

CHARTER TOWNSHIP OF CANTON, MICHIGAN

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

For Charter Township of Canton Wayne County, Michigan

Comprehensive Annual Financial Report with Supplemental Information For the Fiscal Year Ended December 31, 2012

Supervisor

Philip J. LaJoy

Clerk

Terry Bennett

Treasurer

Melissa McLaughlin

Trustees

John Anthony

Steven Sneiderman

Pat Williams

Thomas Yack

Finance Director

Wendy Trumbull

Prepared by the Finance Department

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Charter Township of Canton

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GENERAL OFFICES

May 31, 2013

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

Philip J. LaJoy
Supervisor
394-5185
394-5234 FAX

Terry G. Bennett
Clerk
394-5120
394-5128 FAX

Melissa McLaughlin
Treasurer
394-5130
394-5139 FAX

John Anthony
Steve Sneideman
Pat Williams
Tom Yack
Trustees

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

State law requires that the Township publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This letter serves to formally transmit to the Board and the Township Citizens the Comprehensive Annual Financial Report for the 2012 fiscal year within the required time line.

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

The Township has engaged Plante & Moran, PLLC to audit the financial records of the Township. They have issued an unqualified (“clean”) opinion on the Charter Township of Canton’s Financial Statements for the year ending December 31, 2012. This Independent Auditor’s Report is located at the front of the financial section of this report.

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

Profile of the Government

Canton Township was established on March 7, 1834 and was incorporated as a Charter Township on July 25, 1961. The Township is located in the southeastern part of the state in Wayne County and is approximately 35 miles west of Detroit and is approximately 20 miles east of Ann Arbor. Canton Township encompasses approximately 36 square miles and serves a population of 89,627 based on the July, 2012 estimate by the Southeast Michigan Council of Government.

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

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

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

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

The Township also participates in a joint venture with the Western Township Utilities Authority. Canton Township's participation in this joint venture is recognized in the financial statements of the Township. Additional information regarding this joint venture can be found in the notes to the financial statements (See Note #14).

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

Local Economy

Unemployment in the Township remained relatively low at 3.5% for December, 2012 compared to 11.4% in the county and 8.9% in the state. Employment levels are expected to increase as the economy continues to improve.

The Township has established an Economic Development Department to assist the community in attracting and retaining business.

Planning Services reviewed several new applications for residential development including: Crystal Village at Denton, Phase 2 (amendments) of the Hamlet, Reserve at River's Edge and the Corner's at Cherry Hill Village. Hampton's Estates Hill was converted to single-family site condos and two builders are underway with home construction. Phase I of Torrey Hill was completed. Villas of Maple Creek is still under construction with additional 4-unit condominium buildings. Uptown Apartments have 2 buildings under construction. The remainder of the Ravensfield condo site is under construction with utilities and a model for the age-restricted redevelopment.

Major commercial projects in 2012 include Regency Nursing Home on Geddes Road. ABC Warehouse reoccupied the former Border's Space on Ford Road. Devz Plaza began construction on Canton Center Road near Hanford. Nikki Plaza on Michigan Avenue was completed and houses a Verizon franchise. The building that previously housed Dunkin' Donuts on Michigan Avenue reopened as the new home of American Coney Island. Sadiqqi dentistry constructed a new building on Canton Center Road also.

Industrial activity in 2012 was steady. Singh Executive Park on Michigan Avenue was approved for two (2) new industrial buildings. A parking lot expansion for an existing office building in Haggerty Corporate Park was approved, which will allow for a Walgreen's Pharmacy call center to move in, with 300 new employees expected.

There were over 200 residential permits issued for new construction in 2012 compared to 70 in 2011 which is an increase of approximately 285%.

Long-term Financial Planning

The Board maintains a fund balance policy which requires a minimum of fifteen percent (15%) of total expenditures for the three major funds: General, Fire and Police. Unassigned fund balance in the general fund (as reported to be in compliance with GASB Statement No. 54) amounted to 14.87% of total general fund expenditures.

Police and Fire are not included in the activity of the General Fund but are shown as special revenue funds as they each have a dedicated millage. Fund balances for the two funds are; Police (14.6% of total expenditures) and Fire (15.9% of total expenditures). The Township Board of Trustees approved a tax (millage) increase for both the Police and Fire funds in 2010 which offset a portion of lost revenue due to the losses in taxable value in recent years.

Award and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in financial reporting to the Charter Township of Canton for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2011. This was the 20th consecutive year the Charter Township received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

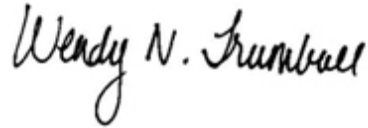
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Sincerely,



Philip J. LaJoy
Canton Supervisor



Wendy N. Trumbull, CPA
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, 2011

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.



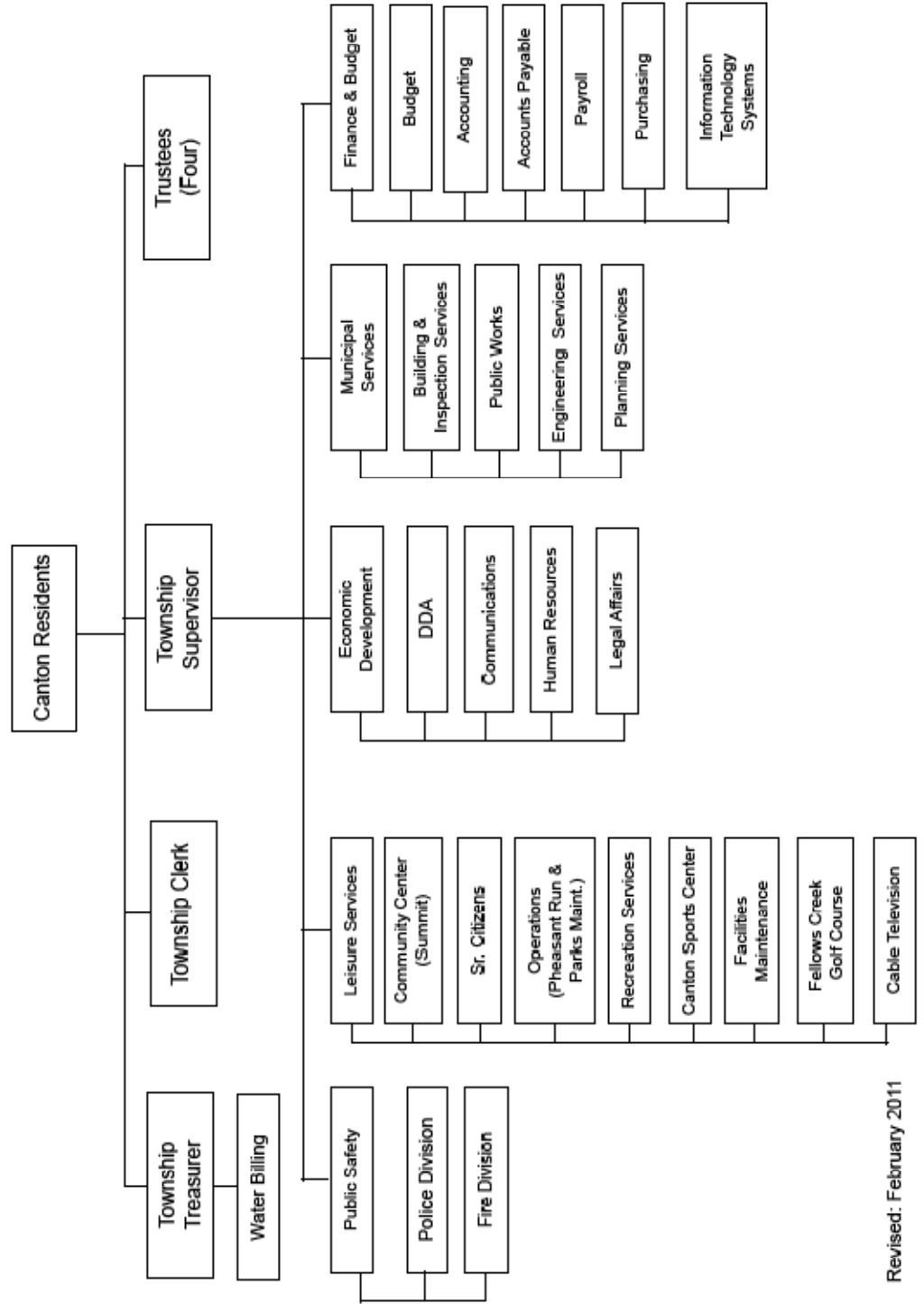
Christopher P. Morill

President

Jeffrey R. Emen

Executive Director

CHARTER TOWNSHIP OF CANTON



Revised: February 2011

Charter Township of Canton

List of Principal Officials as of December 31, 2012

Supervisor's Office

Supervisor
Human Resources Manager
Legal and Contract Administration Manager

Philip J. Lajoy
Gwyn Belcher
Kristin Kolb

Clerk's Office

Clerk
Deputy Clerk

Terry G. Bennett
Michael Sheppard

Treasurer's Office

Treasurer
Assistant Treasurer

Melissa McLaughlin
Bruce Malinczak

Finance and Budget Division

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

Wendy Trumbull
Sarah Clay
Carolyn Cox
Joseph Kocinski

Municipal Services Department

Director
Building Official
Engineering Services Manager
Community Planner

Timothy Faas
John Weyer
William Serchak
Jeffrey Goulet

Leisure Services Department

Director
Chief of Parks

Debra Bilbrey-Honsowetz
Brad Sharp

Public Safety Department

Director
Deputy Chief
Fire Chief

Todd Mutchler
Robert Kerr
Joshua Meier

Charter Township of Canton

Labor Agreements as of December 31, 2012

| <u>Bargaining Unit</u> | <u>Expiration Date</u> | <u>Number of Employees</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------|
| Police: | | |
| Deputy chiefs | 12/31/14 | 1 |
| Sergeants and lieutenants | 12/31/14 | 14 |
| Police Officers Association of Michigan - Represents police officers and dispatchers | 12/31/2015 | 79 |
| International Association of Firefighters - Represents firefighters | 06/30/13 | 60 |
| Technical, Professional, and Officeworkers Association of Michigan - Represents clerical employees | 12/31/2016 | 55 |
| American Federation of State, County, and Municipal Employees - Represents public works employees, facilities maintenance employees, building inspectors, and ordinance officers | 12/31/2016 | <u>62</u> |
| Total | | <u><u>271</u></u> |

Charter Township of Canton

Summary of Personnel - Budgeted Positions As of December 31, 2012

| | <u>Full-time</u> | <u>Part-time</u> |
|----------------------------------|------------------|------------------|
| Supervisor: | | |
| Supervisor's Office | 3.50 | - |
| Economic Development | 1.50 | - |
| Cable Television | 3.00 | - |
| Human Resources | 5.00 | - |
| Legal | 2.00 | - |
| Downtown Development | 2.00 | - |
| Clerk's Office | 6.00 | - |
| Treasurer: | | |
| Treasurer's Office | 5.40 | - |
| Utility Billing | 4.60 | - |
| Public Safety: | | |
| Fire and Emergency Management | 74.40 | - |
| Police | 112.60 | 1.00 |
| Finance and Budget: | | |
| Finance and Budget | 10.00 | - |
| Information Technology Systems | 7.00 | - |
| Municipal Services: | | |
| Director's Office | 3.00 | - |
| Building and Inspection Services | 11.00 | - |
| Engineering Services | 11.00 | - |
| Fleet Maintenance | 7.00 | - |
| Planning Services | 6.00 | - |
| Public Works | 28.00 | - |
| Stormwater Drains | 3.00 | - |
| Leisure Services: | | |
| Director's Offices | 7.00 | 2.00 |
| Facilities Maintenance | 10.00 | - |
| Parks Division | 12.00 | - |
| Summit Community Center | 8.40 | - |
| Pheasant Run Golf Course | 3.00 | 1.00 |
| Parks and Recreation | 7.45 | - |
| Softball Center | 1.40 | - |
| Senior Citizen Programs | 1.00 | - |
| Performing Arts | 2.75 | - |
| | <u>359.00</u> | <u>4.00</u> |
| Total budgeted employees | | |

Charter Township of Canton

Fund Organization Chart

| <u>Fund Name</u> | <u>Fund Number</u> |
|------------------------------------------|--------------------|
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| Police | 207 |
| Community Center | 208 |
| Street Lighting | 219 |
| Cable TV | 230 |
| Public Improvement | 245 |
| Community Improvement | 246 |
| 911 Service+AI5 | 261 |
| Special Investigation | 266, 267, & 289 |
| Community Development Block Grant (CDBG) | 274 |
| Energy Grant Fund | 275 |
| Neighborhood Stabilization | 276 |
| Debt Service Funds | |
| Special Assessment Debt Service | 852 |
| Building Authority | 369 |
| Capital Projects Funds | |
| Capital Projects- Energy Savings | 401 |
| Capital Projects- Road | 403 |
| Proprietary Funds | |
| Enterprise Funds | |
| Water and Sewer | 592 & 402 |
| Golf Course | 584 & 469 |
| Internal Service Fund | |
| Fleet Maintenance | 661 |
| Postemployment Benefits | 736 |
| Fiduciary Funds | |
| Trust and Agency Funds | |
| Tax Collections | 703 |
| Other Agency | 701 |
| Construction Escrow | 702 |

Independent Auditor's Report

To the Board of Trustees
Charter Township of Canton

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton (the "Township"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Charter Township of Canton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of December 31, 2012, and the respective changes in its financial position, and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the basic financial statements, in 2012, the Township had a change in the reporting entity. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Charter Township of Canton

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules for the General Fund and each major special revenue fund, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 other budgetary comparison schedules and combining statements, as identified in the table of contents as other supplemental information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other budgetary comparison schedules and combining statements, as identified in the table of contents as other supplemental information, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section, as identified in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2013 on our consideration of the Charter Township of Canton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter Township of Canton's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 31, 2013

Charter Township of Canton

Management's Discussion and Analysis

As management of the Charter Township of Canton, we offer readers of these financial statements this narrative overview and analysis of the financial activity of the Charter Township of Canton for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report.

Financial Highlights

- The assets of the Charter Township of Canton exceed its liabilities at the close of the most recent fiscal year by \$220,177,308 (net position). Of this amount; \$63,211,723 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,012,229, as explained throughout the Management's Discussion and Analysis.
- As of the close of the current fiscal year, the Charter Township of Canton's governmental funds reported combined ending fund balances of \$18,296,530 an increase of \$1,510,535.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$3,870,951 or 14.8 percent of total General Fund expenditures.
- At the close of the current fiscal year, fund balance for the Fire Fund was \$1,724,886 or 15.9 percent of total Fire Fund expenditures.
- At the end of the current fiscal year fund balance for the Police Fund was \$2,298,241 or 14.6 percent of total Police Fund expenditures.
- The Charter Township of Canton's total debt increased by \$3,128,320. There were two new debt issuances in 2012. \$1,000,000 was issued for the financing of new police radios and equipment. \$4,421,606 was issued for the purchase and installation of energy efficient upgrades through the township. This debt will be paid off through energy savings. Additionally, the Township refunded \$14,005,000 in general obligation bonds.

Overview of the Financial Statements

Canton's 2012 Comprehensive Annual Financial Report (CAFR) is presented in conformity with the requirements of GASB 34. This annual report consists of five parts - management's discussion and analysis, the basic financial statements, required supplementary information, other supplemental information, which presents combining statements for nonmajor governmental funds and fiduciary funds, and a statistical section. The basic financial statements include two sets of statements, each present a different view of the Charter Township, along with the notes to the financial statements. The first set of statements is the government-wide financial statements that provide both long-term and short-term information about the Charter Township's overall financial status. The second set of statements is fund financial statements that focus on individual parts of the Charter Township's government, reporting the Charter Township's operations in more detail than the government-wide statements.

Charter Township of Canton

Management's Discussion and Analysis

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

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

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

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

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

- **Governmental Activities.** Most of the Charter Township's basic services are included here, such as the police, fire, public works, leisure services, and general administration. Property taxes, state-shared revenue, charges for services, and two special operating millages provide most of the funding.
- **Business-type Activities.** The Charter Township charges fees to customers to help it cover the costs of certain services it provides. The Charter Township's water and sewer system 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 authority by the Charter Township.

The government-wide financial statements can be found on pages 15-17 of this report.

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

Charter Township of Canton

Management's Discussion and Analysis

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

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

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

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

The basic governmental fund financial statements can be found on pages 18-21 of this report.

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

The basic Proprietary fund financial statements can be found on pages 22-27 of this report.

Charter Township of Canton

Management's Discussion and Analysis

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

The basic fiduciary fund financial statements can be found on page 28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-58 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter Township of Canton's major fund's budgetary comparisons. Required supplementary information can be found on page 59-64 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the Charter Township of Canton, assets exceeded liabilities by \$220,177,308 at the close of the 2012 fiscal year.

By far, the largest portion of the Charter Township of Canton's net position (67 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Charter Township of Canton uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending although investments in capital assets reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position (4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$65,591,350) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net position increased by \$2,012,229, during the current fiscal year. Total revenues were up \$3.6 million from 2011 due to increased water usage. Total expenses increased \$4.6 million from 2011, of which \$2.0 million is related to the removal of the 35th District Court Joint Venture due to a change in accounting. The remaining increase in expense is related to the increase in the OPEB obligation, which increased \$3.3 million during the current year. Despite a higher increase in expenses than the increase in revenues, the overall net position resulted in an increase.

Charter Township of Canton

Management's Discussion and Analysis

Charter Township of Canton's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Assets | | | | | | |
| Current and other assets | \$ 59,671,851 | \$ 57,394,409 | \$ 41,359,637 | \$ 35,664,656 | \$ 101,031,488 | \$ 93,059,065 |
| Noncurrent assets | 3,378,904 | 3,734,113 | - | - | 3,378,904 | 3,734,113 |
| Investment in joint venture | - | 2,005,395 | 73,012,586 | 71,113,997 | 73,012,586 | 73,119,392 |
| Capital assets | 84,568,701 | 82,441,963 | 94,189,339 | 94,653,223 | 178,758,040 | 177,095,186 |
| Total assets | 147,619,456 | 145,575,880 | 208,561,562 | 201,431,876 | 356,181,018 | 347,007,756 |
| Liabilities | | | | | | |
| Current liabilities | 37,547,994 | 36,466,878 | 4,200,147 | 4,530,455 | 41,748,141 | 40,997,333 |
| Long-term liabilities | 50,237,133 | 41,862,947 | 44,018,436 | 46,170,175 | 94,255,569 | 88,033,122 |
| Total liabilities | 87,785,127 | 78,329,825 | 48,218,583 | 50,700,630 | 136,003,710 | 129,030,455 |
| Net Position | | | | | | |
| Invested in capital assets - | | | | | | |
| Net investment in capital assets | 56,812,054 | 58,668,835 | 89,840,219 | 89,415,716 | 146,652,273 | 148,084,551 |
| Restricted: | | | | | | |
| Police and fire | 4,023,127 | 4,201,909 | - | - | 4,023,127 | 4,201,909 |
| Street lighting | 4,581 | 39,266 | - | - | 4,581 | 39,266 |
| 911 activities | 2,380,137 | 1,993,079 | - | - | 2,380,137 | 1,993,079 |
| Special Investigation | 811,755 | 835,920 | - | - | 811,755 | 835,920 |
| Neighborhood stabilization grant | 601,936 | 1,116,558 | - | - | 601,936 | 1,116,558 |
| Capital projects - roads | - | 1,011,598 | - | - | - | 1,011,598 |
| Cable TV | 112,149 | - | - | - | 112,149 | - |
| Unrestricted | (4,911,410) | (621,110) | 70,502,760 | 61,315,530 | 65,591,350 | 60,694,420 |
| Total net position | <u>\$59,834,329</u> | <u>\$67,246,055</u> | <u>\$160,342,979</u> | <u>\$150,731,246</u> | <u>\$220,177,308</u> | <u>\$217,977,301</u> |

Governmental Activities. The net position of the governmental activities decreased by \$7,599,504 for the Charter Township of Canton. Key elements in this decrease are as follows:

- Program expenses increased \$4.5 million.
- While permit and fees revenues increased by \$0.5 million, it was not enough to cover the loss in other revenue sources. Operating and capital grants saw a decrease of \$0.6 million, the public safety operating levy had a decrease of \$0.1 million, and state shared revenue had a decrease of \$0.2 million.
- Transfers increased from the prior year by \$1 million largely due to cover an unrestricted deficit in the Golf Course fund remaining as of December 31, 2011.
- The OPEB obligation increased \$2.8 million due to an increase in health care costs and retirees.

Charter Township of Canton

Management's Discussion and Analysis

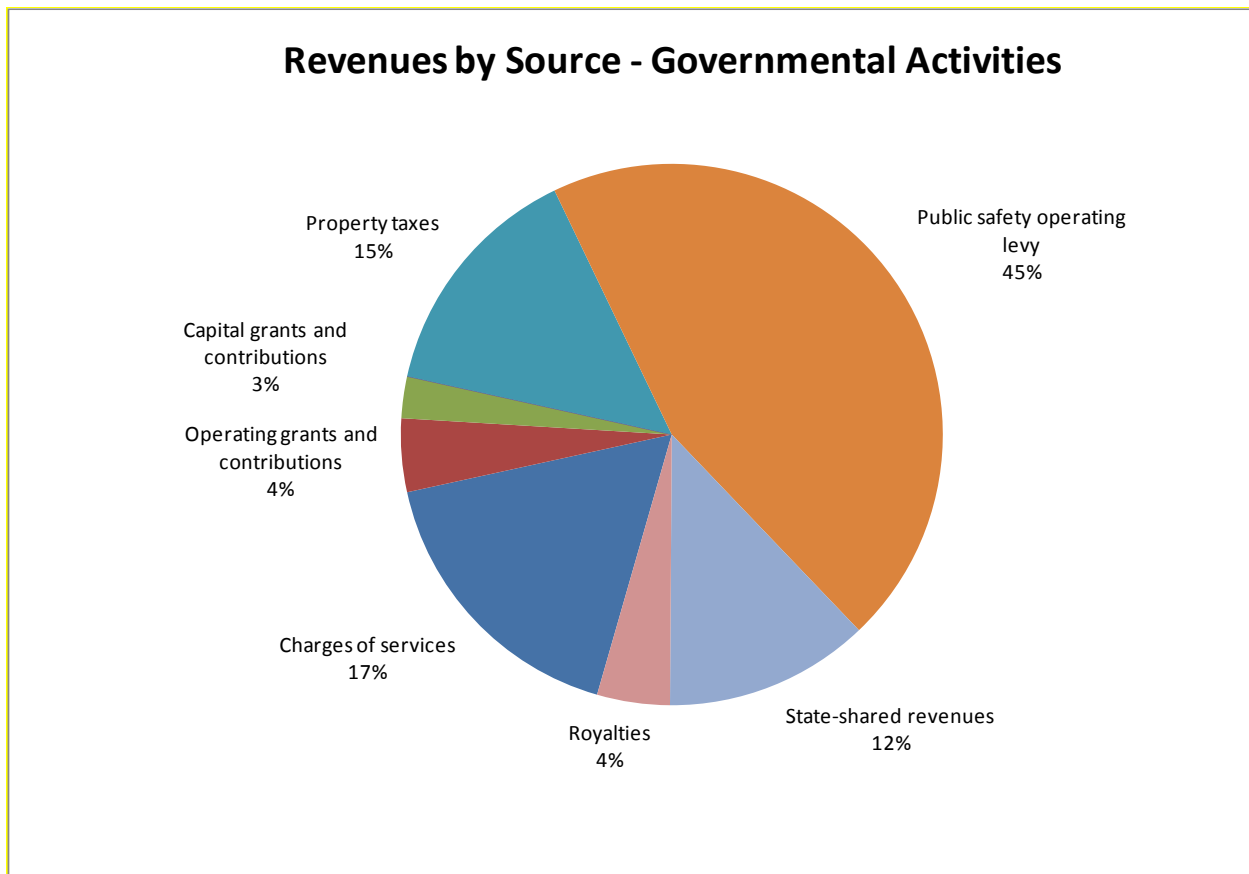
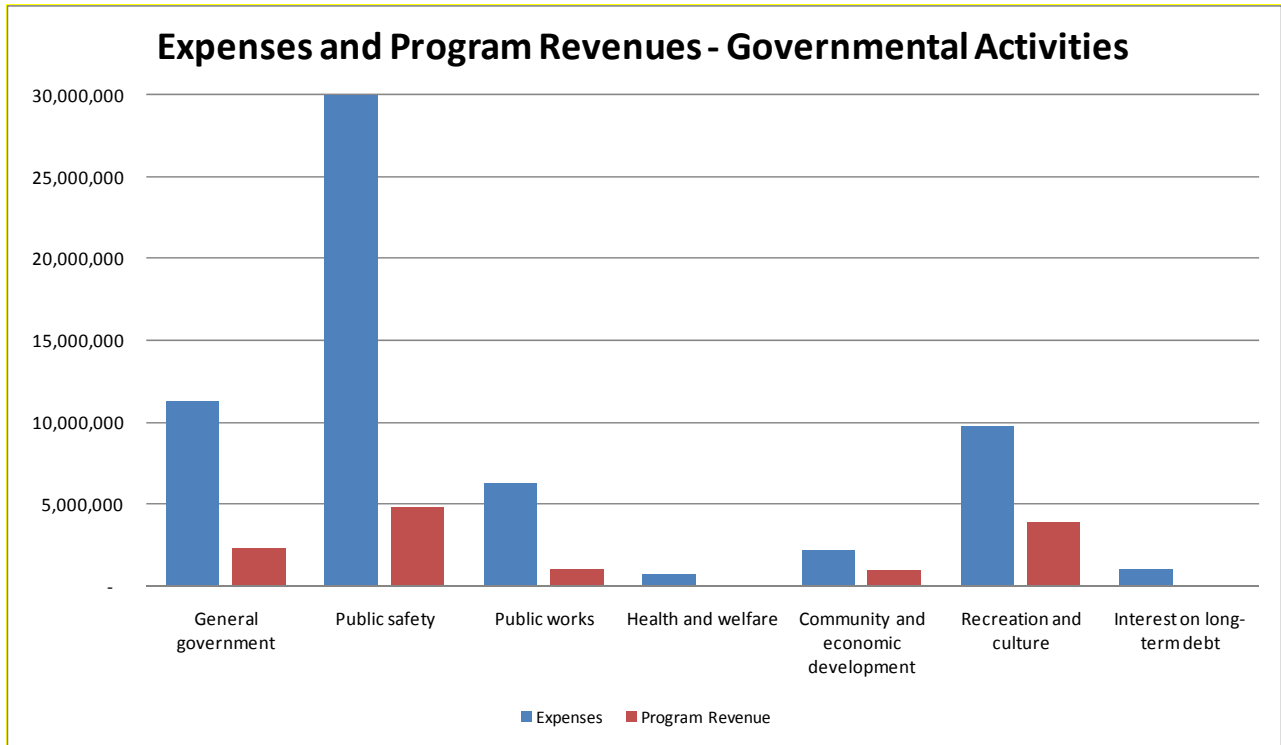
Charter Township of Canton's Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenue | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 9,310,268 | \$ 8,802,689 | \$ 37,280,177 | \$ 33,605,847 | \$ 46,590,445 | \$ 42,408,536 |
| Operating grants and contributions | 2,381,099 | 2,668,932 | - | - | 2,381,099 | 2,668,932 |
| Capital grants and contributions | 1,352,433 | 1,679,101 | 191,613 | 289,738 | 1,544,046 | 1,968,839 |
| General revenue: | | | | | | |
| Property taxes | 7,839,343 | 7,860,564 | - | - | 7,839,343 | 7,860,564 |
| Public safety operating levy | 24,448,324 | 24,559,351 | - | - | 24,448,324 | 24,559,351 |
| State-shared revenue | 6,655,724 | 6,809,756 | - | - | 6,655,724 | 6,809,756 |
| Franchise fees and royalties | 2,356,122 | 2,367,768 | - | - | 2,356,122 | 2,367,768 |
| Investment earnings | 239,031 | 283,830 | 122,536 | 165,660 | 361,567 | 449,490 |
| Miscellaneous | 902,525 | 881,364 | 141,929 | 312,573 | 1,044,454 | 1,193,937 |
| Total revenue | 55,484,869 | 55,913,355 | 37,736,255 | 34,373,818 | 93,221,124 | 90,287,173 |
| Program Expenses | | | | | | |
| General government | 11,309,459 | 8,775,190 | - | - | 11,309,459 | 8,775,190 |
| Public safety | 30,064,262 | 28,587,397 | - | - | 30,064,262 | 28,587,397 |
| Public works | 6,269,139 | 6,494,742 | - | - | 6,269,139 | 6,494,742 |
| Health and welfare | 752,697 | 480,377 | - | - | 752,697 | 480,377 |
| Community and economic development | 2,228,085 | 2,026,007 | - | - | 2,228,085 | 2,026,007 |
| Recreation and culture | 9,726,736 | 9,322,192 | - | - | 9,726,736 | 9,322,192 |
| Interest on long-term debt | 1,063,633 | 1,199,838 | - | - | 1,063,633 | 1,199,838 |
| Water and sewer | - | - | 28,101,037 | 27,966,291 | 28,101,037 | 27,966,291 |
| Golf course | - | - | 1,693,847 | 1,762,977 | 1,693,847 | 1,762,977 |
| Total program expenses | 61,414,011 | 56,885,743 | 29,794,884 | 29,729,268 | 91,208,895 | 86,615,011 |
| Excess of Revenue Over (Under) Expenses - Before transfers | | | | | | |
| | (5,929,142) | (972,388) | 7,941,371 | 4,644,550 | 2,012,229 | 3,672,162 |
| Transfers | | | | | | |
| | (1,670,362) | (653,328) | 1,670,362 | 653,328 | - | - |
| Change in Net Position | | | | | | |
| | (7,599,504) | (1,625,716) | 9,611,733 | 5,297,878 | 2,012,229 | 3,672,162 |
| Net Position - Beginning of year, as restated | | | | | | |
| | 67,433,833 | 68,871,771 | 150,731,246 | 145,433,368 | 218,165,079 | 214,305,139 |
| Net Position - End of year | | | | | | |
| | \$ 59,834,329 | \$ 67,246,055 | \$ 160,342,979 | \$ 150,731,246 | \$ 220,177,308 | \$ 217,977,301 |

- The decrease in governmental net position was \$7.6 million versus \$1.6 million in 2011. Management has taken steps for the 2013 and 2014 budget years to reverse this downward trend by continuing to budget for wage and benefit concessions. The Township has changed management companies in an effort to reduce the necessary transfer to the Golf Course fund.

Charter Township of Canton

Management's Discussion and Analysis

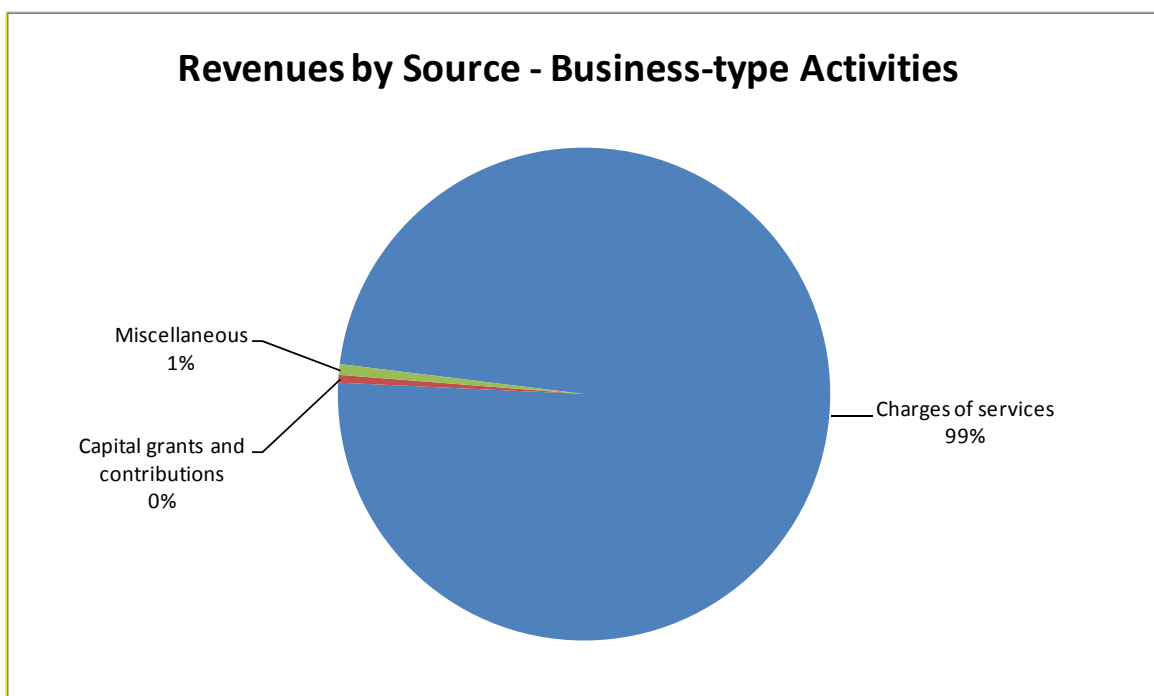
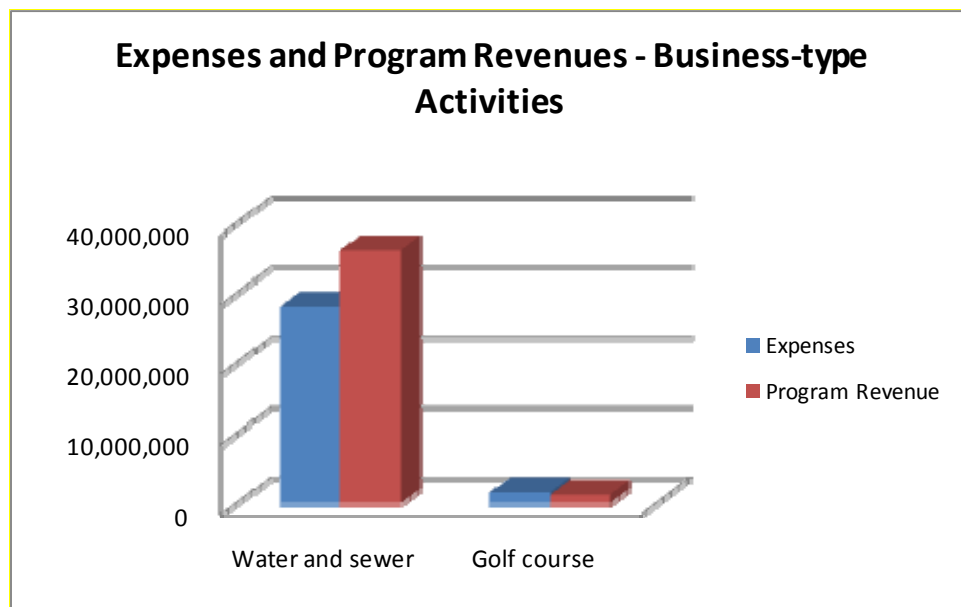


Charter Township of Canton

Management's Discussion and Analysis

Business-type Activities. Business-type activities increased the Charter Township of Canton's net position by \$9,611,733. Key elements in this increase are as follows:

- Charges for services increased by \$3.7 million, an unusually warm summer led to increased water sales.
- Transfers increased by \$1.0 million, mainly due to a transfer to Golf Course to eliminate a deficit from December 31, 2011.



Charter Township of Canton

Management's Discussion and Analysis

Financial analysis of the Government's Funds

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

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

As of the end of the year, the Charter Township's governmental funds reported combined ending fund balances of \$18,296,530 an increase of \$1,510,535 in comparison with the prior year. Approximately 21 percent of this total amount (\$3,870,951) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it either legally restricted or is intended to be used for a specific purpose in future years.

The General Fund is the chief operating fund of the Charter Township of Canton. At the end of the current fiscal year, with the consolidation of funds due to the implementation of GASB No. 54, the fund balance was \$7,949,816. Of this total \$3,966,716 was assigned at year-end. As a measure of the General Funds liquidity, the total fund balance is 31 percent of total expenditures and the unassigned percentage of total expenditures is 15 percent.

General Fund fund balance increased by \$379,521. The General fund budget was amended throughout the year ultimately by \$18.8 million. The largest cause was debt transfers to an escrow agent for the refunding of a portion of the 2003 Capital Improvement Bonds.

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

The Fire Fund's fund balance at year-end was \$1,724,886 or 16% of total expenditures. The Fire Fund's fund balance saw a decrease of \$557,636 from the previous year. The Fire Fund's 2012 final budget appropriated \$1,119,454 of the fund balance to cover expenses, which ultimately only half necessary to use. This positive variance is the combination of higher than budgeted property tax revenues and less expenses in capital outlay.

The Police Fund balance at year-end was \$2,298,241 or 15% of total expenditures. The Police Fund fund balance saw an increase of \$378,854 from the previous year, which exceeded the amount budgeted in the final budget in the amount by \$141,354. The Police fund received approximately \$264,000 more in property taxes than budgeted.

Charter Township of Canton

Management's Discussion and Analysis

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

Unrestricted net position of the Water and Sewer Fund and Golf Course funds at the end of the year were \$70,475,230 and \$27,530, respectively.

Total net position increased in both funds; \$8,312,333 in the Water Sewer Fund and \$1,299,400 in the Golf Course Fund. The previous year's shortfall in the net position of the Golf Course Fund was covered by an operating transfer from the General Fund during the current fiscal year.

General Fund Budgetary Highlights

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

The General Fund budget was increased by \$18,828,308. The main adjustments were increases to debt service operations related to the refunding of a portion of the 2003 Capital Improvement Bonds. A payment of \$16,470,922 was made to the refunded bond escrow agent to refund these bonds.

Capital Assets and Debt Administration

Long Term Debt. At the end of the current fiscal year, the Charter Township of Canton had total bonded debt outstanding of \$76,378,318. Of this amount, \$70,656,712 comprises debt backed by the full faith and credit of the government and \$1,300,000 is Special Assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remaining \$4,421,318 is an installment purchase agreement for the purchase and installation of energy upgrades throughout the Township. This debt will be paid for with the energy savings realized from these upgrades.

Charter Township of Canton's Outstanding Debt

| | Governmental activities | | Business-type activities | | Total | |
|------------------------------------------------------|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| General obligation bonds | \$28,345,420 | \$26,757,320 | \$42,311,292 | \$44,792,678 | \$70,656,712 | \$71,549,998 |
| Special assessment debt with governmental commitment | 1,300,000 | 1,700,000 | - | - | 1,300,000 | 1,700,000 |
| Installment Purchase Agreement | 4,421,606 | - | - | - | 4,421,606 | - |
| Total | \$34,067,026 | \$28,457,320 | \$42,311,292 | \$44,792,678 | \$76,378,318 | \$73,249,998 |

During the current fiscal year, the Charter Township of Canton's total debt increased by \$3,128,320. There were two new debt issuances in 2012; one for the purchase of new public safety radio equipment in the amount of \$1,000,000; and one for the energy efficient project in the amount of \$4,421,606.

Charter Township of Canton

Management's Discussion and Analysis

The Township has been assigned an "AA" rating from Standard & Poor's, a "AAA" rating from Fitch and a Aa1 rating from Moody's as of the end of February 2013.

State statutes limit the amount of general obligation debt government entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the Charter Township of Canton is \$343,165,597, which is significantly in excess of the net debt subject to the limit of \$70,656,712.

Additional information on the Charter Township of Canton's long-term debt can be found on pages 46-49 of this report.

Charter Township of Canton's Capital Assets

(net of depreciation)

| | Governmental activities | | Business-type activities | | Total | |
|----------------------------|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land | \$ 17,812,863 | \$ 17,812,863 | \$ 9,364,807 | \$ 9,364,807 | \$ 27,177,670 | \$ 27,177,670 |
| Land improvements | - | - | 862,061 | 949,695 | 862,061 | 949,695 |
| Infrastructure | 9,150,592 | 7,824,348 | 69,212,555 | 71,233,933 | 78,363,147 | 79,058,281 |
| Buildings and improvement: | 45,797,127 | 47,736,131 | 6,336,604 | 6,596,257 | 52,133,731 | 54,332,388 |
| Vehicles and equipment | 2,026,279 | 2,447,490 | 674,321 | 713,221 | 2,700,600 | 3,160,711 |
| Furniture and fixtures | 2,106,289 | 2,172,603 | 36,273 | 24,062 | 2,142,562 | 2,196,665 |
| Computer equipment | 664,013 | 842,934 | 28,166 | 11,828 | 692,179 | 854,762 |
| Construction in progress | 7,011,538 | 3,605,594 | 7,674,552 | 5,759,420 | 14,686,090 | 9,365,014 |
| Total | \$ 84,568,701 | \$ 82,441,963 | \$ 94,189,339 | \$ 94,653,223 | \$ 178,758,040 | \$ 177,095,186 |

Capital Assets. The Charter Township of Canton's investment in capital assets for its governmental and business-type activities at year-end amounts to \$178,758,040 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment, furniture and fixtures, computers and construction in progress. The total increase in capital assets was \$1,662,854, which is approximately a 1.0 percent increase.

Additional information on the Charter Township of Canton's Capital Assets can be found in Note 4 found on pages 40-43.

Economic Factors and Next Year's Budgets and Rates. The Charter Township of Canton continues to maintain a low unemployment rate which is 3.5 percent at year-end. This rate compares very favorably to Wayne County's 11.4 percent and the State's 8.9 percent. This favorable rate is expected to continue as the economy continues to improve.

The population of the Charter Township of Canton continues to stay consistent, as an estimate from SEMCOG in July 2012 Township's population at 89,627, a decrease of only 546 from the 2010 census, or a decrease of less than 1.0 percent.

Charter Township of Canton

Management's Discussion and Analysis

Developers continue to show interest for commercial, industrial and residential properties within the Township, which will ensure the Township's continued growth. Permit revenue in 2012 increased \$486,502 from the previous year, an increase of 49%.

While the General Fund's adopted budget for 2013 shows a use of fund balance of \$1.4 million, the Township chose not to increase its tax levy to address the shortfall but rather chose to reduce expenditures which include the employee concessions. The Township is approximately 1.0 mill below its Headlee limit and could raise the tax rate without the vote of the people, but chose not to do so for the General Fund. The Township continues to monitor healthcare costs and continues to review different options to minimize the impact to its employees

The Water and Sewer Fund was able to issue no increase in its rates for 2013, despite an increase from the Detroit Water and Sewer Department. Consumption exceeding assumptions in 2012 allowed the Township to build up some cash reserves in order to keep rates flat for one year.

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

Charter Township of Canton

Statement of Net Position December 31, 2012

| | Primary Government | | | Component Unit |
|-----------------------------------------------|----------------------------|-----------------------------|-----------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Cash and cash equivalents (Note 3) | \$ 17,094,815 | \$ 7,871,524 | \$ 24,966,339 | \$ 2,866,102 |
| Investments (Note 3) | 17,735,207 | 12,016,909 | 29,752,116 | - |
| Receivables, net: | | | | |
| Property taxes | 14,677,639 | - | 14,677,639 | 1,438,195 |
| Customers | - | 8,839,189 | 8,839,189 | - |
| Special assessments | 3,467,571 | - | 3,467,571 | - |
| Accrued interest and other receivables | 1,186,867 | 51,656 | 1,238,523 | - |
| Internal balances | (306,714) | 306,714 | - | - |
| Due from other governmental units | 1,457,658 | - | 1,457,658 | - |
| Other assets | 744,130 | 97,613 | 841,743 | - |
| Inventories | 683,203 | 359,776 | 1,042,979 | - |
| Restricted assets (Note 8) | 2,646,226 | 11,493,742 | 14,139,968 | - |
| Investment in joint venture (Note 14): | | | | |
| Western Townships Utilities Authority (WTUA) | - | 73,012,586 | 73,012,586 | - |
| Capital lease receivable | 3,378,904 | - | 3,378,904 | - |
| Nondepreciable capital assets (Note 4) | 24,824,401 | 17,039,359 | 41,863,760 | 4,496 |
| Depreciable capital assets, net (Note 4) | 59,744,300 | 77,149,980 | 136,894,280 | 15,860,392 |
| Net unamortized bond issuance costs | 285,249 | 322,514 | 607,763 | 27,158 |
| Total Assets: | 147,619,456 | 208,561,562 | 356,181,018 | 20,196,343 |
| Liabilities | | | | |
| Accounts payable | 1,624,734 | 2,548,931 | 4,173,665 | 63,366 |
| Accrued and other liabilities | 3,217,242 | 583,896 | 3,801,138 | 24,678 |
| Cash bonds and deposits | 845,809 | 1,019,248 | 1,865,057 | - |
| Due to other governmental units | 212,564 | 3,346 | 215,910 | 167,285 |
| Unearned revenue (Note 5): | | | | |
| Special assessments | 308,862 | - | 308,862 | - |
| Property taxes and other | 31,338,783 | 44,726 | 31,383,509 | 2,088,768 |
| Noncurrent liabilities: | | | | |
| Due within one year (Note 7): | | | | |
| Bond and other contractual obligations | 3,131,714 | 2,570,428 | 5,702,142 | 910,760 |
| Other long-term obligations | 1,847,668 | 123,711 | 1,971,379 | - |
| Due in more than one year: | | | | |
| Net other post employment benefit obligations | 12,419,334 | 1,481,083 | 13,900,417 | - |
| Bond and other long-term obligations (Note 7) | 30,935,312 | 39,740,864 | 70,676,176 | 4,917,180 |
| Other long-term obligations (Note 7) | 1,903,105 | 102,350 | 2,005,455 | - |
| Total Liabilities: | 87,785,127 | 48,218,583 | 136,003,710 | 8,172,037 |
| Net Position | | | | |
| Net investment in capital assets | 56,812,054 | 89,840,219 | 146,652,273 | 10,064,106 |
| Restricted: | | | | |
| Police and fire | 4,023,127 | - | 4,023,127 | - |
| Street lighting | 4,581 | - | 4,581 | - |
| 911 activities | 2,380,137 | - | 2,380,137 | - |
| Special investigation | 811,755 | - | 811,755 | - |
| Neighborhood stabilization grant | 601,936 | - | 601,936 | - |
| Cable TV | 112,149 | - | 112,149 | - |
| Unrestricted | (4,911,410) | 70,502,760 | 65,591,350 | 1,960,200 |
| Total Net Position: | \$ 59,834,329 | \$ 160,342,979 | \$ 220,177,308 | \$ 12,024,306 |

Charter Township of Canton

| Functions/Programs | Expenses | Program Revenues | | |
|-------------------------------------------------------|-----------------------------|-----------------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities: | | | | |
| General government | \$ 11,309,459 | \$ 2,038,342 | \$ 37,155 | \$ 279,482 |
| Public safety | 30,064,262 | 2,962,267 | 1,868,175 | - |
| Public works | 6,269,139 | 548,440 | - | 480,781 |
| Health and welfare | 752,697 | - | - | - |
| Community and economic development | 2,228,085 | 76,555 | 262,371 | 592,170 |
| Recreation and culture | 9,726,736 | 3,684,664 | 213,398 | - |
| Interest on long-term debt | 1,063,633 | - | - | - |
| Total Governmental Activities: | <u>61,414,011</u> | <u>9,310,268</u> | <u>2,381,099</u> | <u>1,352,433</u> |
| Business-Type Activities: | | | | |
| Water and sewer | 28,101,037 | 35,979,971 | - | 191,613 |
| Golf course | 1,693,847 | 1,300,206 | - | - |
| Total Business-Type Activities: | <u>29,794,884</u> | <u>37,280,177</u> | <u>-</u> | <u>191,613</u> |
| Total Primary Government: | <u>\$ 91,208,895</u> | <u>\$ 46,590,445</u> | <u>\$ 2,381,099</u> | <u>\$ 1,544,046</u> |
| Component Unit | | | | |
| Downtown development authority | 1,921,752 | - | - | - |
| Total Component Unit: | <u>\$ 1,921,752</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Taxes: | | | | |
| Property taxes | | | | |
| Public safety operating levy | | | | |
| State shared revenues (unrestricted) | | | | |
| Royalties | | | | |
| Investment earnings | | | | |
| Miscellaneous | | | | |
| Transfers | | | | |
| Total General Revenues, Special Items, and Transfers: | | | | |
| Change in Net Position: | | | | |
| Net Position - Beginning, as restated | | | | |
| Net Position - Ending: | | | | |

Statement of Activities Year Ended December 31, 2012

| Net (Expense) Revenue and Changes in Net Assets | | | |
|-------------------------------------------------|-----------------------------|----------------------|----------------------|
| Primary Government | | | |
| Governmental Activities | Business-Type Activities | Total | Component Unit |
| \$ (8,954,480) | \$ - | \$ (8,954,480) | \$ - |
| (25,233,820) | - | (25,233,820) | - |
| (5,239,918) | - | (5,239,918) | - |
| (752,697) | - | (752,697) | - |
| (1,296,989) | - | (1,296,989) | - |
| (5,828,674) | - | (5,828,674) | - |
| (1,063,633) | - | (1,063,633) | - |
| (48,370,211) | - | (48,370,211) | - |
| - | 8,070,547 | 8,070,547 | - |
| - | (393,641) | (393,641) | - |
| - | 7,676,906 | 7,676,906 | - |
| (48,370,211) | 7,676,906 | (40,693,305) | - |
| - | - | - | (1,921,752) |
| - | - | - | (1,921,752) |
| 7,839,343 | - | 7,839,343 | 2,023,079 |
| 24,448,324 | - | 24,448,324 | - |
| 6,655,724 | - | 6,655,724 | - |
| 2,356,122 | - | 2,356,122 | - |
| 239,031 | 122,536 | 361,567 | 22,440 |
| 902,525 | 141,929 | 1,044,454 | 109,371 |
| (1,670,362) | 1,670,362 | - | - |
| 40,770,707 | 1,934,827 | 42,705,534 | 2,154,890 |
| (7,599,504) | 9,611,733 | 2,012,229 | 233,138 |
| 67,433,833 | 150,731,246 | 218,165,079 | 11,791,168 |
| \$ 59,834,329 | \$ 160,342,979 | \$220,177,308 | \$ 12,024,306 |

**Governmental Funds
Balance Sheet
December 31, 2012**

| | General | Fire | Police | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents (Note 3) | \$ 6,983,529 | \$ 3,389,647 | \$ 3,075,379 | \$ 2,732,485 | \$ 16,181,040 |
| Investments (Note 3) | 5,367,074 | 3,970,254 | 7,539,348 | 858,531 | 17,735,207 |
| Receivables, net: | | | | | |
| Property taxes | 3,811,810 | 4,142,215 | 6,723,614 | - | 14,677,639 |
| Special assessments | - | - | - | 3,467,571 | 3,467,571 |
| Accrued interest and other receivables | 1,019,200 | 17,327 | 104,279 | 45,971 | 1,186,777 |
| Other assets | 190,989 | 65,075 | 488,066 | - | 744,130 |
| Due from other funds (Note 6) | 965,461 | 158 | 5,874 | 1,603,178 | 2,574,671 |
| Due from other governmental units | 1,307,758 | 903 | 515 | 142,708 | 1,451,884 |
| Inventories | - | - | - | 601,900 | 601,900 |
| Advances from other funds | - | 505,372 | - | - | 505,372 |
| Restricted assets (Note 8) | - | - | - | 2,646,226 | 2,646,226 |
| Total Assets: | <u>\$ 19,645,821</u> | <u>\$ 12,090,951</u> | <u>\$ 17,937,075</u> | <u>\$ 12,098,570</u> | <u>\$ 61,772,417</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 384,825 | \$ 89,704 | \$ 171,690 | \$ 906,027 | \$ 1,552,246 |
| Accrued and other liabilities | 562,795 | 464,499 | 597,535 | 17,520 | 1,642,349 |
| Due to other funds (Note 6) | 1,929,049 | 722,990 | 306,114 | 1,378,349 | 4,336,502 |
| Due to other governmental units | 153,305 | 15,111 | 23,688 | 19,727 | 211,831 |
| Cash bonds and deposits | 845,809 | - | - | - | 845,809 |
| Deferred revenue (Note 5): | | | | | |
| Special assessments | - | - | - | 3,435,100 | 3,435,100 |
| Property taxes and other | 7,820,222 | 9,073,761 | 14,539,807 | 18,260 | 31,452,050 |
| Total Liabilities: | <u>11,696,005</u> | <u>10,366,065</u> | <u>15,638,834</u> | <u>5,774,983</u> | <u>43,475,887</u> |
| Fund Balances (Note 16): | | | | | |
| Restricted | 112,149 | 1,724,886 | 2,298,241 | 6,178,036 | 10,313,312 |
| Assigned | 3,966,716 | - | - | 145,551 | 4,112,267 |
| Unassigned | 3,870,951 | - | - | - | 3,870,951 |
| Total Fund Balances: | <u>7,949,816</u> | <u>1,724,886</u> | <u>2,298,241</u> | <u>6,323,587</u> | <u>18,296,530</u> |
| Total Liabilities and Fund Balances: | <u>\$ 19,645,821</u> | <u>\$ 12,090,951</u> | <u>\$ 17,937,075</u> | <u>\$ 12,098,570</u> | <u>\$ 61,772,417</u> |

Charter Township of Canton

Governmental Funds Reconciliation of Fund Balances to the Statement of Net Position December 31, 2012

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Total Fund Balances for Governmental Funds | \$ 18,296,530 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital lease receivable from the Library is not a financial resource and is not reported in the funds | 3,378,904 |
| Bond issuance costs are capitalized and included in governmental activities and are not reported in the funds. | 285,249 |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds | 83,717,346 |
| Interest amounts on long-term liabilities are not payable until due in the funds | (242,556) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | 1,061,625 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds | (34,067,026) |
| Certain receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, and not recognized in the funds | 113,426 |
| Special assessment and other receivables are expected to be collected over several years and are not available to pay for current year expenditures | 3,126,079 |
| Compensated absences are not due and payable in the current period and are not reported in the funds | (3,083,013) |
| Other post employment benefit obligations are recognized for the statement of activities | (12,124,005) |
| Self-insurance liabilities are not due and payable in the current period and are not reported in the funds | <u>(628,230)</u> |
| Net Position of Governmental Activities | <u>\$59,834,329</u> |

Governmental Funds
Statement of Revenue, Expenditures, and
Changes in Fund Balances
Year Ended December 31, 2012

| | General | Fire | Police | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------------------------------|---------------------|---------------------|---------------------|--------------------------------|--------------------------------|
| Revenues | | | | | |
| Property taxes | \$ 7,839,343 | \$ 9,386,781 | \$ 15,061,543 | \$ - | \$ 32,287,667 |
| Licenses and permits | 1,505,973 | - | 14,804 | - | 1,520,777 |
| Federal sources | 48,201 | - | 470,731 | 1,025,365 | 1,544,297 |
| State sources | 6,807,114 | - | 48,153 | 383,575 | 7,238,842 |
| Charges for services | 2,727,128 | 1,309,282 | 136,085 | 697,646 | 4,870,141 |
| Fines and forfeitures | 310,338 | - | 66,878 | 23,552 | 400,768 |
| Administration charges | 3,418,174 | - | - | - | 3,418,174 |
| Special assessments | - | - | - | 789,389 | 789,389 |
| Leases and rentals | 989,398 | - | - | - | 989,398 |
| Royalties | 2,356,122 | - | - | - | 2,356,122 |
| Contributions and donations | 162,773 | - | 11,730 | 30,948 | 205,451 |
| Summit recreation fees | 1,300,278 | - | - | - | 1,300,278 |
| Other revenues | 438,522 | 70,536 | 279,247 | 131,277 | 919,582 |
| Total Revenues: | <u>27,903,364</u> | <u>10,766,599</u> | <u>16,089,171</u> | <u>3,081,752</u> | <u>57,840,886</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 7,812,988 | - | - | - | 7,812,988 |
| Public safety | 1,302,774 | 10,251,080 | 15,340,880 | 729,245 | 27,623,979 |
| Public works | 5,095,478 | - | - | 307,457 | 5,402,935 |
| Health and welfare | 438,328 | - | - | - | 438,328 |
| Community and economic development | 855,831 | - | - | 1,369,163 | 2,224,994 |
| Recreation and culture | 8,465,905 | - | - | - | 8,465,905 |
| Capital outlay: | | | | | |
| Capital outlay | 232,030 | - | 289,780 | 4,768,573 | 5,290,383 |
| Debt service: | | | | | |
| Principal payments | 900,000 | 512,391 | 70,797 | 400,000 | 1,883,188 |
| Interest and fiscal charges | 926,368 | 60,764 | 8,860 | 121,790 | 1,117,782 |
| Total Expenditures: | <u>26,029,702</u> | <u>10,824,235</u> | <u>15,710,317</u> | <u>7,696,228</u> | <u>60,260,482</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures: | <u>1,873,662</u> | <u>(57,636)</u> | <u>378,854</u> | <u>(4,614,476)</u> | <u>(2,419,596)</u> |
| Other Financing Sources (Uses) | | | | | |
| Bond proceeds - face amount | 14,005,000 | - | - | 5,421,606 | 19,426,606 |
| Payment to refunded bond escrow agent | (16,470,922) | - | - | - | (16,470,922) |
| Premium on bond issuance | 2,639,037 | - | - | 5,772 | 2,644,809 |
| Transfers in (Note 6) | 3,106 | - | - | 500,000 | 503,106 |
| Transfers out (Note 6) | (1,670,362) | (500,000) | - | (3,106) | (2,173,468) |
| Total other financing sources (uses) | <u>(1,494,141)</u> | <u>(500,000)</u> | <u>-</u> | <u>5,924,272</u> | <u>3,930,131</u> |
| Net Change in Fund Balances: | 379,521 | (557,636) | 378,854 | 1,309,796 | 1,510,535 |
| Fund Balances - Beginning | 7,570,295 | 2,282,522 | 1,919,387 | 5,013,791 | 16,785,995 |
| Fund Balances - Ending: | <u>\$ 7,949,816</u> | <u>\$ 1,724,886</u> | <u>\$ 2,298,241</u> | <u>\$ 6,323,587</u> | <u>\$ 18,296,530</u> |

Charter Township of Canton

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2012

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 1,510,535 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures (\$5,636,437); in the statement of activities, these costs are allocated over their estimated useful lives as depreciation (\$3,683,135) | 1,953,302 |
| Governmental funds report losses from capital asset disposals; in the statement of activities, losses on disposals are reported | (76,771) |
| Developer's capital contributions are recognized on the statement of activities | 279,482 |
| 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) | |
| Principal payments and amortization on outstanding debt | 2,416,717 |
| Premium on new debt | (2,639,037) |
| Payments for refunded debt | 14,005,000 |
| Accrued interest is an expenditure in the statement of activities, but not in the governmental funds | 54,148 |
| Bond Proceeds are reported as a liability and not recognized as revenue on the statement of activities | (19,426,606) |
| Governmental activities record payments received as a reduction in the capital lease receivable; governmental funds record as revenue when received | (355,209) |
| Accumulated employee sick and vacation pay is recorded when earned in the statement of activities | 78,367 |
| Other post employment benefit obligations are recognized for the statement of activities | (2,783,355) |
| 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 | (575,112) |
| Grant monies and royalties recorded when earned in the statement of activities that did not provide current financial resources | 24,370 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities | (86,787) |
| The 35th District Courthouse Authority joint venture is removed in 2012 | (2,005,395) |
| Change in self-insurance liabilities | <u>26,847</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ (7,599,504)</u></u> |

Charter Township of Canton

Proprietary Funds Statement of Net Position December 31, 2012

| | Enterprise Funds | | |
|---------------------------------------------------------|-----------------------|---------------------|-----------------------|
| | Water and Sewer | Golf Course | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents (Note 3) | \$ 7,534,555 | \$ 336,969 | \$ 7,871,524 |
| Investments (Note 3) | 12,016,909 | - | 12,016,909 |
| Receivables, net: | | | |
| Customers | 8,839,189 | - | 8,839,189 |
| Accrued interest and other receivables | 51,656 | - | 51,656 |
| Other assets | 81,344 | 16,269 | 97,613 |
| Due from other funds (Note 6) | 252,172 | 960,419 | 1,212,591 |
| Inventories | 342,557 | 17,219 | 359,776 |
| Restricted assets (Note 8) | 136,772 | - | 136,772 |
| Total Current assets: | <u>29,255,154</u> | <u>1,330,876</u> | <u>30,586,030</u> |
| Noncurrent assets: | | | |
| Restricted assets (Note 8) | 11,356,970 | - | 11,356,970 |
| Advances to other funds (Note 6) | 571,769 | - | 571,769 |
| Net unamortized bond issuance costs | 208,390 | 114,124 | 322,514 |
| Investment in joint venture - WTUA (Note 14) | 73,012,586 | - | 73,012,586 |
| Nondepreciable capital assets (Note 4) | 7,895,266 | 9,144,093 | 17,039,359 |
| Depreciable assets, net (Note 4) | 73,936,679 | 3,213,301 | 77,149,980 |
| Total Noncurrent assets: | <u>166,981,660</u> | <u>12,471,518</u> | <u>179,453,178</u> |
| Total Assets: | <u>196,236,814</u> | <u>13,802,394</u> | <u>210,039,208</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 2,403,542 | 8,617 | 2,412,159 |
| Accrued and other liabilities | 525,757 | 58,139 | 583,896 |
| Cash bonds and deposits | 1,014,485 | 4,763 | 1,019,248 |
| Due to other funds (Note 6) | 400,505 | - | 400,505 |
| Due to other governmental units | 2,932 | 414 | 3,346 |
| Deferred revenue (Note 5) | 44,726 | - | 44,726 |
| Current liabilities payable from restricted assets | 136,772 | - | 136,772 |
| Current portion of compensated absences (Note 7) | 65,646 | 14,368 | 80,014 |
| Current portion of uninsured losses (Note 7) | 36,269 | 7,428 | 43,697 |
| Current portion of long-term liabilities (Note 7) | 1,783,186 | 787,242 | 2,570,428 |
| Total Current liabilities: | <u>6,413,820</u> | <u>880,971</u> | <u>7,294,791</u> |
| Noncurrent liabilities: | | | |
| Advances from other funds (Note 6) | - | 1,077,141 | 1,077,141 |
| Provision for compensated absences (Note 7) | 56,215 | 4,164 | 60,379 |
| Provision for uninsured losses (Note 7) | 35,121 | 6,850 | 41,971 |
| Net other post employment benefit obligations (Note 13) | 1,359,621 | 121,462 | 1,481,083 |
| Long-term liabilities, net of current portion (Note 7) | 36,064,862 | 3,676,002 | 39,740,864 |
| Total Noncurrent liabilities: | <u>37,515,819</u> | <u>4,885,619</u> | <u>42,401,438</u> |
| Total Liabilities: | <u>43,929,639</u> | <u>5,766,590</u> | <u>49,696,229</u> |
| Net Position | | | |
| Net investment in capital assets | 81,831,945 | 8,008,274 | 89,840,219 |
| Unrestricted | 70,475,230 | 27,530 | 70,502,760 |
| Total Net Position: | <u>\$ 152,307,175</u> | <u>\$ 8,035,804</u> | <u>\$ 160,342,979</u> |

Charter Township of Canton

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2012

| | Enterprise Funds | | |
|---------------------------------------------------|------------------|--------------|----------------|
| | Water and Sewer | Golf Course | Total |
| Operating Revenues | | | |
| Sale of water | \$ 14,519,368 | \$ - | \$ 14,519,368 |
| Sewage disposal revenues | 19,161,463 | - | 19,161,463 |
| Service charges | 728,711 | 1,240,206 | 1,968,917 |
| Charges to other funds | - | - | - |
| Operating lease | - | 60,000 | 60,000 |
| Other revenues | 348,257 | 23,549 | 371,806 |
| Total Operating Revenues: | 34,757,799 | 1,323,755 | 36,081,554 |
| Operating Expenses | | | |
| Salaries and wages | 1,655,405 | 452,735 | 2,108,140 |
| Payroll taxes and fringe benefits | 1,304,084 | 160,920 | 1,465,004 |
| Supplies | 291,681 | 122,182 | 413,863 |
| Engineering fees | 44,760 | - | 44,760 |
| Professional service | 231,698 | 281,410 | 513,108 |
| Vehicle expense | 211,151 | 35,000 | 246,151 |
| Water purchases | 9,034,293 | - | 9,034,293 |
| Sewage disposal charges | 6,608,844 | - | 6,608,844 |
| Maintenance | 285,004 | 173,351 | 458,355 |
| Administration charges | 1,658,714 | - | 1,658,714 |
| WTUA joint venture expense | 2,850,720 | - | 2,850,720 |
| Depreciation (Note 4) | 2,558,658 | 185,796 | 2,744,454 |
| Other expenses | 72,142 | 80,260 | 152,402 |
| Total Operating Expenses: | 26,807,154 | 1,491,654 | 28,298,808 |
| Operating Income (Loss): | 7,950,645 | (167,899) | 7,782,746 |
| Nonoperating Revenues (Expenses) | | | |
| Customer connection fees | 1,341,635 | - | 1,341,635 |
| Investment income | 122,323 | 213 | 122,536 |
| Loss on disposal of capital assets | - | (1,083) | (1,083) |
| Interest and amortization expense | (1,293,883) | (202,193) | (1,496,076) |
| Total Nonoperating Revenues (Expenses): | 170,075 | (203,063) | (32,988) |
| Income (Loss) Before Contributions and Transfers: | 8,120,720 | (370,962) | 7,749,758 |
| Capital Contributions | 191,613 | - | 191,613 |
| Transfers | | | |
| Transfers from Other Funds | - | 1,670,362 | 1,670,362 |
| Total Transfers: | - | 1,670,362 | 1,670,362 |
| Change in Net Position: | 8,312,333 | 1,299,400 | 9,611,733 |
| Total Net Position - Beginning | 143,994,842 | 6,736,404 | 150,731,246 |
| Total Net Position - Ending: | \$ 152,307,175 | \$ 8,035,804 | \$ 160,342,979 |

Charter Township of Canton

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2012

| | Enterprise Funds | | |
|-----------------------------------------------------------------------------------------|----------------------|-------------------|----------------------|
| | Water and | | |
| | Sewer | Golf Course | Total |
| Cash Flows from Operating Activities | | | |
| Receipts from customers | \$ 34,731,131 | \$ 1,275,205 | \$ 36,006,336 |
| Payments to suppliers and vendors | (20,725,803) | (620,677) | (21,346,480) |
| Payments to employees | (2,696,475) | (573,231) | (3,269,706) |
| Receipts (payments) connected with interfund services | (1,690,328) | 250,140 | (1,440,188) |
| Other payments | (41,207) | (19,745) | (60,952) |
| Net cash provided by operating activities | 9,577,318 | 311,692 | 9,889,010 |
| Cash Flows from Noncapital Financing Activities | | | |
| Transfers from other funds | - | 710,362 | 710,362 |
| Net cash provided by noncapital financing activities | - | 710,362 | 710,362 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Joint venture project costs | (594,946) | - | (594,946) |
| Purchase of capital assets (excluding joint venture project costs) | (2,161,485) | - | (2,161,485) |
| Connection fees | 1,341,635 | - | 1,341,635 |
| Principal and interest paid on capital debt | (2,986,717) | (961,841) | (3,948,558) |
| Net cash used in capital and related financing activities | (4,401,513) | (961,841) | (5,363,354) |
| Cash Flows from Investing Activities | | | |
| Interest received on investments | 122,323 | 213 | 122,536 |
| Purchase of investment securities | (17,056,973) | - | (17,056,973) |
| Sale of investment securities | 11,195,527 | - | 11,195,527 |
| Net cash provided by (used in) investing activities | (5,739,123) | 213 | (5,738,910) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (563,318) | 60,426 | (502,892) |
| Cash and Cash Equivalents - Beginning of year | 19,591,615 | 276,543 | 19,868,158 |
| Cash and Cash Equivalents - End of year | <u>\$ 19,028,297</u> | <u>\$ 336,969</u> | <u>\$ 19,365,266</u> |
| Statement of Net Position Classification of Cash and Cash Equivalents | | | |
| Cash and cash equivalents | \$ 7,534,555 | \$ 336,969 | \$ 7,871,524 |
| Restricted assets (Note 8) | 11,493,742 | - | 11,493,742 |
| Total cash and cash equivalents | <u>\$ 19,028,297</u> | <u>\$ 336,969</u> | <u>\$ 19,365,266</u> |
| Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities | | | |
| Operating income(loss) | \$ 7,950,645 | \$ (167,899) | \$ 7,782,746 |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | |
| Depreciation | 2,558,658 | 185,796 | 2,744,454 |
| Changes in assets and liabilities: | | | |
| Receivables | 309,674 | 11,450 | 321,124 |
| Other assets | 38,759 | (1,256) | 37,503 |
| Due from other funds | (249,671) | 260,219 | 10,548 |
| Inventories | 16,267 | 1,248 | 17,515 |
| Investment in joint venture equity interest - WTUA (Note 13) | (1,303,643) | - | (1,303,643) |
| Accounts payable | 119,724 | 54 | 119,778 |
| Accrued and other liabilities | (26,674) | (10,036) | (36,710) |
| Cash bonds and deposits | (356,081) | 1,771 | (354,310) |
| Due to other funds | 218,057 | (10,079) | 207,978 |
| Due to other governmental units | 411 | 54 | 465 |
| Deferred revenue | 11,915 | - | 11,915 |
| Provisions for compensated absences and uninsured losses | (60,029) | 985 | (59,044) |
| Net other post employment benefit obligations | 349,306 | 39,385 | 388,691 |
| Net cash provided by operating activities | <u>\$ 9,577,318</u> | <u>\$ 311,692</u> | <u>\$ 9,889,010</u> |

Noncash Investing, Capital, and Financing Activities – During the year ended December 31, 2012, developers constructed water and sewer lines with an estimated value of \$191,613 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 \$11,267.

Charter Township of Canton

Internal Service Funds Statement of Net Position December 31, 2012

| | Internal Service Funds | | Total |
|---------------------------------------------------------|------------------------|-------------------------|--------------|
| | Fleet Maintenance | Other Employee Benefits | |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents (Note 3) | \$ 467,390 | \$ 446,385 | \$ 913,775 |
| Receivables, net: | | | |
| Accrued interest and other receivables | - | 90 | 90 |
| Due from other funds (Note 6) | - | 977,230 | 977,230 |
| Due from other governmental units | - | 5,774 | 5,774 |
| Inventories | 81,303 | - | 81,303 |
| Total Current assets: | 548,693 | 1,429,479 | 1,978,172 |
| Noncurrent assets: | | | |
| Depreciable assets, net (Note 4) | 851,355 | - | 851,355 |
| Total Noncurrent assets: | 851,355 | - | 851,355 |
| Total Assets: | 1,400,048 | 1,429,479 | 2,829,527 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 28,948 | 43,540 | 72,488 |
| Accrued and other liabilities | 18,503 | 1,313,834 | 1,332,337 |
| Due to other funds (Note 6) | 27,485 | - | 27,485 |
| Due to other governmental units | 733 | - | 733 |
| Current portion of compensated absences (Note 7) | 16,759 | - | 16,759 |
| Total Current liabilities: | 92,428 | 1,357,374 | 1,449,802 |
| Noncurrent liabilities: | | | |
| Provision for compensated absences (Note 7) | 22,771 | - | 22,771 |
| Net other post employment benefit obligations (Note 13) | 295,329 | - | 295,329 |
| Total Noncurrent liabilities: | 318,100 | - | 318,100 |
| Total Liabilities: | 410,528 | 1,357,374 | 1,767,902 |
| Net Position | | | |
| Net investment in capital assets | 851,355 | - | 851,355 |
| Unrestricted | 138,165 | 72,105 | 210,270 |
| Total Net Position: | \$ 989,520 | \$ 72,105 | \$ 1,061,625 |

Charter Township of Canton

Internal Service Funds Statement of Revenue, Expense, and Changes in Net Position December 31, 2012

| | Internal Service Funds | | |
|-------------------------------------------------------|------------------------|----------------------------|---------------------|
| | Fleet Maintenance | Other Employee Benefits | Total |
| Operating Revenues | | | |
| Charges to other funds | \$ 1,776,272 | \$ 2,325,227 | \$ 4,101,499 |
| Other revenues | 1,080 | 180,429 | 181,509 |
| Total Operating Revenues: | <u>1,777,352</u> | <u>2,505,656</u> | <u>4,283,008</u> |
| Operating Expenses | | | |
| Salaries and wages | 442,187 | - | 442,187 |
| Payroll taxes and fringe benefits | 312,051 | 2,590,431 | 2,902,482 |
| Supplies | 332,367 | - | 332,367 |
| Vehicle expense | 452,362 | - | 452,362 |
| Maintenance | 76,960 | - | 76,960 |
| Administration charges | 81,739 | - | 81,739 |
| Depreciation (Note 4) | 29,273 | - | 29,273 |
| Other expenses | 21,527 | 32,469 | 53,996 |
| Total Operating Expenses: | <u>1,748,466</u> | <u>2,622,900</u> | <u>4,371,366</u> |
| Operating Income (Loss): | <u>28,886</u> | <u>(117,244)</u> | <u>(88,358)</u> |
| Nonoperating Revenues (Expenses) | | | |
| Investment income | - | 1,571 | 1,571 |
| Change in Net Assets: | 28,886 | (115,673) | (86,787) |
| Total Net Position - Beginning, as restated (Note 17) | 960,634 | 187,778 | 1,148,412 |
| Total Net Position - Ending: | <u>\$ 989,520</u> | <u>\$ 72,105</u> | <u>\$ 1,061,625</u> |

Charter Township of Canton

Internal Service Funds Statement of Cash Flows December 31, 2012

| | Internal Service Funds | | |
|-----------------------------------------------------------------------------------------|------------------------|-------------------|-------------------|
| | Fleet | Other Employee | Total |
| | Maintenance | Benefits | |
| Cash Flows from Operating Activities | | | |
| Receipts from other funds | \$ 1,080 | \$ 174,667 | \$ 175,747 |
| Payments to suppliers and vendors | (889,944) | (1,503,307) | (2,393,251) |
| Payments to employees | (667,801) | - | (667,801) |
| Receipts connected with interfund services | 1,818,323 | 1,347,997 | 3,166,320 |
| Net cash provided by operating activities | 261,658 | 19,357 | 281,015 |
| Cash Flows from Investing Activities | | | |
| Interest received on investments | - | 1,571 | 1,571 |
| Net Increase in Cash and Cash Equivalents | 261,658 | 20,928 | 282,586 |
| Cash and Cash Equivalents - Beginning of year | 205,732 | 425,457 | 631,189 |
| Cash and Cash Equivalents - End of year | \$ 467,390 | \$ 446,385 | \$ 913,775 |
| Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities | | | |
| Operating income(loss) | \$ 28,886 | \$ (117,244) | \$ (88,358) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | |
| Depreciation | 29,273 | - | 29,273 |
| Changes in assets and liabilities: | | | |
| Receivables | - | 12 | 12 |
| Due from other funds | 96,305 | (977,230) | (880,925) |
| Due from other govt units | - | (5,774) | (5,774) |
| Inventories | 5,017 | - | 5,017 |
| Accounts payable | (5,366) | (194,241) | (199,607) |
| Accrued and other liabilities | (6,379) | 1,313,834 | 1,307,455 |
| Due to other funds | 27,485 | - | 27,485 |
| Due to other governmental units | 98 | - | 98 |
| Provisions for compensated absences and uninsured losses | (2,804) | - | (2,804) |
| Net other post employment benefit obligations | 89,143 | - | 89,143 |
| Net cash provided by operating activities | \$ 261,658 | \$ 19,357 | \$ 281,015 |

Charter Township of Canton

Fiduciary Funds Statement of Net Position December 31, 2012

| | <u>Agency Funds</u> |
|---------------------------------|----------------------------|
| Assets | |
| Cash and cash equivalents | <u>\$ 2,974,381</u> |
| Liabilities | |
| Accounts payable | 17,308 |
| Cash bonds and deposits | 471,551 |
| Due to other governmental units | <u>2,485,522</u> |
| Total Liabilities: | <u>\$ 2,974,381</u> |

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

Note I - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Street Lighting Fund has a “service type” special assessment that is billed in 2012 for services performed in 2013. Therefore, the revenue is recognized in 2013 and classified as unearned revenue within the government-wide statements.

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

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

The Charter Township reports the following major governmental funds:

- The General Fund is the Charter Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Police Fund is a full-service department consisting of 78 sworn personnel and 27 civilian employees. The main source of revenue for the police department comes from a voter-approved special assessment on all real property.
- The Fire Fund has a full-service fire department consisting of 61 sworn fire personnel and 9 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.

Note I - Summary of Significant Accounting Policies (Continued)

The Charter Township reports the following major proprietary funds:

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

Additionally, the Charter Township reports the following fund types:

- Internal service funds are used to record the financing of services provided to other departments on a cost reimbursement basis. In addition to the Fleet Maintenance Fund, the Other Employee Benefits Fund, previously reported as a fiduciary fund, is now shown as an internal service fund.
- 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. The Charter Township maintains three agency funds, a Special Events Deposit fund, a Construction Escrow fund, and a Tax Collection fund.

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.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the Township's policy is to first apply restricted resources, except for Fire and Police funds which apply unrestricted balance first. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Township's policy to spend funds in this order: committed, assigned and unassigned.

Note 1 - Summary of Significant Accounting Policies (Continued)

This is true for all funds except the Fire and Police funds. As noted above, the policy for these funds is to use unrestricted funds first; therefore, the order of spending is: unassigned, assigned, committed, restricted.

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 the Water and Sewer enterprise fund, of the Golf Course enterprise fund are charges to customers for sales and services. The government's internal service funds principal operating revenues come from interfund billings. 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 enterprise funds and internal service 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.

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 2011 tax is levied and collectible on December 1, 2011 and is recognized as revenue in the year ended December 31, 2012, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2011 taxable valuation of the Charter Township totaled approximately \$3,375 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, 3.1080 mills for fire operating services, and 4.9260 mills for police operating. This resulted in approximately \$8.0 million for operating, \$9.4 million for fire operating, and \$15.1 million for police operating. All tax amounts are recognized in the respective General, Police, and Fire Funds' financial statements as tax revenue.

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note I - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position 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. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets - The Charter Township has unspent bond proceeds in both the Governmental Activities and in the Water and Sewer Fund, for the installation of energy efficient equipment, the construction of roads, and the construction of sewer infrastructure, respectively. As such, the amounts have been classified as restricted assets.

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

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

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

Note I - Summary of Significant Accounting Policies (Continued)

Compensated Absences - It is the Charter Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The liability for unpaid accumulated sick leave is limited to certain employment groups that receive payment for unused sick leave when those employees separate from service with the Charter Township. All sick and vacation pay is accrued when earned in the government-wide and proprietary fund financial statements up to the amount eligible to be paid out upon termination. 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 position. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

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

Fund Balance - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions or enabling legislation for use for a specific purpose.
- **Committed:** Amounts that have been formally set aside by the Township for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township Board.
- **Assigned:** Intent to spend resources on specific purposes expressed by the governing body or the Township Supervisor, who is authorized by resolution of the governing body to make assignments.
- **Unassigned:** Amounts not otherwise categorized above and available to be spent for any purpose.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Net Position - In the government-wide financial statements, net balances that are legally restricted by outside parties for use for a specific purpose are shown as restricted. The following restrictions apply to net position balances as of December 31, 2012:

- **Police and Fire** - Special tax levies to fund police and fire activities
- **Street Lighting** - Special assessment tax levy to fund street lighting program
- **911 Activities** - Fees collected to fund 911 activities
- **Special Investigation** - Amounts directed by consortium for funding various narcotics and auto theft programs
- **Neighborhood Stabilization Grant** - Properties purchased through the Neighborhood Stabilization fund
- **Cable TV** - Peg fees used to purchase capital equipment

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

Note 2 - Stewardship, Compliance, and Accountability

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

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 2 - Stewardship, Compliance, and Accountability (continued)

| | | |
|-------------------------------------------|----------------|-------------------------------|
| Cumulative shortfall at January 1, 2012 | | (\$9,813,010) |
| Building permit revenue | | 1,477,663 |
| Related expenses: | | |
| Direct costs | \$1,425,084 | |
| Estimated indirect costs | <u>435,944</u> | |
| Total construction code expenses | | <u>1,861,028</u> |
| Cumulative shortfall at December 31, 2012 | | <u><u>\$ (10,196,375)</u></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.

The Postemployment Benefits Fund is also authorized by Michigan Public Act 314 of 1965, as amended, 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.

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 3 - Deposits and Investments (Continued)

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter Township's deposits may not be returned to it. The Charter Township does not have a deposit policy for custodial credit risk. At year end, the Charter Township had \$2,998,059 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized; the component unit had \$560,062 of uninsured and uncollateralized bank deposits. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. Effective January 1, 2013, the unlimited FDIC coverage ended and thus the Township's uninsured amount as of January 1, 2013 was \$22,685,098.

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

Interest Rate Risk

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

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 3 - Deposits and Investments (Continued)

| Investment | Fair Value | Weighted Average Maturity |
|----------------------------------------|------------|---------------------------------|
| Government-wide | | |
| Money markets | \$933,079 | 0 months |
| Federal National Mortgage Association | 3,086,047 | 3.2 years |
| Federal Home Loan Bank | 1,501,864 | 1.3 years |
| Federal Home Loan Mortgage Corporation | 4,125,204 | 2.6 years |
| Federal Farm Credit Bank | 7,227,943 | 2.65 years |
| Municipal Bonds | 7,963,519 | 1.70 year |
| Negotiable certificates of deposit | 2,373,318 | 1.3 years |
| Component Unit | | |
| Money markets | 605,848 | 0 months |
| Federal Home Loan Mortgage Corporation | 899,442 | 2.0 years |

Credit Risk

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

| Investment | Fair Value | Rating | Rating Organization |
|----------------------------------------|------------|---------|------------------------|
| Government-wide | | | |
| Money market | \$ 870,951 | Unrated | N/A |
| Money market | 62,128 | AAA | S&P |
| Federal National Mortgage Association | 3,086,047 | AA+ | S&P |
| Federal Home Loan Mortgage Corporation | 4,125,204 | AA+ | S&P |
| Federal Farm Credit Bank | 7,227,943 | AA+ | S&P |
| Municipal Bonds | 7,963,519 | AA-AAA | S&P |
| Negotiable certificates of deposit | 2,373,318 | Unrated | N/A |
| Federal Home Loan Bank | 1,501,864 | AA+ | S&P |
| Component Unit | | | |
| Money market | 605,848 | AAA | S&P |
| Negotiable certificates of deposit | 899,442 | Unrated | N/A |

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 4 - Capital Assets

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

| Governmental Activities | Balance | | | | Balance |
|---------------------------------------|----------------------|---------------------|-----------------------|--------------------|----------------------|
| | January 1, 2012 | Increases | Decreases | Adjustments | December 31, 2012 |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 17,812,863 | \$ - | \$ - | \$ - | \$ 17,812,863 |
| Construction in progress | 3,605,594 | 4,936,500 | (1,530,556) | - | 7,011,538 |
| Subtotal | 21,418,457 | 4,936,500 | (1,530,556) | - | 24,824,401 |
| Capital assets being depreciated: | | | | | |
| Infrastructure | 16,932,770 | 2,025,382 | - | - | 18,958,152 |
| Buildings and improvements | 67,891,829 | - | - | - | 67,891,829 |
| Vehicles and equipment | 9,298,135 | 267,058 | (61,438) | (234,328) | 9,269,427 |
| Furniture and fixtures | 12,095,240 | 51,104 | - | - | 12,146,344 |
| Computer equipment | 2,659,628 | 166,431 | - | - | 2,826,059 |
| Subtotal | 108,877,602 | 2,509,975 | (61,438) | (234,328) | 111,091,811 |
| Accumulated depreciation: | | | | | |
| Infrastructure | 9,108,422 | 699,138 | - | - | 9,807,560 |
| Buildings and improvements | 20,155,698 | 1,939,004 | - | - | 22,094,702 |
| Vehicles and equipment | 6,850,645 | 611,497 | (52,712) | (166,282) | 7,243,148 |
| Furniture and fixtures | 9,922,637 | 117,418 | - | - | 10,040,055 |
| Computer equipment | 1,816,694 | 345,352 | - | - | 2,162,046 |
| Subtotal | 47,854,096 | 3,712,409 | (52,712) | (166,282) | 51,347,511 |
| Net capital assets being depreciated | 61,023,506 | (1,202,434) | (8,726) | (68,046) | 59,744,300 |
| Net governmental capital assets | <u>\$ 82,441,963</u> | <u>\$ 3,734,066</u> | <u>\$ (1,539,282)</u> | <u>\$ (68,046)</u> | <u>\$ 84,568,701</u> |

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 4 - Capital Assets (Continued)

| Business-type Activities | Balance | | | Balance |
|---------------------------------------|--------------------|--------------|-------------|----------------------|
| | January 1, 2012 | Increases | Decreases | December 31, 2012 |
| Capital assets not being depreciated: | | | | |
| Land | 9,364,807 | \$ - | \$ - | \$ 9,364,807 |
| Construction in progress | 5,759,420 | 1,924,208 | (9,076) | 7,674,552 |
| Subtotal | 15,124,227 | 1,924,208 | (9,076) | 17,039,359 |
| Capital assets being depreciated: | | | | |
| Land improvements | 3,326,551 | - | - | 3,326,551 |
| Water and sewer distribution system | 118,180,923 | 254,679 | - | 118,435,602 |
| Buildings and building improvement: | 9,893,389 | - | - | 9,893,389 |
| Vehicles and equipment | 5,965,523 | 51,902 | (307,572) | 5,709,853 |
| Office furnishings | 790,316 | 28,340 | (57,350) | 761,306 |
| Computer equipment | 125,254 | 31,598 | (4,840) | 152,012 |
| Subtotal | 138,281,956 | 366,519 | (369,762) | 138,278,713 |
| Accumulated depreciation: | | | | |
| Land improvements | 2,376,856 | 87,634 | - | 2,464,490 |
| Water and sewer distribution system | 46,946,990 | 2,276,057 | - | 49,223,047 |
| Buildings and building improvement: | 3,297,132 | 259,653 | - | 3,556,785 |
| Vehicles and equipment | 5,252,302 | 89,721 | (306,491) | 5,035,532 |
| Office furnishings | 766,254 | 16,129 | (57,350) | 725,033 |
| Computer equipment | 113,426 | 15,260 | (4,840) | 123,846 |
| Subtotal | 58,752,960 | 2,744,454 | (368,681) | 61,128,733 |
| Net capital assets being depreciated | 79,528,996 | (2,377,935) | (1,081) | 77,149,980 |
| Net business-type capital assets | \$ 94,653,223 | \$ (453,727) | \$ (10,157) | \$ 94,189,339 |

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 4 - Capital Assets (Continued)

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

| Component Unit | Balance | | | Balance |
|----------------------------------------|----------------------|----------------------|------------------------|----------------------|
| | January 1, 2012 | Increases | Decreases | December 31, 2012 |
| Capital assets not being depreciated - | | | | |
| Construction in progress | \$ 10,815,600 | \$ 200,000 | \$ (11,011,104) | \$ 4,496 |
| Capital assets being depreciated: | | | | |
| Land Improvements | 7,414,524 | 11,011,104 | - | 18,425,628 |
| Infrastructure | 1,420,315 | - | - | 1,420,315 |
| Buildings | 13,258 | - | - | 13,258 |
| Furniture, fixtures, and equipment | 218,507 | 7,213 | - | 225,720 |
| Subtotal | 9,066,604 | 11,018,317 | - | 20,084,921 |
| Accumulated depreciation: | | | | |
| Land Improvements | 2,689,818 | 563,705 | - | 3,253,523 |
| Infrastructure | 786,708 | 68,199 | - | 854,907 |
| Buildings | 2,292 | 323 | - | 2,615 |
| Furniture, fixtures, and equipment | 95,166 | 18,318 | - | 113,484 |
| Subtotal | 3,573,984 | 650,545 | - | 4,224,529 |
| Net capital assets being depreciated | 5,492,620 | 10,367,772 | - | 15,860,392 |
| Net component unit capital assets | <u>\$ 16,308,220</u> | <u>\$ 10,567,772</u> | <u>\$ (11,011,104)</u> | <u>\$ 15,864,888</u> |

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

| | |
|------------------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 1,000,945 |
| Public safety | 751,815 |
| Public works | 742,156 |
| Community and economic development | 53,946 |
| Health and Wellness | 71,293 |
| Recreation and culture | 1,092,254 |
| Total governmental activities | <u>\$ 3,712,409</u> |
| Business-type activities: | |
| Water and sewer | \$ 2,558,658 |
| Golf course | 185,796 |
| Total business-type activities | <u>\$ 2,744,454</u> |

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 4 - Capital Assets (Continued)

The Township's component unit was charged \$650,545 in depreciation expense.

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

| | <u>Spent to Date</u> | <u>Remaining Commitment</u> | <u>Total Commitment</u> |
|------------------------|----------------------|---------------------------------|-----------------------------|
| Sheldon Road | \$ 580,686 | \$ 282,314 | \$ 863,000 |
| Sanitary Relief Sewer | 37,728,994 | 375,527 | 38,104,521 |
| Radio Equipment | 2,024,368 | 81,663 | 2,106,031 |
| Energy Project | 2,794,626 | 1,603,780 | 4,398,406 |
| Denton Road Water Main | <u>90,786</u> | <u>617,062</u> | <u>707,848</u> |
| Total | <u>\$ 43,219,460</u> | <u>\$ 2,960,346</u> | <u>\$ 46,179,806</u> |

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 | \$ 3,126,238 | \$ 308,862 | \$ 3,435,100 |
| Property taxes and other | <u>113,267</u> | <u>31,338,783</u> | <u>31,452,050</u> |
| Total | <u>\$ 3,239,505</u> | <u>\$ 31,647,645</u> | <u>\$ 34,887,150</u> |

The Water & Sewer fund reported unearned revenue due to customer overpayments in the amount of \$44,726. The component unit reported unearned property tax revenue in the amount of \$2,088,768.

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|-----------------------------------|----------------|
| Due to/from other funds: | | |
| Governmental funds: | | |
| General Fund | Police | 4,376 |
| | Water and Sewer | 73,970 |
| | Nonmajor governmental funds | 878,349 |
| | Internal Service funds | <u>8,766</u> |
| | Total General Fund | 965,461 |
| Special Revenue Funds: | | |
| Fire | Internal Service funds | <u>158</u> |
| | | 158 |
| Police | Internal Service funds | 5,874 |
| Nonmajor Governmental Funds | | |
| | General Fund | 603,178 |
| | Fire | 500,000 |
| | Nonmajor governmental funds | <u>500,000</u> |
| | Total nonmajor governmental funds | 1,603,178 |
| | Total governmental funds | 2,574,671 |

Charter Township of Canton

Notes to Financial Statements December 31, 2012

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

| Receivable Fund | Payable Fund | Amount |
|--------------------------------------|-------------------------------|---------------------|
| Due to/from other funds (Continued): | | |
| Enterprise Funds: | | |
| Water and Sewer | General Fund | 23,567 |
| | Police | 1,672 |
| | Fire | 4,763 |
| | Water and Sewer | 218,897 |
| | Internal Service funds | <u>3,273</u> |
| | Total Water and Sewer | 252,172 |
| Golf Course | General Fund | 960,000 |
| | Internal Service funds | <u>419</u> |
| | Total Golf Course Fund | 960,419 |
| Total Enterprise funds | | <u>1,212,591</u> |
| Internal Service Funds: | | |
| Fleet Maintenance | Other Employee Benefits | 3,000 |
| Other Employee Benefits | General Fund | 342,304 |
| | Fire | 218,227 |
| | Police | 300,066 |
| | Fleet Maintenance | 5,996 |
| | Water and sewer | <u>107,637</u> |
| | Total Other Employee Benefits | 974,230 |
| Total Internal Service funds | | <u>977,230</u> |
| Total | | <u>\$ 4,764,492</u> |

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

Additionally, both the Fire fund and the Water & Sewer fund have advanced funds to the Golf Course fund in the amount of \$505,372 and \$571,769, respectively, to cover operations and will be repaid in a period that exceeds one year.

Charter Township of Canton

Notes to Financial Statements December 31, 2012

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

Interfund transfers reported in the fund statements were as follows:

| <u>Fund Transferred From</u> | <u>Fund Transferred To</u> | <u>Amount</u> |
|------------------------------|---------------------------------|---------------------|
| General | Golf Course (1) | \$ 1,670,362 |
| Fire | Nonmajor governmental funds (2) | 500,000 |
| Nonmajor governmental funds | General (1) | 3,106 |
| | Total governmental funds | <u>\$ 2,173,468</u> |

The following describes the nature of significant transfers:

- (1) Transfers of discretionary funds to be used for the benefit of the community
- (2) Transfers of fire fund revenues to the 911 Service fund to be used for public safety efforts

Note 7 - Long-term Debt

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

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|----------------------|------------|--------------|-------------------|------------------------|
| Governmental Activities | | | | | | | |
| Limited Tax General Obligations: | | | | | | | |
| 2003 Capital Improvement (Limited Tax): | | | | | | | |
| Amount of issue - \$23,000,000 | 3.625%- | \$900,000 - | | | | | |
| Maturing through 2014 | 4.00% | \$2,100,000 | 18,300,000 | - | (16,150,000) | 2,150,000 | 1,000,000 |
| Limited Tax General Obligations Series 2003: | | | | | | | |
| Amount of issue - \$2,675,000 | 3.55%- | \$297,448 | | | | | |
| Maturing through 2016 | 3.90% | \$16,127 | 1,110,320 | - | (283,187) | 827,133 | 297,449 |
| 2004 Capital Improvement (Limited Tax) - Fire Station: | | | | | | | |
| Amount of issue - \$2,500,000 | 3.50%- | | | | | | |
| Maturing through 2014 | 3.65% | \$325,000 | 950,000 | - | (300,000) | 650,000 | 325,000 |
| Limited Tax General Obligation Refunding Bonds, Series 2005 (debt issue split between governmental and business-type activities) * | | | | | | | |
| Amount of issue - \$9,450,000 | 4.00% | \$486,000- | | | | | |
| Maturing through 2020 | 4.50% | \$718,875 | 5,247,000 | - | (492,750) | 4,754,250 | 486,000 |
| Limited Tax General Obligation Bonds, Series 2011 | | | | | | | |
| Amount of issue - \$1,150,000 | 2.00% | \$75,000- | | | | | |
| Maturing through 2023 | 4.050% | \$125,000 | 1,150,000 | - | (75,000) | 1,075,000 | 75,000 |
| Limited Tax General Obligation Bonds, Series 2012 | | | | | | | |
| Amount Issued - \$1,000,000 | 2.00% | \$125,000 - | | | | | |
| Maturing Through 2019 | | \$175,000 | - | 1,000,000 | - | 1,000,000 | 125,000 |
| Limited Tax General Obligation Refunding Bonds, Series 2012 | | | | | | | |
| Amount Issued - \$14,005,000 | 3.0%- | \$20,000- | | | | | |
| Maturing through 2023 | 5.0% | \$1,955,000 | - | 14,005,000 | - | 14,005,000 | 20,000 |
| Unamortized premium on bonds | | | - | 2,639,037 | - | 2,639,037 | 239,912 |
| Deferred Amounts on Refunding | | | - | 1,245,000 | - | 1,245,000 | 113,182 |
| Special Assessment Bonds: | | | | | | | |
| 2004 Special Assessment Bond: | | | | | | | |
| Amount of issue - \$4,100,000 | 3.70%- | \$50,000 - | | | | | |
| Maturing through 2018 | 4.25% | \$400,000 | 1,700,000 | - | (400,000) | 1,300,000 | 400,000 |
| Installment Purchase Agreements: | | | | | | | |
| 2012 Energy | | | | | | | |
| Amount Issued - \$4,421,606 | | | | | | | |
| Maturing through 2027 | 2.995% | 50,171-225,532. | - | 4,421,606 | - | 4,421,606 | 50,171 |
| Total bond obligations | | | 28,457,320 | 23,310,643 | (17,700,937) | 34,067,026 | 3,131,714 |
| Other long-term obligations: | | | | | | | |
| Accumulated employee benefits** | | | 3,203,714 | 1,682,824 | (1,763,995) | 3,122,543 | 1,527,225 |
| Provision for uninsured losses** | | | 655,077 | - | (26,847) | 628,230 | 320,443 |
| Total other long-term obligations | | | 3,858,791 | 1,682,824 | (1,790,842) | 3,750,773 | 1,847,668 |
| Total governmental activities | | | 32,316,111 | 24,993,467 | (19,491,779) | 37,817,799 | 4,979,382 |

*The Series 2005 refunding bonds were used to refund bonds in the Business Type Activities as well as a portion of the Library Building Authority Bonds outstanding at the time, for which 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 with principal payments ranging from \$360,000 - \$475,000 annually through 2020 at interest rates ranging from 4.0-4.5% during the same period. 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 receivable for \$3,378,904 has been recorded at December 31, 2012.

**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.

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 7 - Long-term Debt (Continued)

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|----------------------|---------------|-----------------|-------------------|------------------------|
| Business-type Activities | | | | | | | |
| General Obligation Bonds: | | | | | | | |
| Building Authority Limited Tax GO Bonds: | | | | | | | |
| Amount of issue - \$3,890,000 | 3.55%- | \$432,552 | | | | | |
| Maturing through 2016 | 3.90% | \$168,873 | 1,614,680 | - | (411,813) | 1,202,867 | 432,552 |
| Limited Tax General Obligation Refunding Bonds, Series 2005 (debt issue split between governmental and business-type activities): * | | | | | | | |
| Amount of issue - \$9,450,000 | 4.00% | \$234,000- | | | | | |
| Maturing through 2020 | 4.50% | \$346,125 | 2,613,000 | - | (237,250) | 2,375,750 | 234,000 |
| Limited Tax General Obligation Refunding Bonds, Series 2006 (debt issue split between business-type and component unit activities): | | | | | | | |
| Amount of issue - \$1,360,000 | 4.00% | \$120,690 - | | | | | |
| Maturing through 2018 | | \$165,517 | 1,003,448 | - | (124,137) | 879,311 | 120,690 |
| Unamortized premium on bonds | | | 6,379 | - | (1,063) | 5,316 | 1,063 |
| Limited Tax General Obligation , Series 2007 | | | | | | | |
| Amount of issue - \$44,300,000 | 4.25%- | \$1,725,000 - | | | | | |
| Maturing through 2027 | 5.00% | \$3,415,000 | 38,665,000 | - | (1,650,000) | 37,015,000 | 1,725,000 |
| Unamortized premium on bonds | | | 890,171 | - | (57,123) | 833,048 | 57,123 |
| Total bonds and other contractual obligations | | | 44,792,678 | - | (2,481,386) | 42,311,292 | 2,570,428 |
| Other long-term obligations: | | | | | | | |
| Accumulated employee benefits | | | 141,308 | 96,936 | (97,850) | 140,394 | 80,014 |
| Provision for uninsured losses | | | 143,797 | - | (58,130) | 85,667 | 43,697 |
| Total other long-term obligations | | | 285,105 | 96,936 | (155,980) | 226,061 | 123,711 |
| Total business-type activities | | | 45,077,783 | 96,936 | (2,637,366) | 42,537,353 | 2,694,139 |
| Total governmental and business-type activities | | | \$ 77,393,894 | \$ 25,090,403 | \$ (22,129,145) | \$ 80,355,152 | \$ 7,673,521 |

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|----------------------|-----------|--------------|-------------------|------------------------|
| Component Unit | | | | | | | |
| General obligation bonds: | | | | | | | |
| 1999 Downtown Development Bonds: | | | | | | | |
| Amount of issue - \$1,500,000 | 4.50%- | | | | | | |
| Maturing through 2014 | 4.60% | \$150,000 | 450,000 | - | (150,000) | 300,000 | 150,000 |
| 2006 Downtown Development Bonds (debt issue split between business-type and component unit activities): | | | | | | | |
| Amount of issue - \$8,500,000 | 4.00%- | \$754,310 - | | | | | |
| Maturing through 2018 | | \$1,034,483 | 6,271,552 | - | (775,862) | 5,495,690 | 754,310 |
| Unamortized premium on bonds | | | 38,700 | - | (6,450) | 32,250 | 6,450 |
| Total component unit bond obligations | | | \$ 6,760,252 | \$ - | \$ (932,312) | \$ 5,827,940 | \$ 910,760 |

Charter Township of Canton

Notes to Financial Statements December 31, 2012

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 |
| 2013 | 2,778,620 | 1,083,884 | 3,862,504 | 2,512,242 | 1,945,256 | 4,457,498 | 904,310 | 215,091 | 1,119,401 |
| 2014 | 3,092,269 | 1,055,282 | 4,147,551 | 2,606,519 | 1,832,147 | 4,438,666 | 1,012,069 | 175,864 | 1,187,933 |
| 2015 | 2,610,579 | 945,244 | 3,555,823 | 2,466,267 | 1,719,600 | 4,185,867 | 862,069 | 137,931 | 1,000,000 |
| 2016 | 2,490,864 | 862,387 | 3,353,251 | 2,578,347 | 1,610,656 | 4,189,003 | 948,276 | 101,724 | 1,050,000 |
| 2017 | 2,537,371 | 782,989 | 3,320,360 | 2,531,267 | 1,493,521 | - | 1,034,483 | 62,069 | 1,096,552 |
| 2018-2022 | 12,753,087 | 2,386,891 | 15,139,978 | 13,288,267 | 5,531,170 | - | 1,034,483 | 20,690 | 1,055,173 |
| 2023-2027 | 3,920,199 | 242,740 | 4,162,939 | 5,490,019 | 2,013,750 | - | - | - | - |
| Total | <u>\$ 30,182,989</u> | <u>\$ 7,359,417</u> | <u>\$ 37,542,406</u> | <u>\$ 41,472,928</u> | <u>\$ 16,146,100</u> | <u>\$ 17,271,034</u> | <u>\$ 5,795,690</u> | <u>\$ 713,369</u> | <u>\$ 6,509,059</u> |

Defeased Debt - During the year, the City issued \$14,005,000 in general obligation bonds at a premium of \$2,639,037 with an average interest rate of 3.27 percent. The proceeds of these bonds were used to advance refund \$15,250,000 of 17,400,000 outstanding 2003 capital Improvement Bonds with an average interest rate of 4.11 percent. The net proceeds of \$16,470,922 million (after payment of \$173,115 in underwriting fees, insurance, and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the General Long-term Debt Account Group. The advance refunding reduced total debt service payments over the next eleven years by approximately \$1,245,000, which represents an economic gain of approximately \$1,312,998.

In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At December 31, 2012, \$22,375,000 of bonds outstanding is considered defeased.

Note 8 - Restricted Assets

The balance of restricted assets is as follows:

| | Governmental Activities | Business-type Activities | Total |
|-----------------------|----------------------------|-----------------------------|----------------------|
| Cash and equivalents: | | | |
| Unspent bond proceeds | <u>\$ 2,646,226</u> | <u>\$ 11,493,742</u> | <u>\$ 14,139,968</u> |
| Total | <u>\$ 2,646,226</u> | <u>\$ 11,493,742</u> | <u>\$ 14,139,968</u> |

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 9 - Risk Management

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

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

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

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

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

| | Year Ended December 31 | |
|--------------------------------------------------------------|------------------------|-------------------|
| | 2012 | 2011 |
| Estimated liability - Beginning of year | \$ 798,874 | \$ 837,565 |
| Estimated claims incurred, including changes in estimates | 260,949 | 356,838 |
| Claim payments, administration fees, and excess payments | <u>(345,926)</u> | <u>(395,529)</u> |
| Estimated liability - End of year | <u>\$ 713,897</u> | <u>\$ 798,874</u> |

Note 10 - Defined Contribution Retirement Plans

The Charter Township participates in two defined contribution plans whose plan provisions are authorized by Board resolution.

The first, the Charter Township of Canton Retirement Plan, 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 \$763,519 during the current year, and employees contributed \$254,508. This plan is closed to new participants.

All full-time employees hired after specific dates in 2009 in three of the Township's bargaining units are required to participate in a defined contribution plan administered by Municipal Employees' Retirement System of Michigan (MERS). The Charter Township contributes 5 percent of employees' gross earnings and employees contribute 3 percent of earnings. In accordance with these requirements, the Charter Township contributed \$24,869 during the current year, and employees contributed \$14,937.

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 some nonunion and union employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Municipal Employees' Retirement System of Michigan at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

The obligation to contribute to and maintain the MERS for these full-time employees was established by the Charter Township's board of trustees and requires a contribution from the employees of 5 percent to 6 percent of gross wages and a contribution from the employer ranging from 11.50 percent to 42.86 percent of participating employees' gross wages depending on their membership agreement. The contribution percentages are based on the original actuarial valuation as of December 31, 2010.

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 11 - Defined Benefit Pension Plan (Continued)

Annual Pension Cost

For the year ended December 31, 2012, the Charter Township's annual pension cost of \$3,025,566 for the plan was equal to the required and actual contribution. The 2012 annual required contribution was determined as part of the actuarial valuation as of December 31, 2010, 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 (1 percent for calendar years 2010-2014) per year plus percentage based on an age-related scale to reflect merit longevity and promotional salary increases, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 28 years.

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

| | Year Ended December 31 | | |
|-------------------------------|------------------------|--------------|--------------|
| | 2012 | 2011 | 2010 |
| Annual pension cost (APC) | \$ 3,025,566 | \$ 3,005,631 | \$ 3,243,309 |
| Percentage of APC contributed | 100% | 100% | 100% |
| Net pension obligation | \$ - | \$ - | \$ - |

| | December 31 | | |
|-----------------------------------------------|--------------------|---------------|---------------|
| | 2010 Supplemental* | 2010 | 2009 |
| Actuarial value of assets | \$ 63,798,032 | \$ 63,798,032 | \$ 59,343,842 |
| Actuarial accrued liability (AAL) (entry age) | \$ 85,428,916 | \$ 89,564,616 | \$ 85,292,742 |
| Unfunded AAL (UAAL) | \$ 21,630,884 | \$ 25,766,584 | \$ 25,948,900 |
| Funded ratio | 74.68% | 71.23% | 69.58% |
| Covered payroll | \$ 18,671,391 | \$ 18,671,391 | \$ 18,833,045 |
| UAAL as a percentage of covered payroll | 115.85% | 138.00% | 137.78% |

* Due to several changes in the system, such as reductions in multipliers and adjustments to employee and employer contributions, the Township requires and has requested a new actuarial valuation to be used in subsequent years. As of the date of this report, a 2011 valuation for the full system reflecting these changes was not available. 2010 supplemental valuation data has been received, which impacts contributions for the year ended December 31, 2013, and management has deemed to be the most reliable valuation data available.

Note 12 – Hybrid Pension Plan

All full-time Police Officer Association employees hired after May 1, 2011 are required to participate in a hybrid pension plan administered by Municipal Employees' Retirement System of Michigan (MERS). The hybrid pension plan is made up of two components: a defined benefit plan and defined contribution plan. Under the defined benefit plan, the Charter Township contributes 8.17% percent of employees' pensionable wages with no contribution from the employees. Under the defined contribution plan, the employees contribute 6 percent of their gross earnings with no employer contributions. In accordance with these requirements, the Charter Township contributed \$18,833 towards the defined benefit component, and employees contributed \$13,659 towards the defined contribution component of the plan for the year ended December 31, 2012.

Note 13 - Postemployment Benefits

Plan description - The Charter Township provides retiree health care benefits to eligible employees and their spouses. Benefits are provided to public safety and general employees. Currently, the plan has 458 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The Charter Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contributions required by the participants. The Charter Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

This is a single employer defined benefit health care plan administered by the Charter Township. The benefits are provided under collective bargaining agreements. The Charter Township has set aside advanced funding of this obligation in the Municipal Employees' Retirement System (MERS) Retiree Health Funding Vehicle (RHFV) which is held in a separate reserve but invested on a pooled basis by MERS with other governmental units. The balance as of December 31, 2012 in this restricted plan is \$4,002,401. Administrative costs are paid by the employer.

Funding policy - Three of the collective bargaining agreements require a contribution from employees hired after specific dates in 2009. Retiree health care costs are recognized when paid by the Charter Township on a "pay-as-you-go" basis. The Charter Township has no obligation to make contributions in advance of when the insurance premiums are due for payment; however as noted above, the Township has elected to make some discretionary advance contributions into the MERS RHFV. The General, Police and Fire funds contribute to liquidate the obligation.

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 13 - Postemployment Benefits (Continued)

Funding progress – For the year ended December 31, 2012 the Charter Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2010. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. This valuation's computed contribution and actual funding are summarized as follows:

| | |
|-----------------------------------------------------|-----------------------------|
| Annual required contribution (recommended) | \$ 6,145,465 |
| Interest on the prior year's net OPEB obligation | 638,354 |
| Less adjustment to the annual required contribution | <u>(471,009)</u> |
| Annual OPEB cost | \$ 6,312,810 |
| Amounts contributed: | |
| Payment of current premiums | (1,851,621) |
| Advance funding | <u>(1,200,000)</u> |
| Increase in net OPEB obligation | 3,261,189 |
| OPEB obligation - beginning of year | <u>10,639,228</u> |
| OPEB obligation - end of year | <u><u>\$ 13,900,417</u></u> |

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year and the two prior years is as follows:

| | Fiscal Year Ended December 31 | | |
|--------------------------------------|-------------------------------|--------------|--------------|
| | 2012 | 2011 | 2010 |
| Annual Required Contribution (ARC) | \$ 6,145,465 | \$ 4,619,949 | \$ 4,421,004 |
| Percentage of ARC contributed | 49.66% | 46.59% | 41.61% |
| Annual OPEB Costs | \$ 6,312,810 | \$ 4,756,317 | \$ 4,518,114 |
| Percentage of OPEB Costs contributed | 48.34% | 45.26% | 40.71% |
| Net OPEB obligation | \$13,900,417 | \$10,639,228 | \$ 8,035,485 |

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 13 - Postemployment Benefits (Continued)

The schedule of funding progress is as follows:

| | December 31 | | |
|----------------------------------|---------------|---------------|---------------|
| | 2010 | 2008 | 2006 |
| Actuarial value of assets | \$ 3,636,434 | \$ 2,534,126 | \$ 3,414,941 |
| Actuarial accrued liability | \$ 74,581,241 | \$ 56,325,080 | \$ 44,514,949 |
| Unfunded AAL | \$ 70,944,807 | \$ 53,790,954 | \$ 4,100,008 |
| Funded ratio | 4.88% | 4.50% | 7.67% |
| Annual covered payroll | \$ 18,671,391 | \$ 18,291,638 | \$ 16,252,352 |
| Ratio of UAAL to covered payroll | 379.97% | 294.07% | 25.23% |

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

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

In the December 31, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is set to equal fair market value. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, was twenty-eight years.

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 14 - Joint Venture

The Charter Township is a member of the Western Townships Utilities Authority (WTUA), which provides sewage disposal services to the residents of Canton, Northville, and Plymouth Townships. The participating communities provide annual funding for its operations. During the current year, the Charter Township paid approximately \$11,336,783 to WTUA for operations, debt, and capital. The Charter Township's equity interest is recorded within the Water and Sewer Fund. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, Michigan 48187.

The Charter Township is a member of the 35th District Court System, which provides judicial services to the Charter Township and various other surrounding communities. The Charter Township appoints one member to the joint venture's board, which then approves the annual budget. The Charter Township is unaware of any circumstances that would cause a benefit or burden to the participating governments in the near future. The Charter Township and various other surrounding communities agrees to become guarantors of bonds issued by the 35th District Courthouse Authority during 1999. There were bonds outstanding of \$1,945,000 at December 31, 2012, of which the Township guarantees 47 percent, or \$914,150. Complete financial statements for the Courthouse can be obtained from the administrative offices at 660 Plymouth Road, Plymouth, Michigan 48170.

Note 15 - Accounting and Reporting Changes

During the year, the Township adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Since the Township has no deferred outflows or inflows until adoption of GASB No. 65 (see Note 18), the impact of the adoption of GASB No. 63 on the Township only is a change in terminology, from "net assets" to "net position."

Charter Township of Canton

Notes to Financial Statements December 31, 2012

Note 16 – Fund Balance Constraints

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

| | General Fund | Fire Fund | Police Fund | Other Funds | Total |
|----------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Public Safety | \$ - | \$ 1,724,886 | \$ 2,298,241 | \$ - | \$ 4,023,127 |
| Street Lighting | - | - | - | 4,581 | 4,581 |
| 911 Service | - | - | - | 2,380,137 | 2,380,137 |
| Special Investigation | - | - | - | 811,755 | 811,755 |
| Neighborhood Stabilization | - | - | - | 601,936 | 601,936 |
| Capital projects - Roads | - | - | - | 771,404 | 771,404 |
| Capital projects - Energy Project | - | - | - | 1,608,223 | 1,608,223 |
| Cable TV | 112,149 | - | - | - | 112,149 |
| Assigned to: | | | | | |
| Community Center | 408,777 | - | - | - | 408,777 |
| Cable TV | 1,219,462 | - | - | - | 1,219,462 |
| Community Improvement | 615,909 | - | - | - | 615,909 |
| Debt Service | - | - | - | 145,551 | 145,551 |
| Subsequent year's budget (as adopted) | 1,447,421 | - | - | - | 1,447,421 |
| Encumbrances: infrastructure and other | 275,147 | - | - | - | 275,147 |
| Unassigned: | <u>3,870,951</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,870,951</u> |
| Total fund balances | <u>\$ 7,949,816</u> | <u>\$ 1,724,886</u> | <u>\$ 2,298,241</u> | <u>\$ 6,323,587</u> | <u>\$ 18,296,530</u> |

Note 17 – Change in Reporting Classification

During the current year, the Township engaged in a re-evaluation of the MERS Retiree Health Funding Vehicle activity that had been previously reported in the Township's financial statements as a fiduciary fund. As a result of this exercise, the Township determined that since MERS was in fact holding the plan assets, it no longer qualified for inclusion in the reporting unit of the Township, and therefore \$3,618,336 of assets held in trust were removed from the Township's financial statements as of the beginning of the year. Given this change, the remaining activity previously reported in the fiduciary fund did not meet the definition to continue to report as a fiduciary fund so the activity was moved to an internal service fund. The beginning of the year fund balance was restated as follows:

| | |
|-------------------------------------------------------|--------------|
| December 31, 2011 Fiduciary Fund Balance | \$ 3,806,114 |
| Removal of MERS investment | 3,618,336 |
| Beginning of year, as restated, Internal Service Fund | \$ 187,778 |

Note 17 – Change in Reporting Classification (continued)

This reporting of a change in the entity has been implemented by the Township pursuant to the provisions of GASB 62, which prescribes that accounting changes that result in financial statements that are, in effect, the statements of a different reporting entity should be reported by restating the financial statements of all prior periods presented in order to show financial information for the new reporting entity for all periods.

Note 18 - Upcoming Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement 14 and Statement 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the Statement also clarifies the reporting of equity interests in legally separate organizations. The Township is currently evaluating the impact this standard will have on the financial statements when adopted, during the Township's 2013 fiscal year.

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the Township as of December 31, 2013.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ended December 31, 2015

Required Supplemental Information

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Charter Township of Canton

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2012

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|------------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Property taxes | \$ 7,393,100 | \$ 7,665,100 | \$ 7,839,343 | \$ 174,243 |
| Licenses and permits | 952,550 | 1,421,300 | 1,505,973 | 84,673 |
| Federal sources | 58,572 | 58,572 | 12,318 | (46,254) |
| State sources | 4,990,000 | 6,648,325 | 6,849,258 | 200,933 |
| Charges for services | 2,672,725 | 2,608,520 | 2,727,128 | 118,608 |
| Fines and forfeitures | 100,000 | 150,000 | 310,338 | 160,338 |
| Administration charges | 3,789,885 | 3,789,885 | 3,744,554 | (45,331) |
| Leases and rentals | 866,600 | 845,600 | 834,176 | (11,424) |
| Contributions and donations | 24,000 | 25,200 | 122,242 | 97,042 |
| Other revenues | 242,100 | 297,659 | 401,538 | 103,879 |
| Transfers in | 803,118 | 803,118 | 803,106 | (12) |
| Fund balance appropriation | 2,493,396 | 2,485,207 | - | (2,485,207) |
| Total Revenues: | <u>\$ 24,386,046</u> | <u>\$ 26,798,486</u> | <u>\$ 25,149,974</u> | <u>\$ (1,648,512)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | \$ 7,561,253 | \$ 8,020,616 | \$ 7,518,350 | \$ 502,266 |
| Public safety | 1,326,933 | 1,286,982 | 1,302,774 | (15,792) |
| Public works | 6,171,048 | 5,586,150 | 5,083,788 | 502,362 |
| Health and welfare | 482,000 | 482,000 | 438,328 | 43,672 |
| Community and economic development | 1,051,699 | 938,025 | 855,831 | 82,194 |
| Recreation and culture | 7,016,376 | 6,919,301 | 6,407,290 | 512,011 |
| Capital outlay | 170,000 | 270,751 | 216,088 | 54,663 |
| Transfers out | 606,737 | 3,294,661 | 3,294,661 | - |
| Transfer to fund balance | - | - | 32,864 | (32,864) |
| Total Expenditures: | <u>\$ 24,386,046</u> | <u>\$ 26,798,486</u> | <u>\$ 25,149,974</u> | <u>\$ 1,648,512</u> |

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

Charter Township of Canton

| | Fire | | | Variance with Final Budget - Positive (Negative) |
|-----------------------------|--------------------------------|-----------------------------|----------------------------|-----------------------------------------------------------|
| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | |
| Revenues | | | | |
| Property taxes | \$ 9,023,221 | \$ 9,273,221 | \$ 9,386,781 | \$ 113,560 |
| Licenses and permits | - | - | - | - |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Charges for services | 1,251,000 | 1,251,000 | 1,309,282 | 58,282 |
| Fines and forfeitures | - | - | - | - |
| Contributions and donations | - | - | - | - |
| Other revenues | 60,300 | 60,300 | 70,536 | 10,236 |
| Transfers in | - | - | - | - |
| Fund balance appropriation | <u>876,660</u> | <u>1,119,454</u> | <u>557,636</u> | <u>(561,818)</u> |
| Total Revenues: | <u>\$11,211,181</u> | <u>\$11,703,975</u> | <u>\$11,324,235</u> | <u>\$ (379,740)</u> |
| Expenditures | | | | |
| Public safety | \$ 10,638,344 | \$ 10,631,138 | \$ 10,251,080 | \$ 380,058 |
| Capital outlay | - | - | - | - |
| Debt principal payments | 512,391 | 512,391 | 512,391 | - |
| Interest and fiscal charges | 60,446 | 60,446 | 60,764 | (318) |
| Transfers out | - | 500,000 | 500,000 | - |
| Transfer to fund balance | - | - | - | - |
| Total Expenditures: | <u>\$11,211,181</u> | <u>\$11,703,975</u> | <u>\$11,324,235</u> | <u>\$ 379,740</u> |

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Year Ended December 31, 2012

| Police | | | |
|--------------------------------|-----------------------------|----------------------|-----------------------------------------------------------|
| Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
| \$ 14,297,133 | \$ 14,797,133 | \$ 15,061,543 | \$ 264,410 |
| 9,500 | 9,500 | 14,804 | 5,304 |
| 45,300 | 313,300 | 319,950 | 6,650 |
| 18,000 | 18,000 | 48,153 | 30,153 |
| 111,500 | 111,500 | 136,085 | 24,585 |
| 51,000 | 68,000 | 66,878 | (1,122) |
| 2,000 | 17,000 | 11,730 | (5,270) |
| 124,200 | 179,200 | 279,247 | 100,047 |
| 500,000 | 500,000 | - | (500,000) |
| 565,866 | - | - | - |
| <u>\$ 15,724,499</u> | <u>\$ 16,013,633</u> | <u>\$ 15,938,390</u> | <u>\$ (75,243)</u> |
| \$ 15,511,853 | \$ 15,565,987 | \$ 15,340,880 | \$ 225,107 |
| 133,000 | 130,500 | 138,999 | (8,499) |
| 70,797 | 70,797 | 70,797 | - |
| 8,849 | 8,849 | 8,860 | (11) |
| - | - | - | - |
| - | 237,500 | 378,854 | (141,354) |
| <u>\$ 15,724,499</u> | <u>\$ 16,013,633</u> | <u>\$ 15,938,390</u> | <u>\$ 75,243</u> |

Charter Township of Michigan

Note to Required Supplemental Information December 31, 2012

Note - Budgetary Information

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

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

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

| | Budget Statement | Transfer to/ Appropriation of Fund Balance | Grant Proceeds and Expense | Bond Proceeds and Premium | Transfers | Operating Statement |
|-----------------------------------|---------------------|--------------------------------------------------|----------------------------------|---------------------------------|--------------|------------------------|
| General Fund | \$ 25,149,974 | \$ - | \$ - | \$ - | \$ (803,106) | \$ 24,346,868 |
| Community Center | 2,610,750 | - | - | - | (620,162) | 1,990,588 |
| Cable TV | 1,592,988 | - | - | - | - | 1,592,988 |
| Public Improvement | 89,127 | - | - | - | (82,186) | 6,941 |
| Community Improvement | 18,380,459 | - | - | (16,644,037) | (921,951) | 814,471 |
| | 47,823,298 | - | - | (16,644,037) | (2,427,405) | 28,751,856 |
| GASB 54 Eliminations | | | | | | (848,492) |
| General Fund - Total revenues | | | | | | 27,903,364 |
| General Fund | 25,149,974 | (32,864) | - | - | (3,294,661) | 21,822,449 |
| Community Center | 2,610,750 | (87,938) | - | - | - | 2,522,812 |
| Cable TV | 1,592,988 | (114,055) | - | - | (800,000) | 678,933 |
| Public Improvement | 89,127 | (89,127) | - | - | - | - |
| Community Improvement | 18,380,459 | (55,537) | - | (16,470,922) | - | 1,854,000 |
| | 47,823,298 | (379,521) | - | (16,470,922) | (4,094,661) | 26,878,194 |
| GASB 54 Eliminations | | | | | | (848,492) |
| General Fund - Total expenditures | | | | | | 26,029,702 |
| Fire Fund - Total revenues | 11,324,235 | (557,636) | - | - | - | 10,766,599 |
| Fire Fund - Total expenditures | 11,324,235 | - | - | - | (500,000) | 10,824,235 |
| Police Fund - Total revenues | 15,938,390 | - | 150,781 | - | - | 16,089,171 |
| Police Fund - Total expenditures | 15,938,390 | (378,854) | 150,781 | - | - | 15,710,317 |

Charter Township of Michigan

Note to Required Supplemental Information December 31, 2012

Note - Budgetary Information (Continued)

The GASB 54 Eliminations is due to eliminations for financial statement purposes to prevent charges between the funds overstating the operations. It consists of \$848,492 of indirect costs paid between the combining funds.

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

- Prior to the last Friday in August, the Charter Township Supervisor submits to the board of trustees (the “Board”) a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted in September to obtain taxpayer comments.
- The budget is legally adopted by the Board through adoption of the appropriation ordinance. According to State law, the budget must be adopted by December 31. For the 2012 budget year, the Township adopted a budget for the special assessment debt service fund which called for the use of fund balance in excess of what was available in that fund as of the beginning of 2012, effectively creating a budgeted deficit.

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions, commitments or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. The amount of encumbrances outstanding at year end is \$2,636,559. Additionally, the Township did not have any significant expenditure budget variances.

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

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Other Supplemental Information

Charter Township of Canton

| | Nonmajor Special Revenue Funds | | | |
|---------------------------------------------|--------------------------------|---------------------|-----------------------|-------------------|
| | Street Lighting | 911 Service | Special Investigation | CDBG |
| Assets | | | | |
| Cash and cash equivalents | \$ 225,864 | \$ 1,141,793 | \$ 910,468 | \$ 92,248 |
| Investments | - | 858,531 | - | - |
| Receivables, net: | | | | |
| Special assessments | 111,212 | - | - | - |
| Accrued interest and other receivables | - | 1,429 | - | - |
| Due from other funds | - | 500,000 | - | - |
| Due from other governmental units | - | - | 31,635 | 111,073 |
| Inventories | - | - | - | - |
| Restricted assets | - | - | - | - |
| Total Assets: | \$ 337,076 | \$ 2,501,753 | \$ 942,103 | \$ 203,321 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 23,633 | \$ 121,616 | \$ 92,847 | \$ 49,698 |
| Accrued and other liabilities | - | - | 17,520 | - |
| Due to other funds | - | - | 254 | 153,623 |
| Due to other governmental units | - | - | 19,727 | - |
| Deferred revenue: | | | | |
| Special assessments | 308,862 | - | - | - |
| Property taxes and other | - | - | - | - |
| Total Liabilities: | 332,495 | 121,616 | 130,348 | 203,321 |
| Fund Balances: | | | | |
| Restricted | 4,581 | 2,380,137 | 811,755 | - |
| Assigned | - | - | - | - |
| Total Fund Balances: | 4,581 | 2,380,137 | 811,755 | - |
| Total Liabilities and Fund Balances: | \$ 337,076 | \$ 2,501,753 | \$ 942,103 | \$ 203,321 |

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

| Nonmajor Special Revenue Funds | | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | | Total Nonmajor Governmental Funds |
|--------------------------------|---------------------|---------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|
| Neighborhood Stabilization | Total | Special Assessment Debt Service | Capital Projects - Roads | Capital Projects - Energy Project | |
| \$ 145,889 | \$ 2,516,262 | \$ 216,223 | \$ - | \$ - | \$ 2,732,485 |
| - | 858,531 | - | - | - | 858,531 |
| - | 111,212 | 3,242,157 | 114,202 | - | 3,467,571 |
| - | 1,429 | 44,542 | - | - | 45,971 |
| - | 500,000 | 600,000 | 503,178 | - | 1,603,178 |
| - | 142,708 | - | - | - | 142,708 |
| 601,900 | 601,900 | - | - | - | 601,900 |
| - | - | - | 519,925 | 2,126,301 | 2,646,226 |
| \$ 747,789 | \$ 4,732,042 | \$ 4,102,922 | \$ 1,137,305 | \$ 2,126,301 | \$ 12,098,570 |
| | | | | | |
| \$ 98,176 | \$ 385,970 | \$ - | \$ 1,979 | \$ 518,078 | \$ 906,027 |
| - | 17,520 | - | - | - | 17,520 |
| 29,417 | 183,294 | 935,818 | 259,237 | - | 1,378,349 |
| - | 19,727 | - | - | - | 19,727 |
| - | 308,862 | 3,021,553 | 104,685 | - | 3,435,100 |
| 18,260 | 18,260 | - | - | - | 18,260 |
| 145,853 | 933,633 | 3,957,371 | 365,901 | 518,078 | 5,774,983 |
| | | | | | |
| 601,936 | 3,798,409 | - | 771,404 | 1,608,223 | 6,178,036 |
| - | - | 145,551 | - | - | 145,551 |
| 601,936 | 3,798,409 | 145,551 | 771,404 | 1,608,223 | 6,323,587 |
| \$ 747,789 | \$ 4,732,042 | \$ 4,102,922 | \$ 1,137,305 | \$ 2,126,301 | \$ 12,098,570 |

Charter Township of Canton

| | Nonmajor Special Revenue Funds | | | |
|------------------------------------------------------------|--------------------------------|---------------------|-----------------------|----------------|
| | Street Lighting | 911 Service | Special Investigation | CDBG |
| Revenues | | | | |
| Federal sources | \$ - | \$ - | \$ 170,824 | \$ 262,371 |
| State sources | - | - | 383,575 | - |
| Charges for services | - | 697,646 | - | - |
| Fines and forfeitures | - | - | 23,552 | - |
| Special assessments | 240,272 | - | - | - |
| Contributions and donations | - | - | 30,948 | - |
| Other revenues | 1,206 | 16,699 | 19,217 | - |
| Total Revenues: | 241,478 | 714,345 | 628,116 | 262,371 |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | - | 76,964 | 652,281 | - |
| Public works | 276,163 | - | - | - |
| Community and economic development | - | - | - | 262,371 |
| Capital outlay: | | | | |
| Capital outlay | - | 1,714,305 | - | - |
| Debt service: | | | | |
| Principal payments | - | - | - | - |
| Interest and fiscal charges | - | 41,790 | - | - |
| Total Expenditures: | 276,163 | 1,833,059 | 652,281 | 262,371 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures: | (34,685) | (1,118,714) | (24,165) | - |
| Other Financing Sources (Uses) | | | | |
| Bond proceeds - face amount | - | 1,000,000 | - | - |
| Premium on bond issuance | - | 5,772 | - | - |
| Transfers in | - | 500,000 | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | 1,505,772 | - | - |
| Net Change in Fund Balances | (34,685) | 387,058 | (24,165) | - |
| Fund Balances - Beginning | 39,266 | 1,993,079 | 835,920 | - |
| Fund Balances - Ending: | \$ 4,581 | \$ 2,380,137 | \$ 811,755 | \$ - |

**Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2012**

| Nonmajor Special Revenue Funds | | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | | Nonmajor Governmental Funds |
|--------------------------------|---------------------|---------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------|
| Neighborhood Stabilization | Total | Special Assessment Debt Service | Capital Projects - Roads | Capital Projects - Energy Project | |
| \$ 592,170 | \$ 1,025,365 | \$ - | \$ - | \$ - | \$ 1,025,365 |
| - | 383,575 | - | - | - | 383,575 |
| - | 697,646 | - | - | - | 697,646 |
| - | 23,552 | - | - | - | 23,552 |
| - | 240,272 | 507,468 | 41,649 | - | 789,389 |
| - | 30,948 | - | - | - | 30,948 |
| - | 37,122 | 80,619 | 9,093 | 4,443 | 131,277 |
| <u>592,170</u> | <u>2,438,480</u> | <u>588,087</u> | <u>50,742</u> | <u>4,443</u> | <u>3,081,752</u> |
| - | 729,245 | - | - | - | 729,245 |
| - | 276,163 | - | 31,294 | - | 307,457 |
| 1,106,792 | 1,369,163 | - | - | - | 1,369,163 |
| - | 1,714,305 | - | 259,642 | 2,794,626 | 4,768,573 |
| - | - | 400,000 | - | - | 400,000 |
| - | 41,790 | 56,800 | - | 23,200 | 121,790 |
| <u>1,106,792</u> | <u>4,130,666</u> | <u>456,800</u> | <u>290,936</u> | <u>2,817,826</u> | <u>7,696,228</u> |
| <u>(514,622)</u> | <u>(1,692,186)</u> | <u>131,287</u> | <u>(240,194)</u> | <u>(2,813,383)</u> | <u>(4,614,476)</u> |
| - | 1,000,000 | - | - | 4,421,606 | 5,421,606 |
| - | 5,772 | - | - | - | 5,772 |
| - | 500,000 | - | - | - | 500,000 |
| - | - | (3,106) | - | - | (3,106) |
| - | 1,505,772 | (3,106) | - | 4,421,606 | 5,924,272 |
| (514,622) | (186,414) | 128,181 | (240,194) | 1,608,223 | 1,309,796 |
| 1,116,558 | 3,984,823 | 17,370 | 1,011,598 | - | 5,013,791 |
| <u>\$ 601,936</u> | <u>\$ 3,798,409</u> | <u>\$ 145,551</u> | <u>\$ 771,404</u> | <u>\$ 1,608,223</u> | <u>\$ 6,323,587</u> |

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended December 31, 2012

Special Revenue Fund – Community Center*

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|----------------------------|-----------------------------------|-----------------------------|----------------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Administration charges | \$ 529,974 | \$ 529,974 | \$ 522,112 | \$ (7,862) |
| Leases and rentals | 126,500 | 170,600 | 155,222 | (15,378) |
| Summit recreation fees | 1,305,500 | 1,289,500 | 1,300,278 | 10,778 |
| Other revenues | 7,000 | 7,000 | 12,976 | 5,976 |
| Transfers in | 572,288 | 620,162 | 620,162 | - |
| Total Revenues: | <u>\$ 2,541,262</u> | <u>\$ 2,617,236</u> | <u>\$ 2,610,750</u> | <u>\$ (6,486)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Recreation and culture | \$ 2,509,303 | \$ 2,580,651 | \$ 2,522,812 | \$ 57,839 |
| Capital outlay | 31,959 | 36,585 | - | 36,585 |
| Transfer to fund balance | - | - | 87,938 | (87,938) |
| Total Expenditures: | <u>\$ 2,541,262</u> | <u>\$ 2,617,236</u> | <u>\$ 2,610,750</u> | <u>\$ 6,486</u> |

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

Special Revenue Fund - Street Lighting

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------------------|-----------------------------------|-----------------------------|--------------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Special assessments | \$ 278,645 | \$ 278,645 | \$ 240,272 | \$ (38,373) |
| Contributions and donations | 15,000 | 15,000 | - | (15,000) |
| Other revenues | 2,300 | 2,300 | 1,206 | (1,094) |
| Fund balance appopriation | - | - | 34,685 | 34,685 |
| Total Revenues: | <u>\$ 295,945</u> | <u>\$ 295,945</u> | <u>\$ 276,163</u> | <u>\$ (19,782)</u> |
| Expenditures - Current expenditures | | | | |
| Public works | \$ 283,970 | \$ 283,970 | \$ 276,163 | \$ 7,807 |
| Transfer to fund balance | 11,975 | 11,975 | - | 11,975 |
| Total Expenditures: | <u>\$ 295,945</u> | <u>\$ 295,945</u> | <u>\$ 276,163</u> | <u>\$ 19,782</u> |

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2012

Special Revenue Fund – Cable TV*

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|----------------------------|-----------------------------------|-----------------------------|---------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Royalties | \$ 1,320,000 | \$ 1,320,000 | \$ 1,589,126 | \$ 269,126 |
| Other revenues | 11,000 | 11,000 | 3,862 | (7,138) |
| Fund balance appropriation | 261,871 | 262,071 | - | (262,071) |
| Total Revenues: | <u>\$ 1,592,871</u> | <u>\$ 1,593,071</u> | <u>\$ 1,592,988</u> | <u>\$ (83)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 792,871 | 793,071 | 678,933 | 114,138 |
| Transfers out | 800,000 | 800,000 | 800,000 | - |
| Transfer to fund balance | - | - | 114,055 | (114,055) |
| Total Expenditures: | <u>\$ 1,592,871</u> | <u>\$ 1,593,071</u> | <u>\$ 1,592,988</u> | <u>\$ 83</u> |

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

Special Revenue Fund – 911 Service

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------------------|-----------------------------------|-----------------------------|---------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Charges for services | \$ 405,166 | \$ 560,166 | \$ 697,646 | \$ 137,480 |
| Other revenues | 22,500 | 22,500 | 16,699 | (5,801) |
| Bond Proceeds - face amount | - | 1,000,000 | 1,000,000 | - |
| Premium on bond issuance | - | - | 5,772 | 5,772 |
| Transfers In | - | 500,000 | 500,000 | - |
| Fund balance appropriation | 253,534 | 523,534 | - | (523,534) |
| Total Revenues: | <u>\$ 681,200</u> | <u>\$ 2,606,200</u> | <u>\$ 2,220,117</u> | <u>\$ (386,083)</u> |
| Expenditures - Current expenditures | | | | |
| Public Safety | \$ 181,200 | \$ 181,200 | \$ 76,964 | \$ 104,236 |
| Capital outlay | - | 1,883,209 | 1,714,305 | 168,904 |
| Interest and fiscal charges | - | 41,791 | 41,790 | 1 |
| Transfers out | 500,000 | 500,000 | - | 500,000 |
| Transfer to fund balance | - | - | 387,058 | (387,058) |
| Total Expenditures: | <u>\$ 681,200</u> | <u>\$ 2,606,200</u> | <u>\$ 2,220,117</u> | <u>\$ 386,083</u> |

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2012

Special Revenue Fund – Public Improvement*

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|----------------------------|-----------------------------------|-----------------------------|------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Other revenues | \$ 51,000 | \$ 51,000 | \$ 6,941 | \$ (44,059) |
| Transfers in | - | 82,186 | 82,186 | - |
| Fund balance appropriation | 349,000 | - | - | - |
| Total Revenues: | <u>\$ 400,000</u> | <u>\$ 133,186</u> | <u>\$ 89,127</u> | <u>\$ (44,059)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transfers out | \$ 400,000 | \$ - | \$ - | \$ - |
| Transfer to fund balance | - | 133,186 | 89,127 | 44,059 |
| Total Expenditures: | <u>\$ 400,000</u> | <u>\$ 133,186</u> | <u>\$ 89,127</u> | <u>\$ 44,059</u> |

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

Special Revenue Fund – Community Improvement*

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|-----------------------------------|-----------------------------|----------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Federal sources | \$ - | \$ - | \$ 35,882 | \$ 35,882 |
| State sources | - | - | (42,144) | (42,144) |
| Royalties | 875,000 | 750,000 | 766,997 | 16,997 |
| Contributions and donations | - | 50,000 | 40,531 | (9,469) |
| Other revenues | 11,600 | 11,600 | 13,205 | 1,605 |
| Transfers in | - | 921,951 | 921,951 | - |
| Bond Proceeds - face amount | - | 14,005,000 | 14,005,000 | - |
| Premium on bond issuance | - | 2,639,037 | 2,639,037 | - |
| Fund balance appropriation | 1,036,951 | 152,471 | - | (152,471) |
| Total Revenues: | <u>\$ 1,923,551</u> | <u>\$ 18,530,059</u> | <u>\$ 18,380,459</u> | <u>\$ (149,600)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public works | \$ 30,000 | \$ 11,690 | \$ 11,690 | \$ - |
| Capital outlay | 240,000 | 220,781 | 15,942 | 204,839 |
| Principal payments | 900,000 | 900,000 | 900,000 | - |
| Interest and fiscal charges | 753,551 | 926,666 | 926,368 | 298 |
| Payment to refunded bond escrow agent | - | 16,470,922 | 16,470,922 | - |
| Transfer to fund balance | - | - | 55,537 | (55,537) |
| Total Expenditures: | <u>\$ 1,923,551</u> | <u>\$ 18,530,059</u> | <u>\$ 18,380,459</u> | <u>\$ 149,600</u> |

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

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2012

Special Revenue Fund – Special Investigation

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|-------------------------------------|-----------------------------------|-----------------------------|-------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Federal sources | \$ 90,000 | \$ 90,000 | \$ 170,824 | \$ 80,824 |
| State sources | 434,179 | 434,179 | 383,575 | (50,604) |
| Fines and forfeitures | 25,000 | 25,000 | 23,552 | (1,448) |
| Contributions and donations | 5,000 | 5,000 | 30,948 | 25,948 |
| Other revenues | 16,450 | 16,450 | 19,217 | 2,767 |
| Fund balance appropriation | 328,541 | 328,541 | 24,165 | (304,376) |
| Total Revenues: | <u>\$ 899,170</u> | <u>\$ 899,170</u> | <u>\$ 652,281</u> | <u>\$ (246,889)</u> |
| Expenditures - Public safety | <u>\$ 899,170</u> | <u>\$ 899,170</u> | <u>\$ 652,281</u> | <u>\$ 246,889</u> |

Special Revenue Fund – CDBG

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------------------------------------|-----------------------------------|-----------------------------|-------------------|-----------------------------------------------------------|
| Revenues - Federal sources | <u>\$ 379,836</u> | <u>\$ 379,836</u> | <u>\$ 262,371</u> | <u>\$ (117,465)</u> |
| Expenditures - Community and economic development | <u>\$ 379,836</u> | <u>\$ 379,836</u> | <u>\$ 262,371</u> | <u>\$ 117,465</u> |

Special Revenue Fund – Energy Grant

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|-----------------------------------|-----------------------------|-------------|-----------------------------------------------------------|
| Revenues - Federal sources | <u>\$ -</u> | <u>\$ 78,403</u> | <u>\$ -</u> | <u>\$ (78,403)</u> |
| Expenditures - Capital Outlay | <u>\$ -</u> | <u>\$ 78,403</u> | <u>\$ -</u> | <u>\$ 78,403</u> |

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2012

Special Revenue Fund – Neighborhood Stabilization

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------------------------------------|-----------------------------------|-----------------------------|---------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Federal sources | \$ - | \$ 1,314,744 | \$ 592,170 | \$ (722,574) |
| Fund balance appropriation | - | - | 514,622 | 514,622 |
| Total Revenues: | <u>\$ -</u> | <u>\$ 1,314,744</u> | <u>\$ 1,106,792</u> | <u>\$ (207,952)</u> |
| | | | | |
| Expenditures - Community and economic development | <u>\$ -</u> | <u>\$ 1,314,744</u> | <u>\$ 1,106,792</u> | <u>\$ 207,952</u> |

Debt Service Fund – Special Assessment Debt Service

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|-----------------------------|-----------------------------------|-----------------------------|-------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Special assessments | \$ 317,896 | \$ 317,896 | \$ 507,468 | \$ 189,572 |
| Other revenues | 50,747 | 50,747 | 80,619 | 29,872 |
| Fund balance appropriation | 91,275 | 91,275 | - | (91,275) |
| Total Revenues: | <u>\$ 459,918</u> | <u>\$ 459,918</u> | <u>\$ 588,087</u> | <u>\$ 128,169</u> |
| | | | | |
| Expenditures | | | | |
| Debt principal payments | \$ 400,000 | \$ 400,000 | \$ 400,000 | \$ - |
| Interest and fiscal charges | 56,800 | 56,800 | 56,800 | - |
| Transfers out | 3,118 | 3,118 | 3,106 | 12 |
| Transfer to fund balance | - | - | 128,181 | (128,181) |
| Total Expenditures: | <u>\$ 459,918</u> | <u>\$ 459,918</u> | <u>\$ 588,087</u> | <u>\$ (128,169)</u> |

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2012

Capital Projects Fund – Capital Projects – Roads

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------------------|-----------------------------------|-----------------------------|-------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Special assessments | \$ - | \$ - | \$ 41,649 | \$ 41,649 |
| Other revenues | 3,000 | 3,000 | 9,093 | 6,093 |
| Fund balance appropriation | - | 667,428 | 240,194 | (427,234) |
| Total Revenues: | <u>\$ 3,000</u> | <u>\$ 670,428</u> | <u>\$ 290,936</u> | <u>\$ (379,492)</u> |
| Expenditures - Current expenditures | | | | |
| Public works | \$ - | \$ 37,778 | \$ 31,294 | \$ 6,484 |
| Capital outlay | - | 632,650 | 259,642 | 373,008 |
| Transfer to fund balance | 3,000 | - | - | - |
| Total Expenditures: | <u>\$ 3,000</u> | <u>\$ 670,428</u> | <u>\$ 290,936</u> | <u>\$ 379,492</u> |

Capital Projects Fund – Capital Projects – Energy Project

| | Original Budget (unaudited) | Final Budget (unaudited) | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------------------|-----------------------------------|-----------------------------|---------------------|-----------------------------------------------------------|
| Revenues | | | | |
| Other revenues | \$ - | \$ - | \$ 4,443 | \$ 4,443 |
| Bond proceeds - face amount | - | 4,421,606 | 4,421,606 | - |
| Total Revenues: | <u>\$ -</u> | <u>\$ 4,421,606</u> | <u>\$ 4,426,049</u> | <u>\$ 4,443</u> |
| Expenditures - Current expenditures | | | | |
| Capital outlay | \$ - | \$ 4,398,406 | \$ 2,794,626 | \$ 1,603,780 |
| Interest and fiscal charges | - | 23,200 | 23,200 | - |
| Transfer to fund balance | - | - | 1,608,223 | (1,608,223) |
| Total Expenditures: | <u>\$ -</u> | <u>\$ 4,421,606</u> | <u>\$ 4,426,049</u> | <u>\$ (4,443)</u> |

Charter Township of Canton

Other Supplemental Information Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2012

| | Agency Funds | | | |
|------------------------------------------------------|-------------------------------|------------------------------|------------------------------|----------------------------|
| | Balance January 1, 2012 | Additions | Deletions | |
| <u>Tax Collections</u> | | | | |
| Assets - Cash and cash equivalents | <u>\$ 8,855,107</u> | <u>\$ 135,460,405</u> | <u>\$ 141,829,990</u> | <u>\$ 2,485,522</u> |
| Liabilities - Due to other governmental units | <u>\$ 8,855,107</u> | <u>\$ 98,735,054</u> | <u>\$ 105,104,639</u> | <u>\$ 2,485,522</u> |
| <u>Other Agency Funds</u> | | | | |
| Assets - Cash and cash equivalents | <u>\$ 347,573</u> | <u>\$ 661,196</u> | <u>\$ 519,910</u> | <u>\$ 488,859</u> |
| Liabilities | | | | |
| Accounts payable | \$ 4,265 | \$ 371,561 | \$ 358,518 | \$ 17,308 |
| Cash bonds and deposits | <u>343,308</u> | <u>580,882</u> | <u>452,639</u> | <u>471,551</u> |
| Total liabilities | <u>\$ 347,573</u> | <u>\$ 952,443</u> | <u>\$ 811,157</u> | <u>\$ 488,859</u> |
| <u>Total Agency Funds</u> | | | | |
| Assets - Cash and cash equivalents | <u>\$ 9,202,680</u> | <u>\$ 136,121,601</u> | <u>\$ 142,349,900</u> | <u>\$ 2,974,381</u> |
| Liabilities | | | | |
| Accounts payable | \$ 4,265 | \$ 371,561 | \$ 358,518 | \$ 17,308 |
| Cash bonds and deposits | <u>343,308</u> | <u>580,882</u> | <u>452,639</u> | <u>471,551</u> |
| Due to other governmental funds | <u>8,855,107</u> | <u>98,735,054</u> | <u>105,104,639</u> | <u>2,485,522</u> |
| Total liabilities | <u>\$ 9,202,680</u> | <u>\$ 99,687,497</u> | <u>\$ 105,915,796</u> | <u>\$ 2,974,381</u> |

Charter Township of Canton

Component Units Balance Sheet December 31, 2012

| | Downtown Development Authority |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Assets | |
| Cash and cash equivalents (Note 3) | \$ 2,866,102 |
| Receivables, net, property taxes | 1,438,195 |
| Total Assets: | <u>\$ 4,304,297</u> |
| Liabilities and Fund Balances | |
| Liabilities: | |
| Accounts payable | \$ 63,366 |
| Accrued and other liabilities | 5,212 |
| Due to other governmental units | 167,285 |
| Deferred revenue, property taxes (Note 5) | 2,088,768 |
| Total Liabilities: | <u>2,324,631</u> |
| Fund Balances: | |
| Unassigned | <u>1,979,666</u> |
| Total Fund Balances: | <u>1,979,666</u> |
| Total Liabilities and Fund Balances: | <u>\$ 4,304,297</u> |
| Total fund balances for component units | 1,979,666 |
| Amounts reported for component units in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds | 15,864,888 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds | (5,827,940) |
| Bond issuance costs are capitalized and included in governmental activities and are not reported in the funds. | 27,158 |
| Interest amounts on long-term liabilities are not payable until due in the funds | <u>(19,466)</u> |
| Total net position for component units | <u>\$ 12,024,306</u> |

Charter Township of Canton

Component Units Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended December 31, 2012

| | Downtown Development Authority |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Revenues | |
| Property taxes | \$ 2,023,079 |
| Other revenues | <u>130,793</u> |
| Total Revenues: | <u>2,153,872</u> |
| Expenditures | |
| Current: | |
| Community and economic development | 1,021,353 |
| Capital outlay | 207,213 |
| Debt service: | |
| Principal payments | 925,862 |
| Interest and fiscal charges | <u>253,005</u> |
| Total Expenditures: | <u>2,407,433</u> |
| Net Change in Fund Balances | (253,561) |
| Fund Balances - Beginning | <u>2,233,227</u> |
| Fund Balances - Ending: | <u><u>\$ 1,979,666</u></u> |
| Net change in fund balances of component units | (253,561) |
| Amounts reported for component units in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures (\$207,213); in the statement of activities, these costs are allocated over their estimated useful lives as depreciation (\$650,544) | (443,331) |
| 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) | 926,880 |
| Accrued interest is an expenditure in the statement of activities, but not in the governmental funds | <u>3,150</u> |
| Change in net position of component units | <u><u>\$ 233,138</u></u> |

Statistical Section

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Charter Township of Canton

Description of Statistical Section

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

Contents

The statistical section is organized into the following main categories:

Financial Trends:

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

Revenue Capacity:

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

Debt Capacity:

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

Demographic and Economic Information:

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

Operating Information:

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

Sources:

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Charter Township of Canton

| | Fiscal Year Ended December 31 | | | |
|--------------------------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 42,163,530 | \$ 41,737,768 | \$ 45,205,467 | \$ 47,200,269 |
| Restricted | 12,080,313 | 13,689,720 | 11,679,740 | 15,686,011 |
| Unrestricted | <u>17,409,745</u> | <u>15,589,584</u> | <u>22,048,490</u> | <u>16,329,584</u> |
| Total net assets | 71,653,588 | 71,017,072 | 78,933,697 | 79,215,864 |
| Business-type Activities | | | | |
| Invested in capital assets - Net of related debt | 85,264,716 | 88,244,363 | 91,961,552 | 91,906,737 |
| Restricted | 11,612 | 11,463 | 4,462 | 1,487 |
| Unrestricted | <u>55,603,979</u> | <u>57,872,611</u> | <u>56,180,667</u> | <u>51,918,561</u> |
| Total net assets | 140,880,307 | 146,128,437 | 148,146,681 | 143,826,785 |
| Primary Government in Total | | | | |
| Invested in capital assets - Net of related debt | 127,428,246 | 129,982,131 | 137,167,019 | 139,107,006 |
| Restricted | 12,091,925 | 13,701,183 | 11,684,202 | 15,687,498 |
| Unrestricted | <u>73,013,724</u> | <u>73,462,195</u> | <u>78,229,157</u> | <u>68,248,145</u> |
| Total net assets | <u>\$ 212,533,895</u> | <u>\$ 217,145,509</u> | <u>\$ 227,080,378</u> | <u>\$ 223,042,649</u> |

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

| Fiscal Year Ended December 31 | | | | | |
|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| \$ 50,304,473 | \$ 53,231,465 | \$ 54,914,974 | \$ 58,824,432 | \$ 58,668,835 | \$ 56,812,054 |
| 15,829,468 | 16,363,562 | 13,292,162 | 10,906,361 | 9,198,330 | 7,933,685 |
| <u>15,165,364</u> | <u>11,190,868</u> | <u>6,130,666</u> | <u>(859,022)</u> | <u>(621,110)</u> | <u>(4,911,410)</u> |
| 81,299,305 | 80,785,895 | 74,337,802 | 68,871,771 | 67,246,055 | 59,834,329 |
| 87,895,407 | 88,787,902 | 88,447,727 | 89,157,966 | 89,415,716 | 89,840,219 |
| - | - | - | - | - | - |
| <u>54,365,038</u> | <u>51,716,104</u> | <u>52,981,714</u> | <u>56,275,402</u> | <u>61,315,530</u> | <u>70,502,760</u> |
| 142,260,445 | 140,504,006 | 141,429,441 | 145,433,368 | 150,731,246 | 160,342,979 |
| 138,199,880 | 142,019,367 | 143,362,701 | 147,982,398 | 148,084,551 | 146,652,273 |
| 15,829,468 | 16,363,562 | 13,292,162 | 10,906,361 | 9,198,330 | 7,933,685 |
| <u>69,530,402</u> | <u>62,906,972</u> | <u>59,112,380</u> | <u>55,416,380</u> | <u>60,694,420</u> | <u>65,591,350</u> |
| <u>\$ 223,559,750</u> | <u>\$ 221,289,901</u> | <u>\$ 215,767,243</u> | <u>\$ 214,305,139</u> | <u>\$ 217,977,301</u> | <u>\$ 220,177,308</u> |

Charter Township of Canton

| | Fiscal Year Ended December 31 | | | |
|-------------------------------------------------|-------------------------------|-------------------|-------------------|-------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Expenses | | | | |
| Governmental Activities: | | | | |
| General government | \$ 6,673,059 | \$ 7,871,063 | \$ 6,705,957 | \$ 5,569,166 |
| Public safety | 18,528,734 | 18,300,773 | 22,262,105 | 24,188,930 |
| Public works | 6,578,119 | 11,121,653 | 7,388,912 | 5,808,264 |
| Building, planning, and engineering | 3,803,120 | 3,679,756 | 3,874,353 | 3,333,880 |
| Health and welfare | - | - | - | - |
| Community and economic development | - | - | - | - |
| Recreation and culture | 6,520,210 | 8,405,420 | 8,677,474 | 7,751,655 |
| Sanitation | 2,156,849 | 2,432,446 | 2,664,103 | 2,874,954 |
| Interest on long-term debt | 539,567 | 649,025 | 388,909 | 256,072 |
| Total governmental activities expenses | <u>44,799,658</u> | <u>52,460,136</u> | <u>51,961,813</u> | <u>49,782,921</u> |
| Business-type Activities: | | | | |
| Water and sewer | 21,076,221 | 24,247,381 | 25,846,472 | 26,528,356 |
| Golf course | 2,157,744 | 2,253,164 | 2,371,297 | 2,190,429 |
| Total business-type activities expenses | <u>23,233,965</u> | <u>26,500,545</u> | <u>28,217,769</u> | <u>28,718,785</u> |
| Total primary government expenses | 68,033,623 | 78,960,681 | 80,179,582 | 78,501,706 |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for services: | | | | |
| General government | 498,864 | 517,566 | 568,650 | 699,201 |
| Public safety | 1,324,414 | 848,795 | 987,207 | 986,337 |
| Public works | - | - | - | - |
| Building, planning, and engineering | 2,624,178 | 3,099,852 | 3,839,924 | 2,776,429 |
| Community and economic development | - | - | - | - |
| Recreation and culture | 3,673,589 | 3,852,691 | 4,099,582 | 3,539,032 |
| Operating grants and contributions | 1,449,704 | 1,794,831 | 3,263,870 | 1,995,817 |
| Capital grants and contributions | 1,063,128 | 5,565,856 | 4,390,608 | 596,752 |
| Total governmental activities program revenues | <u>10,633,877</u> | <u>15,679,591</u> | <u>17,149,841</u> | <u>10,593,568</u> |
| Business-type Activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 23,143,762 | 24,379,294 | 25,137,903 | 20,559,380 |
| Golf course | 1,963,134 | 1,861,475 | 1,821,730 | 1,440,751 |
| Operating grants and contributions | - | - | - | - |
| Capital grants and contributions | 2,411,816 | 4,341,542 | 2,014,599 | 978,084 |
| Total business-type activities program revenues | <u>27,518,712</u> | <u>30,582,311</u> | <u>28,974,232</u> | <u>22,978,215</u> |
| Total primary government program revenues | 38,152,589 | 46,261,902 | 46,124,073 | 33,571,783 |

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

Charter Township of Canton

Financial Trend Information Changes in Net Position (Unaudited)

| Fiscal Year Ended December 31 | | | | | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2007 | 2008* | 2009* | 2010* | 2011* | 2012* |
| \$ 4,560,620 | \$ 8,458,738 | \$ 8,803,717 | \$ 8,798,543 | \$ 8,775,190 | \$ 11,309,459 |
| 24,111,926 | 27,409,325 | 28,220,711 | 27,379,218 | 28,587,397 | 30,064,262 |
| 5,210,185 | 7,502,335 | 8,126,977 | 6,847,169 | 6,494,742 | 6,269,139 |
| 2,883,668 | - | - | - | - | - |
| - | 398,253 | 410,703 | 390,000 | 480,377 | 752,697 |
| - | 1,269,725 | 1,752,539 | 1,786,279 | 2,026,007 | 2,228,085 |
| 8,443,435 | 9,704,756 | 9,635,079 | 10,103,016 | 9,322,192 | 9,726,736 |
| 2,967,807 | - | - | - | - | - |
| <u>1,142,247</u> | <u>1,437,625</u> | <u>1,315,953</u> | <u>1,297,659</u> | <u>1,199,838</u> | <u>1,063,633</u> |
| <u>49,319,888</u> | <u>56,180,757</u> | <u>58,265,679</u> | <u>56,601,884</u> | <u>56,885,743</u> | <u>61,414,011</u> |
| 29,715,467 | 29,805,654 | 26,048,538 | 25,795,038 | 27,966,291 | 28,101,037 |
| <u>2,084,397</u> | <u>1,942,810</u> | <u>1,958,461</u> | <u>1,826,702</u> | <u>1,762,977</u> | <u>1,693,847</u> |
| <u>31,799,864</u> | <u>31,748,464</u> | <u>28,006,999</u> | <u>27,621,740</u> | <u>29,729,268</u> | <u>29,794,884</u> |
| 81,119,752 | 87,929,221 | 86,272,678 | 84,223,624 | 86,615,011 | 91,208,895 |
| 916,168 | 2,466,563 | 2,641,451 | 2,509,714 | 1,962,547 | 2,038,342 |
| 1,081,752 | 2,483,345 | 2,372,519 | 2,276,974 | 2,475,031 | 2,962,267 |
| - | 1,136,033 | 836,301 | 653,255 | 660,120 | 548,440 |
| 2,612,816 | - | - | - | - | - |
| - | 167,448 | 61,650 | 46,680 | 80,184 | 76,555 |
| 3,422,199 | 3,354,345 | 3,457,720 | 3,339,551 | 3,624,807 | 3,684,664 |
| 2,401,625 | 1,784,920 | 2,480,678 | 3,053,617 | 2,668,932 | 2,381,099 |
| <u>675,083</u> | <u>880,719</u> | <u>488,857</u> | <u>1,575,888</u> | <u>1,679,101</u> | <u>1,352,433</u> |
| <u>11,109,643</u> | <u>12,273,373</u> | <u>12,339,176</u> | <u>13,455,679</u> | <u>13,150,722</u> | <u>13,043,800</u> |
| 23,593,184 | 25,678,395 | 25,971,691 | 29,648,978 | 32,339,884 | 35,979,971 |
| 1,432,356 | 1,349,586 | 1,248,704 | 1,313,755 | 1,265,963 | 1,300,206 |
| - | - | - | 2,329.00 | - | - |
| <u>1,193,248</u> | <u>432,834</u> | <u>17,698</u> | <u>501,550</u> | <u>289,738</u> | <u>191,613</u> |
| <u>26,218,788</u> | <u>27,460,815</u> | <u>27,238,093</u> | <u>31,466,612</u> | <u>33,895,585</u> | <u>37,471,790</u> |
| 37,328,431 | 39,734,188 | 39,577,269 | 44,922,291 | 47,046,307 | 50,515,590 |

Charter Township of Canton

| | Fiscal Year Ended December 31 | | | |
|-------------------------------------------------------------|-------------------------------|---------------------|---------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Net (Expense) Revenue | | | | |
| Governmental Activities | \$ (34,165,781) | \$ (36,780,545) | \$ (34,811,972) | \$ (39,189,353) |
| Business-type Activities | <u>4,284,747</u> | <u>4,081,766</u> | <u>756,463</u> | <u>(5,740,570)</u> |
| Total primary government net expense | (29,881,034) | (32,698,779) | (34,055,509) | (44,929,923) |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental Activities: | | | | |
| Taxes: | | | | |
| Property taxes | 4,740,395 | 5,988,123 | 7,647,583 | 8,287,228 |
| Public safety operating levy | 17,986,859 | 18,872,962 | 19,533,530 | 20,489,067 |
| State-shared revenues | 6,310,027 | 6,034,910 | 6,018,024 | 5,958,485 |
| Royalties | 1,726,009 | 1,241,583 | 1,233,579 | 1,331,008 |
| Investment earnings | 924,482 | 626,011 | 1,869,021 | 2,331,534 |
| Miscellaneous - Net of miscellaneous expense | 139,622 | 3,925,025 | 1,274,992 | 1,334,198 |
| Special item - Gain on sale of assets | - | - | 5,635,111 | - |
| Transfers | <u>(520,761)</u> | <u>(544,585)</u> | <u>(483,243)</u> | <u>(260,000)</u> |
| Total governmental activities | <u>31,306,633</u> | <u>36,144,029</u> | <u>42,728,597</u> | <u>39,471,520</u> |
| Business-type Activities: | | | | |
| Investment earnings | 692,734 | 423,662 | 694,673 | 1,149,959 |
| Miscellaneous - Net of miscellaneous expense | 55,920 | 198,117 | 83,865 | 10,715 |
| Special item - Gain (loss) on sale of assets | (2,384,554) | - | - | - |
| Transfers | <u>520,761</u> | <u>544,585</u> | <u>483,243</u> | <u>260,000</u> |
| Total business-type activities | <u>(1,115,139)</u> | <u>1,166,364</u> | <u>1,261,781</u> | <u>1,420,674</u> |
| Change in Net Position | | | | |
| Governmental Activities | (2,859,148) | (636,516) | 7,916,625 | 282,167 |
| Business-type Activities | <u>3,169,608</u> | <u>5,248,130</u> | <u>2,018,244</u> | <u>(4,319,896)</u> |
| Total primary government | <u>\$ 310,460</u> | <u>\$ 4,611,614</u> | <u>\$ 9,934,869</u> | <u>\$ (4,037,729)</u> |

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

| Fiscal Year Ended December 31 | | | | | |
|-------------------------------|------------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| \$ (38,210,245) | \$ (43,907,384) | \$ (45,926,503) | \$ (43,146,205) | \$ (43,735,021) | \$ (48,370,211) |
| <u>(5,581,076)</u> | <u>(4,287,649)</u> | <u>(768,906)</u> | <u>3,844,872</u> | <u>4,166,317</u> | <u>7,676,906</u> |
| (43,791,321) | (48,195,033) | (46,695,409) | (39,301,333) | (39,568,704) | (40,693,305) |
| 8,903,181 | 10,526,330 | 10,139,914 | 8,461,037 | 7,860,564 | 7,839,343 |
| 22,467,032 | 22,762,912 | 21,717,029 | 21,033,514 | 24,559,351 | 24,448,324 |
| 5,994,198 | 5,852,220 | 5,045,295 | 4,941,182 | 6,809,756 | 6,655,724 |
| 1,196,560 | 2,339,226 | 2,194,569 | 2,154,437 | 2,367,768 | 2,356,122 |
| 2,408,528 | 1,646,081 | 723,406 | 538,493 | 283,830 | 239,031 |
| 1,300,708 | 796,726 | 632,453 | 380,002 | 881,364 | 902,525 |
| - | - | - | - | - | - |
| <u>(1,976,521)</u> | <u>(529,521)</u> | <u>(974,256)</u> | <u>171,509</u> | <u>(653,328)</u> | <u>(1,670,362)</u> |
| <u>40,293,686</u> | <u>43,393,974</u> | <u>39,478,410</u> | <u>37,680,174</u> | <u>42,109,305</u> | <u>40,770,707</u> |
| 1,983,256 | 1,953,054 | 563,987 | 146,306 | 165,660 | 122,536 |
| 54,959 | 48,635 | 156,098 | 184,258 | 312,573 | 141,929 |
| - | - | - | - | - | - |
| <u>1,976,521</u> | <u>529,521</u> | <u>974,256</u> | <u>159,055</u> | <u>653,328</u> | <u>1,670,362</u> |
| <u>4,014,736</u> | <u>2,531,210</u> | <u>1,694,341</u> | <u>489,619</u> | <u>1,131,561</u> | <u>1,934,827</u> |
| 2,083,441 | (513,410) | (6,448,093) | (5,466,031) | (1,625,716) | (7,599,504) |
| <u>(1,566,340)</u> | <u>(1,756,439)</u> | <u>925,435</u> | <u>4,334,491</u> | <u>5,297,878</u> | <u>9,611,733</u> |
| <u>\$ 517,101</u> | <u>\$ (2,269,849)</u> | <u>\$ (5,522,658)</u> | <u>\$ (1,131,540)</u> | <u>\$ 3,672,162</u> | <u>\$ 2,012,229</u> |

Charter Township of Canton

| | Fiscal Year Ended December 31 | | | |
|--------------------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2003 | 2004 | 2005 | 2006 |
| General Fund | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Reserved | 562,679 | 156,840 | 306,365 | 166,962 |
| Unreserved | <u>4,857,473</u> | <u>3,190,658</u> | <u>2,848,071</u> | <u>5,829,264</u> |
| Total General Fund | <u>\$ 5,420,152</u> | <u>\$ 3,347,498</u> | <u>\$ 3,154,436</u> | <u>\$ 5,996,226</u> |
| All Other Governmental Funds: | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - |
| Assigned | - | - | - | - |
| Reserved | 530,489 | 4,422,814 | 1,584,322 | 989,776 |
| Unreserved, reported in: | | | | |
| Special Revenue Funds | 14,116,789 | 14,532,998 | 18,743,056 | 16,580,130 |
| Debt Service Funds | 1,442,164 | 2,088,613 | 1,862,445 | 1,680,983 |
| Capital Project Funds | <u>12,338,443</u> | <u>1,100,664</u> | <u>1,755,015</u> | <u>962,437</u> |
| Total all other governmental funds | <u>\$ 28,427,885</u> | <u>\$ 22,145,089</u> | <u>\$ 23,944,838</u> | <u>\$ 20,213,326</u> |

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

Financial Trend Information
Fund Balances - Governmental Funds
(Unaudited)

| Fiscal Year Ended December 31 | | | | | |
|-------------------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|
| 2007 | 2008 | 2009 | 2010 | 2011* | 2012* |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 112,149 |
| - | - | - | - | 5,020,582 | 3,966,716 |
| - | - | - | - | 2,549,713 | 3,870,951 |
| 129,558 | 135,335 | 184,540 | 142,537 | - | - |
| <u>6,728,486</u> | <u>7,390,406</u> | <u>5,850,990</u> | <u>5,361,889</u> | <u>-</u> | <u>-</u> |
| <u>\$ 6,858,044</u> | <u>\$ 7,525,741</u> | <u>\$ 6,035,530</u> | <u>\$ 5,504,426</u> | <u>\$ 7,570,295</u> | <u>\$ 7,949,816</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 9,198,330 | \$ 10,201,163 |
| - | - | - | - | 17,370 | 145,551 |
| 1,111,258 | 448,326 | 1,459,163 | 1,720,367 | - | - |
| 16,149,984 | 16,898,190 | 11,169,439 | 6,062,666 | - | - |
| 1,553,860 | 1,512,194 | 246,244 | 616,195 | - | - |
| 78,100 | 129,319 | 1,492,909 | 145,425 | - | - |
| <u>18,893,202</u> | <u>18,988,029</u> | <u>14,367,755</u> | <u>8,544,653</u> | <u>9,215,700</u> | <u>10,346,714</u> |
| <u>\$ 18,893,202</u> | <u>\$ 18,988,029</u> | <u>\$ 14,367,755</u> | <u>\$ 8,544,653</u> | <u>\$ 9,215,700</u> | <u>\$ 10,346,714</u> |

Charter Township of Canton

| | Fiscal Year Ended December 31 | | | |
|----------------------------------------------------------------|-------------------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Revenue | | | | |
| Property taxes | \$ 22,727,254 | \$ 24,861,085 | \$ 27,181,113 | \$ 28,776,295 |
| Licenses and permits | 2,403,811 | 2,591,470 | 2,610,487 | 1,184,154 |
| Federal grants | 764,073 | 1,164,970 | 1,232,577 | 747,386 |
| State sources | 7,148,836 | 6,534,179 | 7,495,391 | 7,699,661 |
| Charges for services | 3,172,143 | 3,867,639 | 4,979,670 | 5,355,205 |
| Fines and forfeitures | 200,534 | 74,236 | 74,694 | 48,986 |
| Administration charges | 2,791,714 | 3,046,138 | 3,726,795 | 4,834,666 |
| Special assessments | 739,165 | 717,382 | 819,052 | 730,565 |
| Leases and rentals | - | - | - | - |
| Royalties | 1,726,009 | 2,029,300 | 2,103,145 | 2,258,194 |
| Contributions and donations | 321,262 | 521,039 | 960,824 | 515,300 |
| Summit recreation fees | 849,915 | 862,161 | 921,506 | 965,942 |
| Other revenues | 3,361,923 | 8,481,659 | 4,593,033 | 4,077,154 |
| Total revenue | 46,206,639 | 54,751,258 | 56,698,287 | 57,193,508 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 8,121,823 | 9,606,264 | 9,450,349 | 9,702,802 |
| Public safety | 19,142,528 | 20,706,000 | 24,780,670 | 24,843,074 |
| Public works | 8,733,989 | 8,898,412 | 8,807,135 | 8,117,795 |
| Health and welfare | - | - | - | - |
| Community and economic development | - | - | - | - |
| Recreation and culture | 6,005,243 | 6,439,401 | 7,024,307 | 6,916,506 |
| Sanitation | 2,284,566 | 2,506,162 | 3,107,479 | 3,297,460 |
| Other | 334,697 | 711,641 | 353,481 | 1,092,632 |
| Capital outlay | 13,309,695 | 19,454,016 | 2,106,554 | 1,446,490 |
| Debt service | | | | |
| Principal payments | 1,415,000 | 1,348,750 | 1,352,000 | 1,845,000 |
| Interest and paying agent fees | 938,412 | 604,898 | 521,957 | 561,471 |
| Total expenditures | 60,285,953 | 70,275,544 | 57,503,932 | 57,823,230 |
| Excess of Revenue Over (Under) Expenditures | (14,079,314) | (15,524,286) | (805,645) | (629,722) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 3,090,781 | 6,627,588 | 3,752,561 | 5,674,350 |
| Transfers out | (3,611,542) | (7,172,173) | (4,235,804) | (5,934,350) |
| Payment of refunding | - | - | (6,782,507) | - |
| Proceeds from sale of capital assets | - | - | 3,127,082 | - |
| Bond proceeds | 25,330,000 | 8,100,000 | 6,551,000 | - |
| Premium on bond issuance | - | - | - | - |
| Payment to escrow for bond refunding | (2,600,000) | - | - | - |
| Total other financing sources (uses) | 22,209,239 | 7,555,415 | 2,412,332 | (260,000) |
| Net Change in Fund Balances | 8,129,925 | (7,968,871) | 1,606,687 | (889,722) |
| Fund Balances - Beginning of year | 25,718,112 | 33,461,458 | 25,492,587 | 27,099,274 |
| Fund Balances - End of year | \$ 33,848,037 | \$ 25,492,587 | \$ 27,099,274 | \$ 26,209,552 |
| Debt Service as a Percentage of Noncapital Expenditures | 5.0% | 3.8% | 3.4% | 4.3% |

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

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

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

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

| Fiscal Year Ended December 31 | | | | | | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
| \$ 31,370,213 | \$ 33,289,242 | \$ 31,856,943 | \$ 29,494,551 | \$ 32,419,915 | \$ 32,287,667 | |
| 1,325,935 | 1,197,230 | 984,361 | 952,993 | 1,032,936 | 1,520,777 | |
| 679,808 | 817,613 | 576,222 | 2,865,427 | 1,149,047 | 1,544,297 | |
| 6,862,834 | 6,713,837 | 6,313,603 | 6,094,962 | 8,108,606 | 7,238,842 | |
| 4,947,877 | 5,540,075 | 5,248,619 | 4,313,474 | 4,662,672 | 4,870,141 | |
| 184,713 | - | - | - | 1,027,990 | 400,768 | |
| 4,279,386 | 4,145,817 | 4,325,698 | 4,374,796 | 3,394,753 | 3,418,174 | |
| 532,928 | 813,702 | 453,417 | 569,844 | 677,598 | 789,389 | |
| - | - | - | - | 932,930 | 989,398 | |
| 2,224,275 | 2,339,227 | 2,194,569 | 2,082,262 | 2,439,943 | 2,356,122 | |
| 788,505 | 121,262 | 90,612 | 270,130 | 68,535 | 205,451 | |
| 1,053,568 | 1,356,919 | 1,338,821 | 1,189,965 | 1,298,529 | 1,300,278 | |
| 5,082,241 | 3,073,552 | 2,149,872 | 2,500,336 | 763,537 | 919,582 | |
| <u>59,332,283</u> | <u>59,408,476</u> | <u>55,532,737</u> | <u>54,708,740</u> | <u>57,976,991</u> | <u>57,840,886</u> | |
| 8,178,142 | 7,752,581 | 8,162,470 | 8,115,122 | 7,360,924 | 7,812,988 | |
| 25,122,075 | 24,959,284 | 27,002,655 | 27,409,716 | 27,358,082 | 27,623,979 | |
| 7,855,452 | 6,331,663 | 6,711,002 | 5,823,199 | 5,752,010 | 5,402,935 | |
| - | 398,253 | 410,703 | 390,000 | 408,455 | 438,328 | |
| - | 910,517 | 1,390,872 | 1,435,205 | 1,611,759 | 2,224,994 | |
| 7,112,172 | 9,376,969 | 9,297,250 | 9,209,633 | 8,108,805 | 8,465,905 | |
| 3,331,292 | - | - | - | - | - | |
| 758,490 | - | - | - | - | - | |
| 1,913,290 | 4,498,982 | 3,847,248 | 3,994,755 | 1,139,736 | 5,290,383 | |
| 2,195,000 | 2,450,557 | 2,481,688 | 2,630,841 | 2,797,139 | 1,883,188 | |
| 1,348,155 | 1,437,625 | 1,363,660 | 1,286,810 | 1,199,837 | 1,117,782 | |
| <u>57,814,068</u> | <u>58,116,431</u> | <u>60,667,548</u> | <u>60,295,281</u> | <u>55,736,747</u> | <u>60,260,482</u> | |
| 1,518,215 | 1,292,045 | (5,134,811) | (5,586,541) | 2,240,244 | (2,419,596) | |
| 4,059,515 | 5,243,503 | 6,347,417 | 5,026,470 | 503,106 | 503,106 | |
| (6,036,036) | (5,773,024) | (7,323,091) | (5,794,135) | (1,156,434) | (2,173,468) | |
| - | - | - | - | - | - | |
| - | - | - | - | - | - | |
| - | - | - | - | 1,150,000 | 19,426,606 | |
| - | - | - | - | - | 2,644,809 | |
| - | - | - | - | - | (16,470,922) | |
| <u>(1,976,521)</u> | <u>(529,521)</u> | <u>(975,674)</u> | <u>(767,665)</u> | <u>496,672</u> | <u>3,930,131</u> | |
| (458,306) | 762,524 | (6,110,485) | (6,354,206) | 2,736,916 | 1,510,535 | |
| 26,209,552 | 25,751,246 | 26,513,770 | 20,403,285 | 14,049,079 | 16,785,995 | |
| <u>\$ 25,751,246</u> | <u>\$ 26,513,770</u> | <u>\$ 20,403,285</u> | <u>\$ 14,049,079</u> | <u>\$ 16,785,995</u> | <u>\$ 18,296,530</u> | |
| 6.3% | 7.3% | 6.8% | 7.0% | 7.3% | 5.5% | |

Charter Township of Canton

| Taxable Value by Property Type | | | | | |
|--------------------------------|---------------|-------------|-------------|---------------------------|----------------------|
| Real Property | | | | | |
| Tax Year | Residential | Commercial | Industrial | Agricultural and Other | Personal Property |
| 2003 | 2,333,870,912 | 322,206,541 | 141,129,471 | - | 181,804,933 |
| 2004 | 2,568,834,283 | 341,386,242 | 152,197,908 | - | 194,145,256 |
| 2005 | 2,778,981,260 | 385,258,211 | 170,750,820 | - | 194,754,034 |
| 2006 | 3,023,547,837 | 447,688,439 | 193,317,099 | - | 188,787,437 |
| 2007 | 3,194,414,432 | 465,870,638 | 205,009,244 | - | 196,454,679 |
| 2008 | 3,039,738,038 | 485,848,752 | 215,226,227 | - | 196,917,035 |
| 2009 | 2,782,705,818 | 523,427,429 | 217,640,841 | - | 199,207,382 |
| 2010 | 2,538,207,107 | 492,789,278 | 207,782,818 | - | 188,948,882 |
| 2011 | 2,488,720,526 | 460,893,827 | 209,029,530 | - | 188,608,344 |
| 2012 | 2,442,184,795 | 446,506,733 | 168,198,527 | - | 182,161,374 |

Note: Under Michigan law, the revenue base is taxable value.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

Source: Charter Township of Canton Treasurer's Department.

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

| Total Taxable Value | Tax Rate (Mills) | Total SEV | Taxable Value as a Percentage of Actual |
|------------------------|---------------------|---------------|-----------------------------------------------|
| 2,979,011,857 | 8.85 | 3,635,181,579 | 40.97 |
| 3,256,563,689 | 8.86 | 3,954,442,252 | 41.18 |
| 3,529,744,325 | 8.65 | 4,236,220,142 | 41.66 |
| 3,853,340,812 | 8.65 | 4,609,843,477 | 41.79 |
| 4,061,748,993 | 8.65 | 4,772,938,595 | 42.55 |
| 3,937,730,052 | 8.65 | 4,480,360,765 | 43.94 |
| 3,722,981,470 | 8.65 | 4,117,993,828 | 45.20 |
| 3,427,728,085 | 10.4 | 3,680,639,083 | 46.56 |
| 3,347,252,227 | 10.4 | 3,535,664,037 | 47.34 |
| 3,239,051,429 | 10.4 | 3,406,380,087 | 47.54 |

Charter Township of Canton

| Millage Rates - Direct Township Taxes | | | | | | | Overlapping Taxes | | | | | |
|---------------------------------------|-------------------|--------|--------|--------------------|--------|--------|---------------------------|--------------------|---------|--------------------------------|-------------|-------------|
| Tax Year | General Operating | Police | Fire | Total Direct Taxes | County | Jail | Huron Clinton Metro Parks | Wayne County Parks | Library | Wayne County Community College | Detroit Zoo | Detroit DIA |
| 2003 | 2.0000 | 4.2500 | 2.6000 | 8.8500 | 6.6380 | 0.9381 | 0.2161 | 0.2459 | 1.5635 | 2.4862 | 0.0000 | 0.0000 |
| 2004 | 2.3660 | 4.1260 | 2.3580 | 8.8500 | 6.6380 | 0.9381 | 0.2154 | 0.2459 | 1.5331 | 2.4844 | 0.0000 | 0.0000 |
| 2005 | 2.3660 | 4.1260 | 2.1580 | 8.6500 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.5554 | 2.4769 | 0.0000 | 0.0000 |
| 2006 | 2.3660 | 3.9260 | 2.3580 | 8.6500 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.5437 | 2.4769 | 0.0000 | 0.0000 |
| 2007 | 2.6160 | 3.6760 | 2.3580 | 8.6500 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.5437 | 2.4769 | 0.0000 | 0.0000 |
| 2008 | 2.6160 | 3.6760 | 2.3580 | 8.6500 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.4980 | 2.4769 | 0.1000 | 0.0000 |
| 2009 | 2.3660 | 3.9260 | 2.3580 | 8.6500 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.4980 | 2.4769 | 0.1000 | 0.0000 |
| 2010 | 2.3660 | 4.9260 | 3.1080 | 10.4000 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.5437 | 2.4769 | 0.1000 | 0.0000 |
| 2011 | 2.3660 | 4.9260 | 3.1080 | 10.4000 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.5437 | 2.2408 | 0.1000 | 0.0000 |
| 2012 | 2.3660 | 4.9260 | 3.1080 | 10.4000 | 6.6380 | 0.9381 | 0.2146 | 0.2459 | 1.5437 | 2.2408 | 0.1000 | 0.2000 |

Source: Charter Township of Canton's Finance Department.

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

| Overlapping Taxes | | | | | | | | |
|-------------------------------------|------------------------------------|--------------------|----------------------------------------------|---------------------------------------------|------------------------------------|------------------------------------------------------|-----------------------------------------------------|--------------------------------------------|
| Schoolcraft Community College | Intermediate School District | State Education | School - Homestead Plymouth/ Canton | School - Homestead Wayne/ Westland | School - Homestead Van Buren | School - Non- homestead Plymouth/ Canton | School - Non- homestead Wayne/ Westland | School - Non- homestead Van Buren |
| 1.8024 | 3.4643 | 5.0000 | 3.1500 | 5.1300 | 1.2645 | 21.1500 | 23.1300 | 19.2645 |
| 1.7967 | 3.4643 | 6.0000 | 3.1000 | 5.0922 | 1.2645 | 21.1000 | 23.0922 | 19.2645 |
| 1.7967 | 3.4643 | 6.0000 | 3.4300 | 4.8422 | 1.2617 | 21.4300 | 22.8422 | 19.2617 |
| 1.7967 | 3.4643 | 6.0000 | 3.1500 | 4.8322 | 1.2603 | 21.1500 | 22.8322 | 19.2603 |
| 1.7967 | 3.4643 | 6.0000 | 3.1500 | 4.5122 | 1.2603 | 21.1500 | 22.5122 | 19.2603 |
| 1.7967 | 3.4643 | 6.0000 | 3.1500 | 4.5122 | 1.2603 | 21.1500 | 22.5122 | 19.2603 |
| 1.7967 | 3.4643 | 6.0000 | 3.2600 | 4.6322 | 4.1100 | 21.2600 | 22.6322 | 22.1100 |
| 1.7967 | 3.4643 | 6.0000 | 3.7600 | 5.0122 | 4.1100 | 21.7600 | 23.0122 | 22.1100 |
| 1.7967 | 3.4643 | 6.0000 | 3.9600 | 5.5022 | 4.1100 | 21.9600 | 23.5022 | 22.1100 |
| 1.7967 | 3.4643 | 6.0000 | 4.1000 | 5.8522 | 4.1100 | 22.1000 | 23.8522 | 22.1100 |

Charter Township of Canton

Revenue Capacity Information Principal Property Taxpayers (Unaudited)

| Taxpayer | 2012 | Percentage | 2003 | Percentage | 2003 Rank |
|----------------------------------|---------------|------------|---------------|------------|-----------|
| | Taxable Value | of Total | Taxable Value | of Total | |
| 1 DTE | \$ 52,443,650 | 1.62 | \$ 28,491,178 | 0.96 | 2 |
| 2 Yazaki North America | 16,604,525 | 0.51 | 50,720,133 | 1.71 | 1 |
| 3 TMG Canton Crossings LLC | 14,274,521 | 0.44 | 10,778,194 | 0.36 | 6 |
| 4 Uptown Investors LLC | 9,895,750 | 0.31 | | 0.00 | |
| 5 Sysco Food Service | 9,111,580 | 0.28 | | 0.00 | |
| 6 Canton Corners Shopping Center | 8,472,610 | 0.26 | | 0.00 | |
| 7 Robert Rahaim Trust | 8,452,629 | 0.26 | | 0.00 | |
| 8 Village Squire Apartments | 8,073,499 | 0.25 | | 0.00 | |
| 9 Ford Lilley Group LLC | 7,509,605 | 0.23 | | 0.00 | |
| 10 Tianz Inc | 7,213,440 | 0.22 | | 0.00 | |
| Michigan Consolidated | | | 18,238,660 | 0.61 | 3 |
| Wal-Mart | | | 11,643,704 | 0.39 | 5 |
| Kmart Corporation | | | 15,893,157 | 0.53 | 4 |
| Procoil Corporation | | | 9,023,880 | 0.30 | 7 |
| Cherry Hill Investors | | | 8,720,244 | 0.29 | 8 |
| Singh IV Ltd Partnership | | | 8,401,243 | 0.28 | 9 |
| Singh Wyndchase Townhomes | | | 8,213,055 | 0.28 | 10 |

Source: Township's assessment records

Charter Township of Canton

Revenue Capacity Information Property Tax Levies and Collections (Unaudited)

| Fiscal Year Ended December 31 | Tax Levy (1) | Current Tax Collections | Percent of Levy Collected | Delinquent Collections | Total Tax Collections | Percent of Total Collections to Tax Levy |
|-------------------------------------|-----------------|----------------------------|---------------------------------|---------------------------|--------------------------|------------------------------------------------|
| 2003 | 29,703,962 | 28,781,831 | 96.90 | 868,239 | 29,650,069 | 99.82 |
| 2004 | 32,474,111 | 31,230,820 | 96.17 | 1,164,815 | 32,395,635 | 99.76 |
| 2005 | 34,702,193 | 33,148,310 | 95.52 | 1,478,087 | 34,626,397 | 99.78 |
| 2006 | 38,058,748 | 35,943,479 | 94.44 | 2,099,136 | 38,042,616 | 99.96 |
| 2007 | 40,218,390 | 37,836,336 | 94.08 | 2,332,780 | 40,169,116 | 99.88 |
| 2008 | 39,088,247 | 36,729,903 | 93.97 | 2,286,159 | 39,016,061 | 99.82 |
| 2009 | 36,528,403 | 34,391,286 | 94.15 | 2,116,319 | 36,507,605 | 99.94 |
| 2010 | 39,400,002 | 37,499,775 | 95.18 | 1,844,212 | 39,343,988 | 99.86 |
| 2011 | 38,620,257 | 37,130,370 | 96.14 | 1,433,032 | 38,563,402 | 99.85 |
| 2012 | 37,388,738 | 36,258,623 | 96.98 | 1,102,584 | 37,361,207 | 99.93 |

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

Charter Township of Canton

| | 2003 | 2004 | 2005 | 2006 |
|---------------------------------------------|---------------|---------------|---------------|---------------|
| Governmental Activities | | | | |
| General obligation bonds | \$ 35,087,500 | \$ 36,743,750 | \$ 35,160,940 | \$ 33,467,320 |
| Special assessment bonds | 3,430,000 | 8,175,000 | 7,375,000 | 6,175,000 |
| Installment purchase agreements | - | - | - | - |
| Total | 38,517,500 | 44,918,750 | 42,535,940 | 39,642,320 |
| Business-type Activities | | | | |
| General obligation bonds | 9,377,500 | 8,871,250 | 8,102,957 | 8,455,653 |
| Total debt of the government | 47,895,000 | 53,790,000 | 50,638,897 | 48,097,973 |
| Total Population | 82,612 | 83,567 | 84,930 | 85,476 |
| Total Debt per Capita | \$ 581.82 | \$ 645.71 | \$ 604.03 | \$ 576.07 |
| Taxable Value | 2,979,011,857 | 3,256,563,689 | 3,529,744,325 | 3,853,340,812 |
| Ratio of Total Debt to Taxable Value | 1.61% | 1.65% | 1.43% | 1.25% |

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

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 32,097,462 | \$ 30,238,358 | \$ 28,900,999 | \$ 27,200,550 | \$ 26,757,320 | \$ 28,345,420 |
| 5,175,000 | 4,400,000 | 3,500,000 | 2,600,000 | 1,700,000 | 1,300,000 |
| - | - | - | - | - | 4,421,606 |
| 37,272,462 | 34,638,358 | 32,400,999 | 29,800,550 | 28,457,320 | 34,067,026 |
| 52,309,414 | 50,292,418 | 48,469,885 | 47,128,453 | 44,792,678 | 42,311,292 |
| 89,581,876 | 84,930,776 | 80,870,884 | 76,929,003 | 73,249,998 | 76,378,318 |
| 84,037 | 84,716 | 88,944 | 90,173 | 89,627 | 89,627 |
| \$ 1,065.98 | \$ 1,002.54 | \$ 909.23 | \$ 853.13 | \$ 817.28 | \$ 852.18 |
| 4,061,748,993 | 3,937,730,052 | 3,722,981,470 | 3,427,728,085 | 3,347,252,227 | 3,239,051,429 |
| 2.21% | 2.16% | 2.17% | 2.24% | 2.19% | 2.36% |

Charter Township of Canton

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

| Fiscal Year | Tax-limited | Tax Supported Bonds (UTGO) | Less | Other General Obligation Debt | Net General Bonded Debt | Taxable Value | Debt as a Percentage of Taxable Value | Population | Debt per Capita |
|----------------|------------------------------------------|-------------------------------------|-------------------------------------|----------------------------------------|----------------------------------|------------------|------------------------------------------------|------------|-----------------------|
| | General Obligation Bonds (LTGO) | | Pledged Debt Service Funds | | | | | | |
| 2003 | 35,087,500 | - | - | - | 35,087,500 | 2,979,011,857 | 1.18 | 82,612 | 424.73 |
| 2004 | 36,743,750 | - | - | - | 36,743,750 | 3,256,563,689 | 1.13 | 83,567 | 439.69 |
| 2005 | 35,160,940 | - | - | - | 35,160,940 | 3,529,744,325 | 1.00 | 84,930 | 414.00 |
| 2006 | 33,467,320 | - | - | - | 33,467,320 | 3,853,340,812 | 0.87 | 85,476 | 391.54 |
| 2007 | 32,097,462 | - | - | - | 32,097,462 | 4,061,748,993 | 0.79 | 84,037 | 381.94 |
| 2008 | 30,238,358 | - | - | - | 30,238,358 | 3,937,730,052 | 0.77 | 84,716 | 356.94 |
| 2009 | 28,900,999 | - | - | - | 28,900,999 | 3,722,981,470 | 0.78 | 88,944 | 324.93 |
| 2010 | 27,200,550 | - | - | - | 27,200,550 | 3,427,728,085 | 0.79 | 90,173 | 301.65 |
| 2011 | 26,757,320 | - | - | - | 26,757,320 | 3,347,252,227 | 0.80 | 90,128 | 296.88 |
| 2012 | 28,345,420 | - | - | 4,421,606 | 32,767,026 | 3,239,051,429 | 1.01 | 89,627 | 365.59 |

Charter Township of Canton

Debt Capacity Information Direct and Overlapping Debt (Unaudited)

| Governmental Unit | Debt Outstanding | Estimated Percent Applicable* | Estimated Share of Overlapping Debt |
|---------------------------------------|-----------------------|-------------------------------------|----------------------------------------------|
| Wayne County | \$ 350,096,246 | 8.07% | \$ 28,256,218 |
| Plymouth-Canton Community Schools | 176,393,000 | 58.28% | 102,804,620 |
| Wayne-Westland Schools | 53,820,000 | 16.17% | 8,701,754 |
| Van Buren Schools | 79,355,000 | 16.06% | 12,746,770 |
| Wayne County Community College | 7,470,000 | 2.23% | 166,500 |
| Western Townships Utilities Authority | 56,140,000 | 49.96% | 28,048,215 |
| Total overlapping debt | 723,274,246 | | 180,724,077 |
| Direct Township debt | 28,345,420 | 100.00% | 28,345,420 |
| District Library | 3,475,000 | 100.00% | 3,475,000 |
| Total direct and overlapping debt | \$ 755,094,666 | | \$ 212,544,497 |

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

Charter Township of Canton

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|---------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Calculation of Debt Limit | | | | |
| State equalized valuation | \$ 3,635,181,579 | \$ 3,954,442,252 | \$ 4,236,220,142 | \$ 4,609,843,477 |
| Plus: equivalent valuation of Act 198 exemptions | <u>92,697,794</u> | <u>88,613,861</u> | <u>73,112,460</u> | <u>69,657,938</u> |
| Total valuation | <u>\$ 3,727,879,373</u> | <u>\$ 4,043,056,113</u> | <u>\$ 4,309,332,602</u> | <u>\$ 4,679,501,415</u> |
| 10 percent of taxable value | 372,787,937 | 404,305,611 | 430,933,260 | 467,950,142 |
| Calculation of Debt Subject to Limit | | | | |
| Total debt | 47,895,000 | 53,790,000 | 50,638,897 | 48,097,973 |
| Less debt not subject to limit - Installment purchase agreements | - | - | - | - |
| Special assessment bonds | <u>3,430,000</u> | <u>8,175,000</u> | <u>7,375,000</u> | <u>6,175,000</u> |
| Net Debt Subject to Limit | <u>44,465,000</u> | <u>45,615,000</u> | <u>43,263,897</u> | <u>41,922,973</u> |
| Legal Debt Margin | <u><u>\$ 328,322,937</u></u> | <u><u>\$ 358,690,611</u></u> | <u><u>\$ 387,669,363</u></u> | <u><u>\$ 426,027,169</u></u> |
| Net Debt Subject to Limit as Percent of Debt Limit | 11.93% | 11.28% | 10.04% | 8.96% |

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

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| \$ 4,772,938,595 | \$ 4,480,360,765 | \$ 4,117,993,828 | \$ 3,680,639,083 | \$ 3,535,664,037 | \$ 3,406,380,087 |
| <u>82,254,588</u> | <u>74,325,581</u> | <u>64,485,690</u> | <u>58,316,200</u> | <u>27,646,470</u> | <u>25,275,883</u> |
| <u>\$ 4,855,193,183</u> | <u>\$ 4,554,686,346</u> | <u>\$ 4,182,479,518</u> | <u>\$ 3,738,955,283</u> | <u>\$ 3,563,310,507</u> | <u>\$ 3,431,655,970</u> |
| 485,519,318 | 455,468,635 | 418,247,952 | 373,895,528 | 356,331,051 | 343,165,597 |
| 89,581,876 | 84,930,776 | 80,870,884 | 76,929,003 | 73,249,998 | 76,378,318 |
| - | - | - | - | - | 4,421,606 |
| <u>5,175,000</u> | <u>4,400,000</u> | <u>3,500,000</u> | <u>2,600,000</u> | <u>1,700,000</u> | <u>1,300,000</u> |
| <u>84,406,876</u> | <u>80,530,776</u> | <u>77,370,884</u> | <u>74,329,003</u> | <u>71,549,998</u> | <u>70,656,712</u> |
| <u>\$ 401,112,442</u> | <u>\$ 374,937,859</u> | <u>\$ 340,877,068</u> | <u>\$ 299,566,525</u> | <u>\$ 284,781,053</u> | <u>\$ 272,508,885</u> |
| 17.38% | 17.68% | 18.50% | 19.88% | 20.08% | 20.59% |

Charter Township of Canton

Water and Sewer Revenue Bonds

| Fiscal Year | Gross Revenues | Applicable Expenses | Net Revenues | Debt Service | | |
|----------------|-------------------|------------------------|-----------------|--------------|----------|----------|
| | | | | Principal | Interest | Coverage |
| 2003 | 20,067,602 | 14,554,275 | 5,513,327 | 255,000 | 52,875 | 17.91 |
| 2004 | 22,951,435 | 15,066,991 | 7,884,444 | 255,000 | 43,650 | 26.40 |
| 2005 | 27,852,026 | 20,495,118 | 7,356,908 | 260,000 | 34,300 | 25.00 |
| 2006 | 26,685,392 | 20,656,438 | 6,028,954 | 265,000 | 24,900 | 20.80 |
| 2007 | 26,721,872 | 21,492,117 | 5,229,755 | 265,000 | 15,925 | 18.62 |
| 2008 | 28,068,349 | 23,902,872 | 4,165,477 | 130,000 | 9,800 | 29.80 |
| 2009 | 32,628,164 | 21,862,403 | 10,765,761 | 130,000 | 7,200 | 78.47 |
| 2010 | 32,628,164 | 24,172,183 | 8,455,981 | 135,000 | 4,575 | 60.58 |
| 2011 | 33,083,379 | 26,532,814 | 6,550,565 | 140,000 | 1,800 | 46.20 |
| 2012 | 36,413,370 | 26,807,154 | 9,606,216 | - | - | - |

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

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

| Special Assessment Bonds | | | |
|--------------------------------------|--------------|----------|----------|
| Special Assessment Collections | Debt Service | | |
| | Principal | Interest | Coverage |
| 586,443 | 855,000 | 160,741 | 0.58 |
| 334,765 | 855,000 | 123,603 | 0.34 |
| 674,446 | 800,000 | 254,006 | 0.64 |
| 823,373 | 1,200,000 | 190,813 | 0.59 |
| 435,711 | 1,000,000 | 150,338 | 0.38 |
| 610,034 | 775,000 | 118,694 | 0.68 |
| 328,330 | 900,000 | 98,850 | 0.33 |
| 372,026 | 900,000 | 85,350 | 0.38 |
| 466,577 | 900,000 | 71,150 | 0.48 |
| 588,087 | 400,000 | 56,550 | 1.29 |

Charter Township of Canton

Demographic and Economic Statistics (Unaudited)

| Fiscal Year | Population (1) | Median Household Income (3) | Per Capita Personal Income (3) | Unemployment Rate (2) | Estimated Number of Households (1) |
|-------------|----------------|-----------------------------|--------------------------------|-----------------------|------------------------------------|
| 2003 | 82,612 | (4) | (4) | 3.40 | 30,613 |
| 2004 | 83,567 | (4) | (4) | 3.20 | 31,550 |
| 2005 | 84,930 | (4) | (4) | 2.60 | 32,237 |
| 2006 | 85,476 | (4) | (4) | 2.50 | 32,652 |
| 2007 | 84,037 | (4) | (4) | 2.70 | 32,361 |
| 2008 | 84,716 | (4) | (4) | 3.00 | 32,898 |
| 2009 | 88,944 | (4) | (4) | 5.20 | 32,735 |
| 2010 | 90,173 | (4) | (4) | 4.60 | 32,771 |
| 2011 | 90,128 | 82,256 | 33,632 | 3.97 | 32,813 |
| 2012 | 89,627 | 79,917 | 34,655 | 3.50 | 32,647 |

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

(2) U.S. Bureau of Labor Statistics

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

(4) Not Available

Charter Township of Canton

Principal Employers (Unaudited)

| Taxpayer | 2012 Employees | Percentage of Total | 2003 Employees | Percentage of Total | 2003 Rank |
|----------------------------|-------------------|------------------------|-------------------|------------------------|--------------|
| Plymouth Canton Schools | 2,160 | 11.49 | (1) | (1) | (1) |
| Yazaki North America | 1,131 | 6.02 | (1) | (1) | (1) |
| Wal-Mart Stores, Inc. | 844 | 4.49 | (1) | (1) | (1) |
| A & D Transport | 560 | 2.98 | (1) | (1) | (1) |
| Sysco Detroit LLC | 500 | 2.66 | (1) | (1) | (1) |
| Charter Township of Canton | 341 | 1.81 | (1) | (1) | (1) |
| IKEA | 319 | 1.70 | (1) | (1) | (1) |
| Meijer, Inc. | 311 | 1.65 | (1) | (1) | (1) |
| Target Brands, Inc. | 277 | 1.47 | (1) | (1) | (1) |
| The Home Depot USA, Inc. | 270 | 1.44 | (1) | (1) | (1) |

(1) Not available

Source: Taxpayer, SEMCOG, and Canton Library Reference USA

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Charter Township of Canton

Operating Information Full-time Equivalent Government Employees (Unaudited)

| Department | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Supervisor's Office | 3 | 2 | 2 | 4 | 4 | 4 | 4 | 4.5 | 3.5 | 2.8 |
| Economic Development | | | | | | | 4 | 3.5 | 2.5 | 3.2 |
| Cable | | | | | | | 3 | 3 | *** | *** |
| Human Resources | | | | | | | 5 | 5 | 5 | 5 |
| Legal | | | | | | | 2 | 2 | 1 | 2 |
| Economic Development | - | 1 | 1 | 1 | 1 | 2 | ** | ** | ** | ** |
| Clerk's Office | 6 | 6 | 6 | 8 | 8 | 8 | 7 | 7 | 7 | 8 |
| Treasurer's Office | 6 | 6 | 6 | 7 | 6 | 7 | 7 | 6.4 | 6.6 | 6.6 |
| Utility Billing | 4 | 5 | 5 | 4 | 4 | 4 | 4 | 4.6 | 4.4 | 4.4 |
| Executive Operations and Public Safety | | | | | | | | | | |
| Fire | 65 | 68 | 68 | 63 | 70 | 70 | 70 | 66.4 | 66.4 | 70.9 |
| Police | 108 | 110 | 109 | 106 | 117 | 113 | 113 | 114.1 | 110.1 | 105.1 |
| Human Resources | 4 | 5 | 5 | 5 | 5 | 5 | ** | ** | ** | ** |
| Finance and Budget | | | | | | | | | | |
| Finance and Budget | 12 | 12 | 12 | 11 | 10 | 10 | 10 | 10 | 10 | 10 |
| Information Technology Systems | 8 | 8 | 8 | 7 | 7 | 7 | 7 | 7 | 7 | 6 |
| Cable Television | 3 | 3 | 3 | 3 | 3 | 3 | ** | ** | ** | ** |
| Municipal Services | | | | | | | | | | |
| Director's Office | 5 | 5 | 4 | 3 | 5 | 3 | 3 | 3 | 3 | 3 |
| Building and Inspection Services | 21 | 23 | 20 | 11 | 12 | 10 | 10 | 12 | 11 | 9.5 |
| Engineering Services | 16 | 16 | 24 | 15 | 19 | 15 | 13 | 10 | 9 | 8 |
| Planning Services | 8 | 7 | 9 | 6 | 6 | 7 | 7 | 6 | 6 | 6 |
| Public Works | 35 | 33 | 35 | 37 | 38 | 36 | 36 | 37 | 36 | 36 |
| Leisure Services | | | | | | | | | | |
| Director's Office | 4 | 4 | 5 | 4 | 7 | 7 | 6 | 8 | 7.5 | 6.5 |
| Parks Division/Grounds | 12 | 12 | 12 | 11 | 12 | 12 | 12 | 12 | 11 | 11 |
| Summit Community Center | 8 | 8 | 6 | 10 | 11 | 9 | 9 | 9.4 | 10 | 8.25 |
| Pheasant Run Golf Course | 5 | 3 | 3 | 3 | 3 | 2 | 2 | 3.5 | 3.5 | 3.5 |
| Parks and Recreation | 11 | 10 | 11 | 12 | 7 | 11 | 10 | 8.45 | 7.35 | 7.85 |
| Softball Center | 1 | 2 | 2 | 2 | 1 | 1 | 1 | 1.4 | 2.4 | 1.4 |
| Performing Arts | - | 1 | 1 | 1 | 2 | 2 | 2 | 1.75 | 2.75 | 3.75 |
| Community Services | 4 | 4 | 4 | 2 | 3 | 2 | 1 | - | - | - |
| Facilities Maintenance | 8 | 16 | 16 | 11 | 11 | 9 | 10 | 10 | 9 | 9.25 |
| Administrative Services | 3 | 3 | 3 | - | - | - | - | - | - | - |
| Cable | - | - | - | - | - | - | - | - | 3 | 3 |
| Total | <u>360</u> | <u>373</u> | <u>380</u> | <u>347</u> | <u>372</u> | <u>359</u> | <u>358</u> | <u>356</u> | <u>345</u> | <u>341</u> |

Source: Township personnel records

Charter Township of Canton

| Function/Program | 2003 | 2004 | 2005 | 2006 |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Police: | | | | |
| Physical arrests | 2,649 | 2,682 | 2,760 | 3,580 |
| Traffic violations | 16,647 | 17,378 | 16,293 | 16,670 |
| Parking violations | 433 | 295 | 399 | 290 |
| Fire: | | | | |
| Fire runs | 1,224 | 1,148 | 1,294 | 1,152 |
| Emergency medical runs | 3,489 | 3,561 | 3,754 | 4,012 |
| Inspections | 1,150 | 1,073 | 889 | 628 |
| Parks and recreation: | | | | |
| Recreation program attendance | 352,458 | 351,860 | 406,774 | 524,722 |
| Community center admissions | 343,645 | 403,473 | 342,949 | 284,088 |
| Library: | | | | |
| Circulation (books borrowed) | 1,345,278 | 1,486,599 | 1,567,489 | 1,654,395 |
| Collection volume | 261,182 | 262,488 | 284,337 | 302,026 |
| Water: | | | | |
| Number of customers billed | 21,835 | 22,425 | 22,967 | 23,272 |
| Total consumption (billed - gallons) | 3,059,188,000 | 2,987,866,000 | 3,367,677,000 | 3,041,124,000 |
| Sewer: | | | | |
| Number of customers billed | 21,520 | 22,111 | 22,651 | 22,953 |

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

Operating Information
Operating Indicators
(Unaudited)

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 3,709 | 3,522 | 3,756 | 4,269 | 4,125 | 4,223 |
| 18,113 | 15,577 | 20,383 | 19,838 | 18,248 | 18,975 |
| 446 | 472 | 330 | 1,050 | 1,001 | 817 |
| 1,109 | 1,124 | 1,050 | 1,030 | 1,048 | 1,015 |
| 4,348 | 4,604 | 4,766 | 5,039 | 5,073 | 5,472 |
| 515 | 747 | 874 | 746 | 747 | 914 |
| 494,347 | 437,329 | 408,641 | 397,591 | 413,341 | 378,131 |
| 232,400 | 300,896 | 298,085 | 245,551 | 265,948 | 287,879 |
| 1,614,242 | 1,796,819 | 2,015,317 | 1,951,445 | 1,801,003 | 1,737,417 |
| 308,547 | 307,300 | 309,995 | 291,656 | 296,614 | 318,671 |
| 23,388 | 23,502 | 23,414 | 23,480 | 23,548 | 23,475 |
| 3,316,524,000 | 3,095,821,000 | 2,711,815,000 | 2,749,910,000 | 2,784,419,000 | 3,030,012,000 |
| 23,069 | 23,187 | 23,202 | 23,269 | 23,359 | 23,288 |

Charter Township of Canton

Operating Information Capital Asset Statistics (Unaudited)

| Function/Program | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units: | | | | | | | | | | |
| Cars and Jeep | 39 | 40 | 41 | 47 | 50 | 50 | 48 | 48 | 43 | 42 |
| Prisoner van | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Motorcycles | 4 | 4 | 6 | 6 | 6 | 6 | 4 | 4 | 4 | 4 |
| Fire: | | | | | | | | | | |
| Stations | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Fire and emergency response vehicle: | 12 | 14 | 14 | 14 | 15 | 15 | 15 | 15 | 15 | 16 |
| Public works: | | | | | | | | | | |
| Streets (miles) | 325 | 325 | 325 | 373 | 390 | 393 | 393 | 393 | 393 | 393 |
| Streetlights | 705 | 705 | 705 | 705 | 705 | 705 | 708 | 708 | 712 | 710 |
| Parks and recreation: | | | | | | | | | | |
| Acreage | 859 | 859 | 859 | 859 | 859 | 859 | 859 | 859 | 859 | 859 |
| Parks | 7 | 7 | 7 | 7 | 7 | 7 | 9 | 9 | 9 | 9 |
| Soccer fields | 30 | 30 | 30 | 30 | 30 | 30 | 39 | 39 | 39 | 39 |
| Baseball diamonds | 22 | 22 | 22 | 22 | 22 | 22 | 19 | 19 | 19 | 19 |
| Community Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf courses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Libraries - Branches | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water: | | | | | | | | | | |
| Mains (miles) | 279 | 279 | 279 | 424 | 424 | 425 | 425 | 430 | 430 | 431 |
| Fire hydrants | 3,493 | 3,493 | 3,493 | 4,874 | 4,930 | 4,935 | 5,047 | 5,076 | 5,097 | 5,105 |
| Sewer: | | | | | | | | | | |
| Miles of sanitary sewers | 248 | 248 | 248 | 328 | 330 | 331 | 335 | 337 | 337 | 337 |

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