1,000 gallons	
Sewer only:	
Quarterly billing	30.00
Bi-monthly billing	20.00