

CHARTER TOWNSHIP OF CANTON, MICHIGAN

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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

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## **Comprehensive Annual Financial Report with Supplemental Information For the Fiscal Year Ended December 31, 2015**

**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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# Charter Township of Canton

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GENERAL OFFICES

April 28, 2016

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 2015 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 unmodified (“clean”) opinion on the Charter Township of Canton’s Financial Statements for the year ending December 31, 2015. 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 90,787 based on the July, 2015 estimate by the Southeast Michigan Council of Government.

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

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

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

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

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

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

## **Local Economy**

Unemployment in the Township remained relatively low at 2.6% for December, 2015 compared to 6.4% in the county and 4.5% in the state. Employment levels are expected to increase as the economy continues to improve.

Residential Development: 395 permits were issued in 2015 (253 single-family and 142 multiple-family), compared to 234 permits issued in 2014 (167 single-family and 67 multiple-family). Demand for new homes is increasing and the number of new residential projects is increasing to meet this demand.

There were 20 active projects in 2015, with new single-family housing commencing in Westridge Estates, Hamlet Pointe, Hamlet Meadows, and Manors at Hamlet, Morton Taylor Estates and Torrey Hill No. 2. Hickory Ridge and Willow Brook Village are being built out. Home construction will begin soon in Parkside North, Sheldon Estates, and River Hill Ridge.

Multiple-family construction consisted of Uptown Apartments, Enclaves and Brownstone Apartments, and Woodbridge Estates Condominiums.

Commercial Activity: Over 29 new projects totaling 320,000 square feet (including building renovations) were under review or under construction in 2015. New buildings reviewed and approved by the Township included the Hanford/Canton Center Medical Building, Fresh Thyme Farmer's Market, Group 10 Commercial Center on Ford Road, Medpost, Rainbow Child Care Center, Regency of Canton Expansion, Speedway Gas Station redevelopments, Black Rock Restaurant, TJ Maxx, Ulta, and World of Beer.

Many renovations were approved and completed, including Bank of America, KFC, Pilgrim Village Shopping Center, Taco Bell, and Wendy's (Michigan Avenue).

Industrial Activity: 12 industrial projects were approved in 2015, accounting for approximately 45,000 square feet of new space. Major projects included Advanced Engineering, All American per Resort, and the proposed Canton Township Water Storage Facility.

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

### **Long-term Financial Planning**

The Board maintains a fund balance policy which requires a minimum of fifteen percent (15%) of total expenditures for the three major funds: General, Fire and Police. Unassigned fund balance in the general fund (as reported to be in compliance with GASB Statement No. 54) amounted to 26.2% 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 (34.8% of total expenditures) and Fire (37.4% of total expenditures). The Township saw the benefits of the 2013 approved a tax (millage) increase for both the Police and Fire funds.

### **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, 2014. This was the 23<sup>rd</sup> 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.

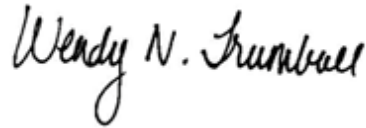
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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



Government Finance Officers Association

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

Presented to

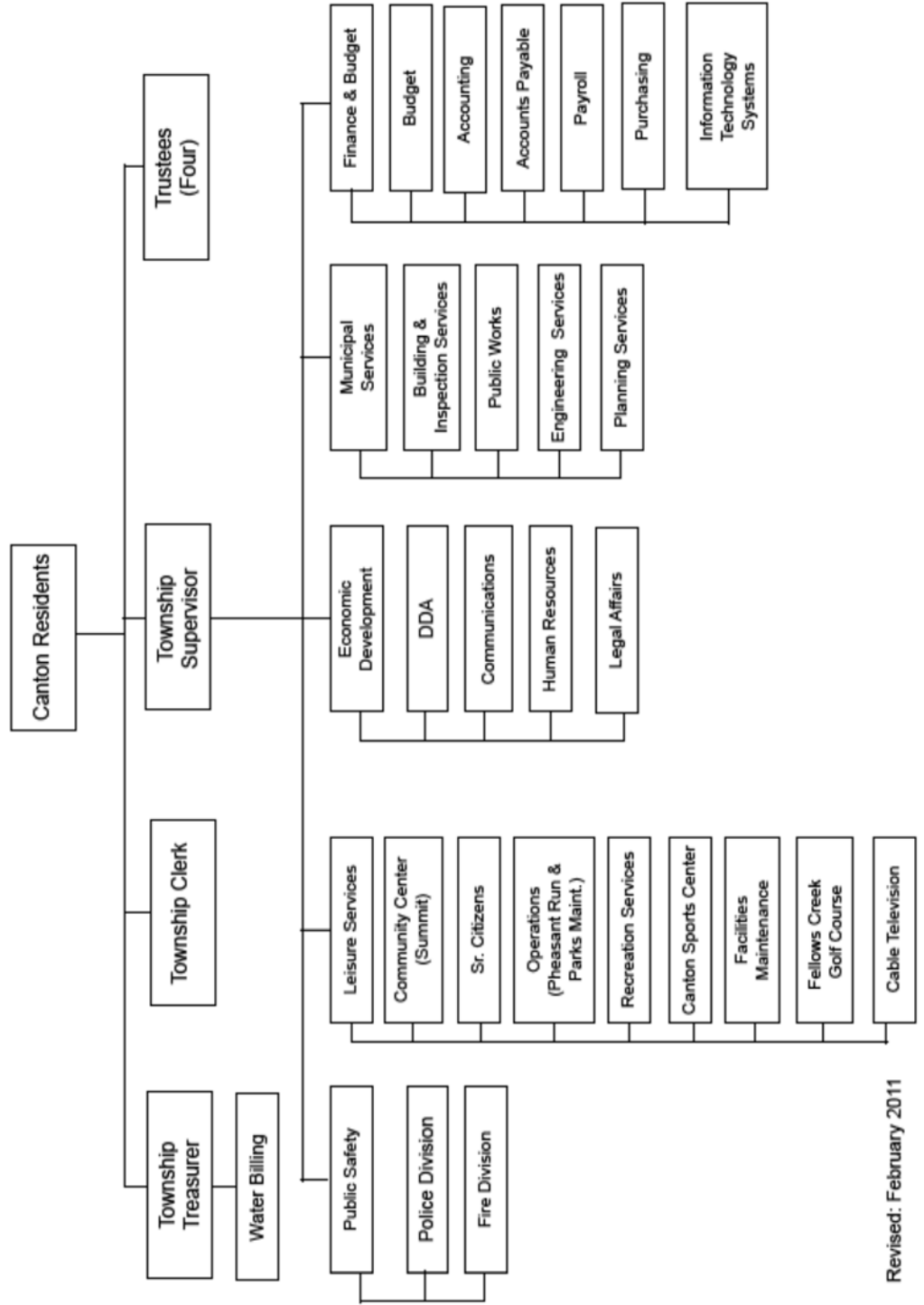
**Charter Township of Canton  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

# CHARTER TOWNSHIP OF CANTON



Revised: February 2011

# Charter Township of Canton

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## List of Principal Officials as of December 31, 2015

### 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  
Robert Creamer  
William Serchak  
Jeffrey Goulet

### Leisure Services Department

Director  
Chief of Parks

Debra Bilbrey-Honsowetz  
Brad Sharp

### Public Safety Department

Director  
Deputy Chief  
Deputy Chief  
Fire Chief

Todd Mutchler  
Scott Hilden  
Debra Newsome  
Joshua Meier

# Charter Township of Canton

## Labor Agreements as of December 31, 2015

<u>Bargaining Unit</u>	<u>Expiration Date</u>	<u>Number of Employees</u>
Police:		
Sergeants and lieutenants	12/31/2018	15
Police Officers Association of Michigan - Represents police officers and dispatchers	12/31/2015	83
International Association of Firefighters - Represents firefighters	12/31/2016	64
Technical, Professional, and Officeworkers Association of Michigan - Represents clerical employees	12/31/2016	58
American Federation of State, County, and Municipal Employees - Represents public works employees, facilities maintenance employees, building inspectors, and ordinance officers	12/31/2016	<u>65</u>
Total		<u><u>285</u></u>



# Charter Township of Canton

## Summary of Personnel - Budgeted Positions As of December 31, 2015

	<u>Full-time</u>	<u>Part-time</u>
Supervisor:		
Supervisor's Office	2.20	-
Economic Development	0.50	-
Cable Television	5.00	-
Human Resources	5.00	-
Legal	2.00	-
Downtown Development	1.80	-
Clerk's Office	6.00	1.00
Treasurer:		
Treasurer's Office	5.00	-
Utility Billing	4.00	-
Public Safety:		
Fire and Emergency Management	78.40	-
Police	113.60	2.00
Finance and Budget:		
Finance and Budget	10.00	-
Information Technology Systems	6.00	-
Municipal Services:		
Director's Office	2.50	-
Building and Inspection Services	12.00	-
Engineering Services	9.00	-
Fleet Maintenance	7.00	-
Planning Services	6.00	-
Public Works	25.65	1.00
Stormwater Drains	2.75	-
Rental Inspection	3.00	-
Solid Waste	0.60	-
Leisure Services:		
Director's Offices	7.00	1.00
Facilities Maintenance	9.75	-
Parks Division	11.00	-
Summit Community Center	10.75	2.00
Pheasant Run Golf Course	3.00	1.00
Parks and Recreation	4.75	-
Softball Center	3.00	-
Senior Citizen Programs	1.00	-
Performing Arts	3.75	-
	<u>362.00</u>	<u>8.00</u>
Total budgeted employees		

# Charter Township of Canton

## Fund Organization Chart

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

## Independent Auditor's Report

To the Township Board  
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 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, 2015 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.

To the Township Board  
Charter Township of Canton

### ***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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of December 31, 2015 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 16 to the financial statements, during the year ended December 31, 2015, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund and each major special revenue fund, schedule of Township pension contributions, and schedule of changes in net pension liability and related ratios, 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 an opinion 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, and introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

To the Township Board  
Charter Township of Canton

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 April 28, 2016 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 the Charter Township of Canton's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

April 28, 2016

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# 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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the Charter Township of Canton exceed its liabilities and deferred outflows of resources at the close of the most recent fiscal year by \$214,503,398 (net position). Of this amount; \$42,108,337 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$12,425,762, 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 \$32,674,522 an increase of \$9,010,046.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$7,088,320 or 28.7 percent of total General Fund expenditures.
- At the close of the current fiscal year, fund balance for the Fire Fund was \$4,217,614 or 37.4 percent of total Fire Fund expenditures.
- At the end of the current fiscal year fund balance for the Police Fund was \$5,403,472 or 34.8 percent of total Police Fund expenditures.
- The Charter Township of Canton's total debt decreased by \$8,157,732. This was due to having the Library paying off their portion of outstanding debt. In addition, all principal and interest payments were made.
- Total capital assets increased by \$3,173,334, as the Charter Township of Canton has begun replacing assets that have been deferred for several years.

### Overview of the Financial Statements

Canton's 2015 Comprehensive Annual Financial Report (CAFR) is presented in conformity with the requirements of GASB 34. This annual report consists of five parts - management's discussion and analysis, the basic financial statements, required supplementary information, other supplemental information, which presents combining statements for nonmajor governmental funds and fiduciary funds, and a statistical section. The basic financial statements include two sets of statements, each present a different view of the Charter Township, along with the notes to the financial statements. The first set of statements is the government-wide financial statements that provide both long-term and short-term information about the Charter Township's overall financial status. The second set of statements is fund financial statements that focus on individual parts of the Charter Township's government, reporting the Charter Township's operations in more detail than the government-wide statements.

# Charter Township of Canton

## Management's Discussion and Analysis

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

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

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

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

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

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

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

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



# Charter Township of Canton

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## Management's Discussion and Analysis

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

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

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

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

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

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

The basic Proprietary fund financial statements can be found on pages 23-25 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 26 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 27-64 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter Township of Canton's major fund's budgetary comparisons. Required supplementary information can be found on pages 65-73 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the Charter Township of Canton, net position was \$214,503,398 at the close of the 2015 fiscal year.

By far, the largest portion of the Charter Township of Canton's net position (74 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 (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$42,108,337) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net position decreased by \$12,425,762, from the previous year. This decrease is due to an initial decrease of \$27,416,917 due to the implementation of GASB Statement No. 68. Subsequent to that decrease, the government's net position increased \$14,991,155 during the current year. Total revenues were up approximately \$13.7 million, where total expenses only increased \$3.8 million from 2014.

# Charter Township of Canton

## Management's Discussion and Analysis

### Charter Township of Canton's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$ 78,735,987	\$ 67,818,171	\$ 42,056,824	\$ 42,852,727	\$ 120,792,811	\$ 110,670,898
Noncurrent assets	-	2,629,560	-	-	-	2,629,560
Investment in joint venture	-	-	76,596,287	75,017,568	76,596,287	75,017,568
Capital assets	<u>78,496,496</u>	<u>79,807,724</u>	<u>104,418,808</u>	<u>99,934,246</u>	<u>182,915,304</u>	<u>179,741,970</u>
Total assets	157,232,483	150,255,455	223,071,919	217,804,541	380,304,402	368,059,996
<b>Deferred Outflows of Resources</b>	3,961,433	182,344	291,890	82,094	4,253,323	264,438
<b>Liabilities</b>						
Current liabilities	6,306,260	5,579,692	10,750,066	10,213,881	17,056,326	15,793,573
Long-term liabilities	<u>77,135,539</u>	<u>51,309,534</u>	<u>40,628,396</u>	<u>40,130,110</u>	<u>117,763,935</u>	<u>91,439,644</u>
Total liabilities	83,441,799	56,889,226	51,378,462	50,343,991	134,820,261	107,233,217
<b>Deferred Inflows of Resources</b>	35,234,066	34,162,057	-	-	35,234,066	34,162,057
<b>Net Position</b>						
Invested in capital assets -						
Net investment in capital assets	56,477,790	55,216,572	101,736,096	96,625,929	158,213,886	151,842,501
Restricted:						
Police and fire	9,659,992	4,288,338	-	-	9,659,992	4,288,338
Street lighting	104,779	65,251	-	-	104,779	65,251
911 activities	1,635,140	1,194,562	-	-	1,635,140	1,194,562
Special Investigation	694,171	835,676	-	-	694,171	835,676
Neighborhood stabilization grant	243,550	243,550	-	-	243,550	243,550
Cable TV	1,135,090	1,009,179	-	-	1,135,090	1,009,179
Rental Inspection	77,332	134,753	-	-	77,332	134,753
Unrestricted	<u>(28,140,914)</u>	<u>(3,601,365)</u>	<u>70,249,251</u>	<u>70,916,715</u>	<u>42,108,337</u>	<u>67,315,350</u>
Total net position	<u>\$42,518,051</u>	<u>\$59,386,516</u>	<u>\$ 171,985,347</u>	<u>\$ 167,542,644</u>	<u>\$ 214,503,398</u>	<u>\$ 226,929,160</u>

**Governmental Activities.** The net position of the governmental activities decreased by \$16,868,465 for the Charter Township of Canton. Key elements in this decrease are as follows:

- Implementing GASB Statement No. 68 reduced beginning of year net position by approximately \$25 million.
- At the end of the year, and net pension liability of approximately \$29.7 million has been recorded. A related deferred outflow has been recorded for approximately \$3.7 million for a difference in expected investment returns compared to actual, as well as employer contributions made after the actuary measurement date.
- The Township has a decrease in the outstanding capital lease receivable from the Canton Public Library, as their portion of outstanding debt was paid off in 2015. The Township subsequently refunded the remaining portion of the debt in August, 2015.

# Charter Township of Canton

## Management's Discussion and Analysis

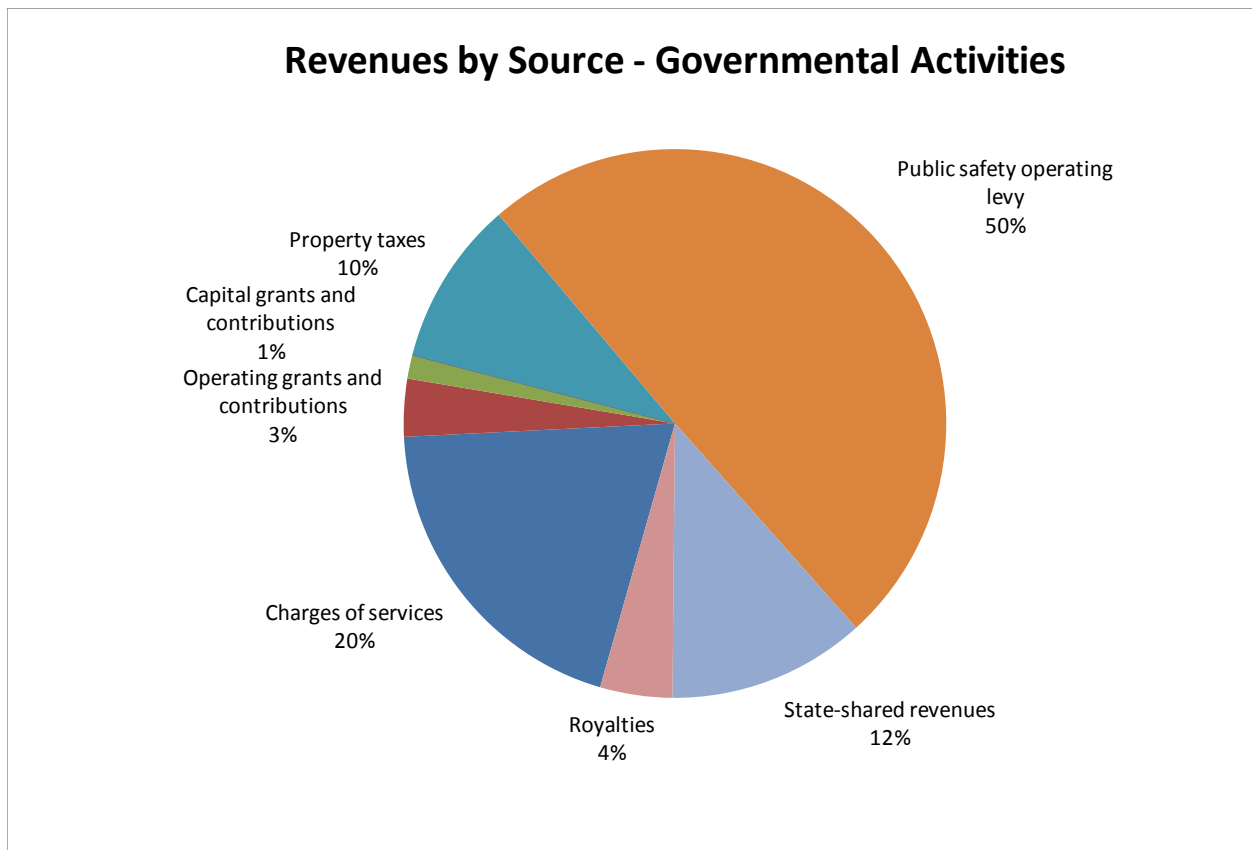
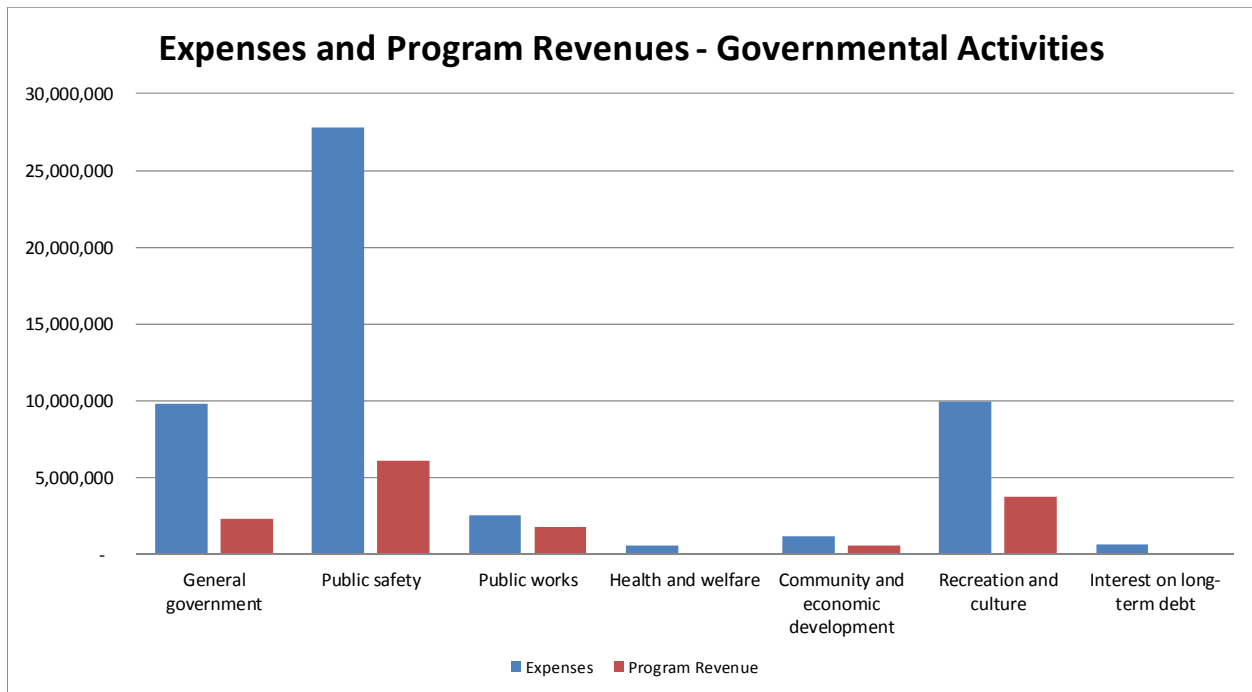
### Charter Township of Canton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 11,776,953	\$ 10,031,773	\$ 39,780,364	\$ 32,077,135	\$ 51,557,317	\$ 42,108,908
Operating grants and contributions	2,022,182	2,358,971	-	-	2,022,182	2,358,971
Capital grants and contributions	824,931	1,929,286	4,789,423	1,783,938	5,614,354	3,713,224
General revenue:						
Property taxes	5,800,383	8,841,460	-	-	5,800,383	8,841,460
Public safety operating levy	29,537,218	24,122,860	-	-	29,537,218	24,122,860
State-shared revenue	7,014,260	7,059,577	-	-	7,014,260	7,059,577
Franchise fees and royalties	2,559,964	2,492,379	-	-	2,559,964	2,492,379
Investment earnings	206,252	213,942	236,524	252,404	442,776	466,346
Miscellaneous	1,612,064	1,233,073	82,210	101,768	1,694,274	1,334,841
<b>Total revenue</b>	<b>61,354,207</b>	<b>58,283,321</b>	<b>44,888,521</b>	<b>34,215,245</b>	<b>106,242,728</b>	<b>92,498,566</b>
<b>Program Expenses</b>						
General government	9,813,611	9,247,357	-	-	9,813,611	9,247,357
Public safety	27,792,019	27,845,444	-	-	27,792,019	27,845,444
Public works	2,576,399	5,605,318	-	-	2,576,399	5,605,318
Health and welfare	556,666	526,002	-	-	556,666	526,002
Community and economic development	1,193,318	1,824,235	-	-	1,193,318	1,824,235
Recreation and culture	9,937,482	9,588,377	-	-	9,937,482	9,588,377
Interest on long-term debt	663,623	746,039	-	-	663,623	746,039
Water and sewer	-	-	32,126,598	28,941,639	32,126,598	28,941,639
Golf course	-	-	3,119,416	3,083,471	3,119,416	3,083,471
Solid Waste	-	-	3,472,441	-	3,472,441	-
<b>Total program expenses</b>	<b>52,533,118</b>	<b>55,382,772</b>	<b>38,718,455</b>	<b>32,025,110</b>	<b>91,251,573</b>	<b>87,407,882</b>
<b>Excess of Revenue Over (Under)</b>						
<b>Expenses - Before transfers</b>	8,821,089	2,900,549	6,170,066	2,190,135	14,991,155	5,090,684
<b>Transfers</b>	(731,077)	(1,281,439)	731,077	1,281,439	-	-
<b>Change in Net Position</b>	8,090,012	1,619,110	6,901,143	3,471,574	14,991,155	5,090,684
<b>Net Position - Beginning of year, as restated</b>	34,428,039	57,767,406	165,084,204	164,071,070	199,512,243	221,838,476
<b>Net Position - End of year</b>	<b>\$ 42,518,051</b>	<b>\$ 59,386,516</b>	<b>\$ 171,985,347</b>	<b>\$ 167,542,644</b>	<b>\$ 214,503,398</b>	<b>\$ 226,929,160</b>

- The increase in governmental net position was \$8.1 million versus \$1.6 million in 2014. Despite a decrease in overall net position because of GASB Statement No. 68, the Township was able to recover some of that with increased revenues and decreased expenses.
- Revenues were increased in several areas when comparing 2015 to 2014. Property taxes were approximately \$2.4 million higher, primarily due to increased millage rates in the Police and Fire funds. Charges for services were approximately \$1,745,000 higher as the Township saw increased permits for new building and construction.
- Expenses in the Public Works department were down approximately \$3 million in 2015, as these expenses have been moved to the newly created Solid Waste fund.

# Charter Township of Canton

## Management's Discussion and Analysis

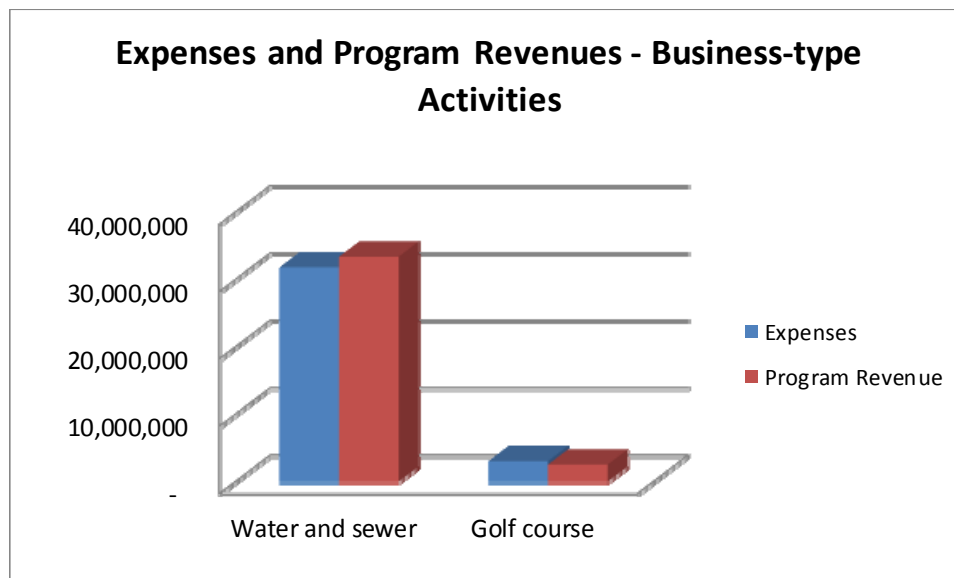


# Charter Township of Canton

## Management's Discussion and Analysis

**Business-type Activities.** Business-type activities increased the Charter Township of Canton's net position by \$6,901,143. Key elements in this increase are as follows:

- In 2015, the Charter Township of Canton implemented a Solid Waste user fee. This fee increased charges for services revenues by approximately \$3.8 million.
- Charges for services were also increased by approximately \$2.8 million for the sales of water and sewer. Despite having sold less gallons than anticipated, the Township had a 9 percent rate increase that positively impacted revenues.



### 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 \$32,674,522 an increase of \$9,010,046 in comparison with the prior year. Approximately 22 percent of this total amount (\$7,088,320) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it either legally restricted or is intended to be used for a specific purpose in future years.

# Charter Township of Canton

## Management's Discussion and Analysis

The General Fund is the primary operating fund of the Charter Township of Canton. At the end of the current fiscal year, with the consolidation of funds due to the implementation of GASB No. 54, the fund balance was \$18,609,296. Of this total, \$84,704 was nonspendable, \$1,212,422 was restricted and \$10,223,850 was assigned at year-end. As a measure of the General Funds liquidity, the unassigned fund balance as a percentage of total expenditures is 28.7 percent.

General Fund fund balance increased by \$3,733,860. The General Fund saw significantly larger than budgeted licenses and permits, as new building and construction was thriving within the Township. Additionally, the Township became self-insured in 2015 for medical costs. As a result, the General Fund saw approximately \$300,000 in expense savings from this change.

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 \$4,217,614 or 37.4% of total expenditures. The Fire Fund's fund balance saw an increase of \$2,397,550 from the previous year, which exceeded the amount budgeted in the final budget by \$2,261,444. The Fire Fund saved over \$600,000 from the change to medical self-insurance. Additionally, the Fire Fund had less than budgeted expenses in other fringe benefit categories, such as pension, dental and workers compensation that had a combined savings of approximately \$500,000.

The Police Fund balance at year-end was \$5,403,472 or 34.8% of total expenditures. The Police Fund fund balance saw an increase of \$2,685,077 from the previous year, which exceeded the amount budgeted in the final budget in the amount by \$2,663,139. The Police Fund saved over \$580,000 from the change to medical self-insurance. Additionally, the Police fund had less than budgeted expenses in salary and wages accounts that saved approximately \$912,000.

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

Total unrestricted net position of the Enterprise Funds at the end of the year was \$70,249,251.

Total net position increased in the Water and Sewer Fund by \$6,358,640 for an end net position of \$161,691,815. Operating revenues were approximately \$2.7 million higher in 2015 than in 2014 due to a 9 percent water and sewer rate increase. Additionally, the Water and Sewer Fund received approximately \$3 million more in capital contributions in 2015 than in 2014 as the construction of new homes and subdivisions was up in the current year.

Total net position increased in the Golf fund by \$209,474 for an end net position of \$9,960,503.

# Charter Township of Canton

## Management's Discussion and Analysis

### General Fund Budgetary Highlights

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

The General Fund budget increased 14.02 percent, or approximately \$3,363,000. A large portion of the increase was related to the refunding of the 2005 LTGO bonds when the Canton Public Library paid off their portion. Although the General Fund budgeted to use approximately \$1,912,000 of fund balance, it ended up seeing an increase in fund balance of approximately \$3,479,000 due to conservative spending and higher revenues than anticipated.

### Capital Assets and Debt Administration

**Long Term Debt.** At the end of the current fiscal year, the Charter Township of Canton had total debt outstanding of \$57,645,853. Of this amount, \$51,825,866 comprises debt backed by the full faith and credit of the government and \$1,285,000 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 \$4,534,987 is installment purchase agreements and capital leases, the majority of which for the purchase and installation of energy upgrades throughout the Township. This debt will be paid for with the energy savings realized from these upgrades.

**Charter Township of Canton's Outstanding Debt**

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 17,248,178	\$ 21,785,737	\$ 34,577,688	\$ 37,076,162	\$ 51,825,866	\$ 58,861,899
Special assessment debt with governmental commitment	1,285,000	1,795,000	-	-	1,285,000	1,795,000
Installment Purchase Agreements	4,173,284	4,628,635	-	-	4,173,284	4,628,635
Capital Leases Payable	-	-	361,703	518,051	361,703	518,051
<b>Total</b>	<b>\$ 22,706,462</b>	<b>\$ 28,209,372</b>	<b>\$ 34,939,391</b>	<b>\$ 37,594,213</b>	<b>\$ 57,645,853</b>	<b>\$ 65,803,585</b>

During the current fiscal year, the Charter Township of Canton's total debt decreased by \$8,157,732. No new debt was issued in 2015, however the Limited Tax General Obligation Bonds Series 2005 were refunded into a new 2015 Series for a better interest rate.

The Township has been assigned an "AA" rating from Standard & Poor's, a "AAA" rating from Fitch and a "A2" rating from Moody's as of the end of March 2016.

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 \$401,461,765, which is significantly in excess of the net debt subject to the limit of \$51,825,866.

Additional information on the Charter Township of Canton's long-term debt can be found on pages 46-50 of this report.



# Charter Township of Canton

## Management's Discussion and Analysis

**Capital Assets.** The Charter Township of Canton's investment in capital assets for its governmental and business-type activities at year-end amounts to \$182,915,304 (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. After years of drastically cutting back on capital spending the Township is in a position to begin repairing the capital has been put on hold. Capital asset purchases were 112 percent higher in 2015 than in 2014.

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

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 17,420,930	\$ 17,401,880	\$ 9,364,807	\$ 9,364,807	\$ 26,785,737	\$ 26,766,687
Land improvements	-	-	601,878	686,844	601,878	686,844
Infrastructure	8,542,850	9,226,105	85,820,575	71,215,340	94,363,425	80,441,445
Buildings and improvements	45,791,969	47,154,172	5,654,865	5,946,556	51,446,834	53,100,728
Vehicles and equipment	4,919,425	5,093,687	1,672,835	1,726,910	6,592,260	6,820,597
Furniture and fixtures	511,396	303,205	108,475	29,077	619,871	332,282
Computer equipment	382,602	510,689	48,993	28,130	431,595	538,819
Construction in progress	927,324	117,986	1,146,380	10,936,582	2,073,704	11,054,568
<b>Total</b>	<b>\$ 78,496,496</b>	<b>\$ 79,807,724</b>	<b>\$ 104,418,808</b>	<b>\$ 99,934,246</b>	<b>\$ 182,915,304</b>	<b>\$ 179,741,970</b>

Additional information on the Charter Township of Canton's Capital Assets can be found in Note 4 found on pages 41-44.

**Economic Factors and Next Year's Budgets and Rates.** The Charter Township of Canton continues to maintain a low unemployment rate which is 2.6 percent at year-end. This rate compares very favorably to Wayne County's 6.4 percent and the State's 4.5 percent. This favorable rate is expected to continue as the economy stabilizes.

The population of the Charter Township of Canton, as an estimate from SEMCOG in July 2015, was estimated to be 90,787, an increase of 614 from the 2010 census. We anticipate this population to see growth in the upcoming year as many new homes are being built.

While the General Fund's adopted budget for 2016 shows a use of fund balance of \$1.7 million, the Township chose not to increase its tax levy, which is 2.49 mills below the Headlee limit, to address the shortfall. The Township has historically performed better than budgeted. As a result, the Township is choosing to use some of the excess unrestricted fund balance that has built up over time should the actual expenditures exceed revenue during 2016.

The Water and Sewer Fund was able to limit the increase in its variable rate to 7.3% for 2016, despite a rate increase from the Detroit Water and Sewer Department. Despite consumption being down in 2015, management's conservative spending allowed the Township to build up some cash reserves in order to reduce the need to raise rates even more.

# Charter Township of Canton

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## Management's Discussion and Analysis

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

# Charter Township of Canton

## Statement of Net Position December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 17,437,295	\$ 3,537,703	\$ 20,974,998	\$ 2,366,457
Investments (Note 3)	37,676,979	18,902,431	56,579,410	-
Receivables, net:				
Property taxes	14,292,398	-	14,292,398	1,421,817
Customers	-	10,042,504	10,042,504	-
Special assessments	3,170,610	-	3,170,610	-
Accrued interest and other receivables	1,242,335	179,707	1,422,042	-
Internal balances	90,215	(90,215)	-	-
Due from other governmental units	1,624,039	-	1,624,039	-
Other assets	1,313,328	322,744	1,636,072	33
Inventories	68,414	449,447	517,861	-
Restricted assets (Note 8)	1,820,374	8,712,503	10,532,877	-
Investment in joint venture (Note 10):				
Western Townships Utilities Authority (WTUA)	-	76,596,287	76,596,287	-
Nondepreciable capital assets (Note 4)	18,348,254	10,511,187	28,859,441	-
Depreciable capital assets, net (Note 4)	60,148,242	93,907,621	154,055,863	13,718,976
<b>Total Assets</b>	<b>157,232,483</b>	<b>223,071,919</b>	<b>380,304,402</b>	<b>17,507,283</b>
<b>Deferred Outflows of Resources (Note 5)</b>	<b>3,961,433</b>	<b>291,890</b>	<b>4,253,323</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	1,485,129	3,135,731	4,620,860	84,525
Accrued and other liabilities	1,978,920	512,254	2,491,174	15,516
Cash bonds and deposits	2,446,300	3,188,791	5,635,091	-
Due to other governmental units	88,006	7,536	95,542	45,923
Unearned revenue:				
Special assessments	307,905	-	307,905	-
Customer deposits	-	3,905,754	3,905,754	-
Noncurrent liabilities:				
Due within one year (Note 7):				
Bond and other contractual obligations	2,671,648	2,836,257	5,507,905	954,726
Other long-term obligations	2,955,937	319,126	3,275,063	630
Due in more than one year:				
Net other post employment benefit obligations (Note 14)	20,231,960	2,376,275	22,608,235	-
Net pension liability (Note 13)	29,652,593	2,920,814	32,573,407	-
Bond and other long-term obligations (Note 7)	20,034,814	32,103,134	52,137,948	2,075,416
Other long-term obligations (Note 7)	1,588,587	72,790	1,661,377	-
<b>Total Liabilities</b>	<b>83,441,799</b>	<b>51,378,462</b>	<b>134,820,261</b>	<b>3,176,736</b>
<b>Deferred Inflows of Resources (Note 5)</b>	<b>35,234,066</b>	<b>-</b>	<b>35,234,066</b>	<b>2,034,205</b>
<b>Net Position</b>				
Net investment in capital assets	56,477,790	101,736,096	158,213,886	10,688,834
Restricted:				
Police and fire	9,659,992	-	9,659,992	-
Street lighting	104,779	-	104,779	-
911 activities	1,635,140	-	1,635,140	-
Special investigation	694,171	-	694,171	-
Neighborhood stabilization grant	243,550	-	243,550	-
Capital projects - roads	631,121	-	631,121	-
Cable TV	1,135,090	-	1,135,090	-
Rental Inspection	77,332	-	77,332	-
Unrestricted	(28,140,914)	70,249,251	42,108,337	1,607,508
<b>Total Net Position</b>	<b>\$ 42,518,051</b>	<b>\$ 171,985,347</b>	<b>\$ 214,503,398</b>	<b>\$ 12,296,342</b>

# Charter Township of Canton

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ 9,813,611	\$ 2,337,824	\$ 26,985	\$ -
Public safety	27,792,019	4,861,730	1,254,318	-
Public works	2,576,399	785,831	159,045	824,931
Health and welfare	556,666	-	-	-
Community and economic development	1,193,318	220,176	394,185	-
Recreation and culture	9,937,482	3,571,392	187,649	-
Interest on long-term debt	663,623	-	-	-
<b>Total Governmental Activities:</b>	<b>52,533,118</b>	<b>11,776,953</b>	<b>2,022,182</b>	<b>824,931</b>
Business-Type Activities:				
Water and sewer	32,126,598	33,380,950	-	4,789,423
Golf course	3,119,416	2,594,960	-	-
Solid Waste	3,472,441	3,804,454	-	-
<b>Total Business-Type Activities:</b>	<b>38,718,455</b>	<b>39,780,364</b>	<b>-</b>	<b>4,789,423</b>
<b>Total Primary Government:</b>	<b>\$ 91,251,573</b>	<b>\$ 51,557,317</b>	<b>\$ 2,022,182</b>	<b>\$ 5,614,354</b>
<b>Component Unit</b>				
Downtown development authority	1,670,343	-	-	-
<b>Total Component Unit:</b>	<b>\$ 1,670,343</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Taxes:				
Property taxes				
Public safety operating levy				
State shared revenues (unrestricted)				
Royalties				
Investment earnings				
Miscellaneous				
Transfers				
Total General Revenues, Special Items, and Transfers:				
Change in Net Position:				
Net Position - Beginning, as restated (Note 16)				
Net Position - Ending				

## Statement of Activities Year Ended December 31, 2015

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (7,448,802)	\$ -	\$ (7,448,802)	\$ -
(21,675,971)	-	(21,675,971)	-
(806,592)	-	(806,592)	-
(556,666)	-	(556,666)	-
(578,957)	-	(578,957)	-
(6,178,441)	-	(6,178,441)	-
<u>(663,623)</u>	<u>-</u>	<u>(663,623)</u>	<u>-</u>
<u>(37,909,052)</u>	<u>-</u>	<u>(37,909,052)</u>	<u>-</u>
-	6,043,775	6,043,775	-
-	(524,456)	(524,456)	-
<u>-</u>	<u>332,013</u>	<u>332,013</u>	<u>-</u>
<u>-</u>	<u>5,851,332</u>	<u>5,851,332</u>	<u>-</u>
<u>(37,909,052)</u>	<u>5,851,332</u>	<u>(32,057,720)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,670,343)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,670,343)</u>
5,800,383	-	5,800,383	1,983,151
29,537,218	-	29,537,218	-
7,014,260	-	7,014,260	-
2,559,964	-	2,559,964	-
206,252	236,524	442,776	1,997
1,612,064	82,210	1,694,274	138,427
<u>(731,077)</u>	<u>731,077</u>	<u>-</u>	<u>-</u>
<u>45,999,064</u>	<u>1,049,811</u>	<u>47,048,875</u>	<u>2,123,575</u>
8,090,012	6,901,143	14,991,155	453,232
<u>34,428,039</u>	<u>165,084,204</u>	<u>199,512,243</u>	<u>11,843,110</u>
<b><u>\$ 42,518,051</u></b>	<b><u>\$ 171,985,347</u></b>	<b><u>\$ 214,503,398</u></b>	<b><u>\$ 12,296,342</u></b>

# Charter Township of Canton

## Governmental Funds Balance Sheet December 31, 2015

	General	Fire	Police	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents (Note 3)	\$ 6,852,597	\$ 2,914,016	\$ 3,667,334	\$ 2,793,514	\$ 16,227,461
Investments (Note 3)	14,117,366	9,072,047	12,732,720	1,254,721	37,176,854
Receivables, net:					
Property taxes	2,181,335	4,900,900	7,210,163	-	14,292,398
Special assessments	-	-	-	3,170,610	3,170,610
Accrued interest and other receivables	1,187,073	13,325	28,774	1,999	1,231,171
Other assets	489,060	92,462	684,182	-	1,265,704
Due from other funds (Note 6)	299,049	-	-	-	299,049
Due from other governmental units	1,300,647	-	50,979	270,153	1,621,779
Restricted assets (Note 8)	-	-	-	1,820,374	1,820,374
<b>Total Assets</b>	<b>\$ 26,427,127</b>	<b>\$ 16,992,750</b>	<b>\$ 24,374,152</b>	<b>\$ 9,311,371</b>	<b>\$ 77,105,400</b>
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ 558,005	\$ 223,568	\$ 280,493	\$ 290,570	\$ 1,352,636
Accrued and other liabilities	586,137	264,891	581,310	442,290	1,874,628
Due to other funds (Note 6)	6,858	2,435	13,151	186,020	208,464
Due to other governmental units	31,536	19,202	36,047	-	86,785
Cash bonds and deposits	1,677,345	-	-	768,955	2,446,300
Unearned revenue:					
Special assessments	-	-	-	3,147,002	3,147,002
<b>Total Liabilities</b>	<b>2,859,881</b>	<b>510,096</b>	<b>911,001</b>	<b>4,834,837</b>	<b>9,115,815</b>
<b>Deferred Inflows of Resources (Note 5)</b>	<b>4,957,950</b>	<b>12,265,040</b>	<b>18,059,679</b>	<b>32,394</b>	<b>35,315,063</b>
Fund Balances (Note 15):					
Nonspendable	84,704	34,429	248,934	-	368,067
Restricted	1,212,422	4,183,185	5,154,538	3,964,123	14,514,268
Assigned	10,223,850	-	-	480,017	10,703,867
Unassigned	7,088,320	-	-	-	7,088,320
<b>Total Fund Balances:</b>	<b>18,609,296</b>	<b>4,217,614</b>	<b>5,403,472</b>	<b>4,444,140</b>	<b>32,674,522</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances:</b>	<b>\$ 26,427,127</b>	<b>\$ 16,992,750</b>	<b>\$ 24,374,152</b>	<b>\$ 9,311,371</b>	<b>\$ 77,105,400</b>

# Charter Township of Canton

## Governmental Funds Reconciliation of Fund Balances to the Statement of Net Position December 31, 2015

<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 32,674,522</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	77,661,874
Interest amounts on long-term liabilities are not payable until due in the funds	(191,019)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	1,458,924
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(22,706,462)
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	80,997
Special assessment and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	2,839,097
Compensated absences are not due and payable in the current period and are not reported in the funds	(3,279,706)
Other post employment benefit obligations are recognized for the statement of activities	(19,771,226)
Net pension liability is not due and payable in the current period and is not reported in the funds	(29,208,121)
Certain pension contributions and changes in the pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	3,909,583
Self-insurance liabilities are not due and payable in the current period and are not reported in the funds	<u>(950,412)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$42,518,051</u></b>

# Charter Township of Canton

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2015

	General	Fire	Police	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 5,804,576	\$ 11,950,790	\$ 17,586,428	\$ -	\$ 35,341,794
Licenses and permits	2,884,992	-	23,952	-	2,908,944
Federal sources	14,026	69,345	132,971	555,277	771,619
State sources	7,303,323	-	26,649	-	7,329,972
Charges for services	2,984,984	1,612,913	123,294	621,920	5,343,111
Fines and forfeitures	417,945	-	95,881	153,416	667,242
Administration charges	3,894,464	-	-	-	3,894,464
Special assessments	-	-	-	889,914	889,914
Leases and rentals	3,367,624	-	-	-	3,367,624
Royalties	2,559,964	-	-	-	2,559,964
Contributions and donations	14,775	-	1,000	159,045	174,820
Summit recreation fees	1,684,658	-	-	-	1,684,658
Other revenues	729,544	50,954	257,076	151,277	1,188,851
<b>Total Revenues</b>	<u>31,660,875</u>	<u>13,684,002</u>	<u>18,247,251</u>	<u>2,530,849</u>	<u>66,122,977</u>
<b>Expenditures</b>					
Current:					
General government	7,684,392	-	-	15,057	7,699,449
Public safety	1,405,184	10,361,332	15,225,567	517,090	27,509,173
Public works	1,644,093	-	-	581,141	2,225,234
Health and welfare	485,373	-	-	-	485,373
Community and economic development	741,888	-	-	394,185	1,136,073
Recreation and culture	8,220,757	-	-	-	8,220,757
Capital outlay	1,927,935	581,730	287,378	25,370	2,822,413
Debt service:					
Principal payments	1,768,500	320,061	29,541	858,914	2,977,016
Interest and fiscal charges	816,316	15,680	1,732	186,638	1,020,366
<b>Total Expenditures</b>	<u>24,694,438</u>	<u>11,278,803</u>	<u>15,544,218</u>	<u>2,578,395</u>	<u>54,095,854</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,966,437</u>	<u>2,405,199</u>	<u>2,703,033</u>	<u>(47,546)</u>	<u>12,027,123</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of debt	897,750	-	-	-	897,750
Payment to refunded bond escrow agent	(3,183,750)	-	-	-	(3,183,750)
Transfers in (Note 6)	105,884	-	-	346,989	452,873
Transfers out (Note 6)	(1,052,461)	(7,649)	(17,956)	(105,884)	(1,183,950)
<b>Total other financing sources (uses)</b>	<u>(3,232,577)</u>	<u>(7,649)</u>	<u>(17,956)</u>	<u>241,105</u>	<u>(3,017,077)</u>
<b>Net Change in Fund Balances</b>	3,733,860	2,397,550	2,685,077	193,559	9,010,046
Fund Balances - Beginning	14,875,436	1,820,064	2,718,395	4,250,581	23,664,476
<b>Fund Balances - Ending</b>	<u>\$ 18,609,296</u>	<u>\$ 4,217,614</u>	<u>\$ 5,403,472</u>	<u>\$ 4,444,140</u>	<u>\$ 32,674,522</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, 2015

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 9,010,046</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures (\$3,170,187); in the statement of activities, these costs are allocated over their estimated useful lives as depreciation (\$4,683,036)	(1,512,849)
Governmental funds do not report losses from capital asset disposals; in the statement of activities, losses on disposals are reported	(3,445)
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)	6,218,316
Accrued interest is an expenditure in the statement of activities, but not in the governmental funds	52,424
Bond Proceeds are reported as a liability and not recognized as revenue on the statement of activities	(897,750)
Governmental activities record payments received as a reduction in the capital lease receivable; governmental funds record as revenue when received	(2,629,560)
Accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(449,060)
Other post employment benefit obligations are recognized for the statement of activities	(745,261)
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	(430,753)
Certain revenue reported in the statement of activities is recorded in the governmental funds as unearned revenue	180,146
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	195,051
Increase in pension liability and deferred outflows reported in the statement of activities does not require the use of resources, and therefore, is not reported in the fund statements until it comes due for payment	(714,169)
Change in self-insurance liabilities	<u>(183,124)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 8,090,012</u></b>

# Charter Township of Canton

## Proprietary Funds Statement of Net Position December 31, 2015

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer	Golf Course	Nonmajor Fund - Solid Waste		
<b>Assets</b>					
Current assets:					
Cash and cash equivalents (Note 3)	\$ 263,309	\$ 267,923	\$ 3,006,471	\$ 3,537,703	\$ 1,209,834
Investments (Note 3)	18,902,431	-	-	18,902,431	500,125
Receivables, net:					
Customers	8,856,788	-	1,185,716	10,042,504	-
Accrued interest and other receivables	110,788	68,915	4	179,707	11,164
Other assets	119,262	203,470	12	322,744	47,624
Due from other funds (Note 6)	11,220	-	-	11,220	-
Due from other governmental units	-	-	-	-	2,260
Inventories	405,502	43,945	-	449,447	68,414
<b>Total Current assets</b>	<b>28,669,300</b>	<b>584,253</b>	<b>4,192,203</b>	<b>33,445,756</b>	<b>1,839,421</b>
Noncurrent assets					
Restricted assets (Note 8)	8,712,503	-	-	8,712,503	-
Investment in joint venture - WTUA (Note 10)	76,596,287	-	-	76,596,287	-
Nondepreciable capital assets (Note 4)	1,367,094	9,144,093	-	10,511,187	-
Depreciable assets, net (Note 4)	90,456,222	3,451,399	-	93,907,621	834,623
<b>Total Noncurrent assets</b>	<b>177,132,106</b>	<b>12,595,492</b>	<b>-</b>	<b>189,727,598</b>	<b>834,623</b>
<b>Total Assets</b>	<b>205,801,406</b>	<b>13,179,745</b>	<b>4,192,203</b>	<b>223,173,354</b>	<b>2,674,044</b>
<b>Deferred Outflows of Resources (Note 5)</b>	<b>257,783</b>	<b>26,456</b>	<b>7,651</b>	<b>291,890</b>	<b>51,850</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	3,094,609	37,577	3,545	3,135,731	132,494
Accrued and other liabilities	478,720	30,646	2,888	512,254	38,838
Cash bonds and deposits	3,136,706	52,085	-	3,188,791	-
Due to other funds (Note 6)	99,883	1,552	-	101,435	370
Due to other governmental units	6,487	830	219	7,536	1,221
Unearned revenue	56,418	-	3,849,336	3,905,754	-
Current portion of compensated absences (Note 7)	158,846	23,582	-	182,428	42,218
Current portion of uninsured losses (Note 7)	113,675	22,735	288	136,698	124,237
Current portion of long-term liabilities (Note 7)	2,032,123	804,134	-	2,836,257	-
<b>Total Current liabilities</b>	<b>9,177,467</b>	<b>973,141</b>	<b>3,856,276</b>	<b>14,006,884</b>	<b>339,378</b>
Noncurrent liabilities					
Provision for compensated absences (Note 7)	61,043	4,230	-	65,273	22,386
Provision for uninsured losses (Note 7)	7,210	307	-	7,517	-
Net other post employment benefit obligations (Note 13)	2,175,316	198,954	2,005	2,376,275	460,734
Net pension liability (Note 13)	2,721,782	190,488	8,544	2,920,814	444,472
Long-term liabilities, net of current portion (Note 7)	30,224,556	1,878,578	-	32,103,134	-
<b>Total Noncurrent liabilities</b>	<b>35,189,907</b>	<b>2,272,557</b>	<b>10,549</b>	<b>37,473,013</b>	<b>927,592</b>
<b>Total Liabilities</b>	<b>44,367,374</b>	<b>3,245,698</b>	<b>3,866,825</b>	<b>51,479,897</b>	<b>1,266,970</b>
<b>Net Position</b>					
Net investment in capital assets	91,823,316	9,912,780	-	101,736,096	834,623
Unrestricted	69,868,499	47,723	333,029	70,249,251	624,301
<b>Total Net Position</b>	<b>\$ 161,691,815</b>	<b>\$ 9,960,503</b>	<b>\$ 333,029</b>	<b>\$ 171,985,347</b>	<b>\$ 1,458,924</b>

# Charter Township of Canton

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2015

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer	Golf Course	Nonmajor Fund - Solid Waste		
<b>Operating Revenues</b>					
Sale of water	\$ 15,605,786	\$ -	\$ -	\$ 15,605,786	\$ -
Sewage disposal revenues	14,514,945	-	-	14,514,945	-
Service charges	615,155	2,594,960	3,804,454	7,014,569	-
Charges to other funds	-	-	-	-	5,005,382
Other revenues	243,654	2,851	-	246,505	200,559
<b>Total Operating Revenues</b>	<u>30,979,540</u>	<u>2,597,811</u>	<u>3,804,454</u>	<u>37,381,805</u>	<u>5,205,941</u>
<b>Operating Expenses</b>					
Salaries and wages	1,971,437	1,048,029	48,144	3,067,610	453,007
Payroll taxes and fringe benefits	1,119,170	219,290	18,340	1,356,800	3,527,181
Supplies	623,842	439,088	13,405	1,076,335	412,662
Engineering fees	31,503	-	-	31,503	-
Professional service	261,602	425,891	3,272,365	3,959,858	-
Vehicle expense	226,203	15,191	-	241,394	260,826
Water purchases	11,001,581	-	-	11,001,581	-
Sewage disposal charges	7,349,755	-	-	7,349,755	-
Maintenance	410,257	257,899	-	668,156	155,145
Administration charges	1,793,197	-	120,000	1,913,197	114,490
WTUA joint venture expense	3,204,029	-	-	3,204,029	-
Depreciation (Note 4)	2,821,220	343,370	-	3,164,590	36,506
Other expenses	153,870	159,338	187	313,395	51,691
<b>Total Operating Expenses</b>	<u>30,967,666</u>	<u>2,908,096</u>	<u>3,472,441</u>	<u>37,348,203</u>	<u>5,011,508</u>
Operating Income (Loss)	<u>11,874</u>	<u>(310,285)</u>	<u>332,013</u>	<u>33,602</u>	<u>194,433</u>
<b>Nonoperating Revenues (Expenses)</b>					
Customer connection fees	2,472,328	-	-	2,472,328	-
Investment income	235,506	2	1,016	236,524	618
Gain on disposal of capital assets	8,441	-	-	8,441	-
Interest and amortization expense	(1,158,932)	(211,320)	-	(1,370,252)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>1,557,343</u>	<u>(211,318)</u>	<u>1,016</u>	<u>1,347,041</u>	<u>618</u>
Income (Loss) Before Contributions and Transfers	1,569,217	(521,603)	333,029	1,380,643	195,051
<b>Capital Contributions</b>	4,789,423	-	-	4,789,423	
<b>Transfers</b>					
Transfers from Other Funds (Note 6)	-	750,000	-	750,000	-
Transfers to Other Funds (Note 6)	-	(18,923)	-	(18,923)	-
<b>Total Transfers</b>	<u>-</u>	<u>731,077</u>	<u>-</u>	<u>731,077</u>	<u>-</u>
Change in Net Position	6,358,640	209,474	333,029	6,901,143	195,051
Total Net Position - Beginning, as restated (Note 16)	155,333,175	9,751,029	-	165,084,204	1,263,873
<b>Total Net Position - Ending</b>	<u>\$ 161,691,815</u>	<u>\$ 9,960,503</u>	<u>\$ 333,029</u>	<u>\$ 171,985,347</u>	<u>\$ 1,458,924</u>

# Charter Township of Canton

## Proprietary Funds Statement of Cash Flows Year Ended December 31, 2015

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer	Golf Course	Nonmajor Fund - Solid Waste		
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 30,012,392	\$ 2,558,896	\$ 3,848,594	\$ 36,419,882	\$ 203,405
Payments to suppliers and vendors	(25,962,463)	(1,130,457)	(3,279,337)	(30,372,257)	(5,138,747)
Payments to employees	(2,715,125)	(1,242,378)	(63,079)	(4,020,582)	(456,803)
Receipts (payments) connected with interfund services	(1,842,966)	(7,415)	(120,000)	(1,970,381)	5,868,352
Other receipts (payments)	628,805	(210,030)	(199)	418,576	-
Net cash provided by (used in) operating activities	120,643	(31,384)	385,979	475,238	476,207
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from other funds	-	750,000	-	750,000	-
Transfers to other funds	-	(18,923)	-	(18,923)	-
Net cash provided by noncapital financing activities	-	731,077	-	731,077	-
<b>Cash Flows from Capital and Related Financing Activities</b>					
Joint venture project costs	1,287,403	-	-	1,287,403	-
Purchase of capital assets (excluding joint venture project costs)	(2,930,509)	(20,199)	-	(2,950,708)	(27,225)
Connection fees	2,472,328	-	-	2,472,328	-
Principal and interest paid on capital debt	(3,106,054)	(836,926)	-	(3,942,980)	-
Net cash used in capital and related financing activities	(2,276,832)	(857,125)	-	(3,133,957)	(27,225)
<b>Cash Flows from Investing Activities</b>					
Interest received on investments	235,506	2	1,016	236,524	618
Purchase of investment securities	(16,662,260)	-	-	(16,662,260)	(500,125)
Sale of investment securities	12,332,892	-	-	12,332,892	-
Net cash provided by (used in) investing activities	(4,093,862)	2	1,016	(4,092,844)	(499,507)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(6,250,051)	(157,430)	386,995	(6,020,486)	(50,525)
<b>Cash and Cash Equivalents - Beginning of year</b>	15,225,863	425,353	2,619,476	18,270,692	1,260,359
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 8,975,812</u>	<u>\$ 267,923</u>	<u>\$ 3,006,471</u>	<u>\$ 12,250,206</u>	<u>\$ 1,209,834</u>
<b>Statement of Net Position Classification of Cash and Cash Equivalents</b>					
Cash and cash equivalents	\$ 263,309	\$ 267,923	\$ 3,006,471	\$ 3,537,703	\$ 1,209,834
Restricted assets (Note 8)	8,712,503	-	-	8,712,503	-
Total cash and cash equivalents	<u>\$ 8,975,812</u>	<u>\$ 267,923</u>	<u>\$ 3,006,471</u>	<u>\$ 12,250,206</u>	<u>\$ 1,209,834</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income(loss)	\$ 11,874	\$ (310,285)	\$ 332,013	\$ 33,602	\$ 194,433
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	2,821,220	343,370	-	3,164,590	36,506
Changes in assets and liabilities:					
Receivables	(641,915)	(38,915)	(15,956)	(696,786)	(931)
Other assets	(11,720)	(85,948)	(12)	(97,680)	(15,469)
Due from other funds	(1,550)	297	-	(1,253)	995,088
Due from other government units	-	-	-	-	3,777
Inventories	(50,952)	7,388	-	(43,564)	4,961
Investment in joint venture equity interest - WTUA (Note 10)	(2,866,122)	-	-	(2,866,122)	-
Deferred outflows of resources	(257,783)	(26,456)	(7,651)	(291,890)	(51,850)
Accounts payable	86,375	19,925	3,545	109,845	83,119
Accrued and other liabilities	(22,992)	(19,701)	2,888	(39,805)	(999,750)
Cash bonds and deposits	550,741	35,256	-	585,997	-
Due to other funds	(48,219)	(7,712)	-	(55,931)	(17,628)
Due to other governmental units	930	(101)	219	1,048	277
Unearned revenue	(81,579)	-	60,096	(21,483)	-
Provisions for compensated absences and uninsured losses	135,192	14,268	288	149,748	159,161
Net other post employment benefit obligations	73,466	7,075	2,005	82,546	14,151
Net pension liability	423,677	30,155	8,544	462,376	70,362
Net cash provided by (used in) operating activities	<u>\$ 120,643</u>	<u>\$ (31,384)</u>	<u>\$ 385,979</u>	<u>\$ 475,238</u>	<u>\$ 476,207</u>

**Noncash Investing, Capital, and Financing Activities** – During the year ended December 31, 2015, developers constructed water and sewer lines with an estimated value of \$4,789,423 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 \$34,511.

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

# Charter Township of Canton

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## Fiduciary Funds Statement of Net Position December 31, 2015

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 2,405,965</u>
<b>Liabilities</b>	
Accounts payable	1,358
Cash bonds and deposits	177,124
Due to other governmental units	<u>2,227,483</u>
Total Liabilities:	<u>\$ 2,405,965</u>

# Charter Township of Canton

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## Notes to Financial Statements December 31, 2015

### Note 1 - Summary of Significant Accounting Policies

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

#### **Reporting Entity**

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

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

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

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

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

### **Government-wide and Fund Financial Statements**

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

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

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

### **Accounting and Reporting Principles**

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

### **Fund Accounting**

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

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

**Governmental funds** include all activities that provide general governmental services that are not business type activities. This includes the General Fund, special revenue funds, debt service funds and capital project funds. The Township reports the following funds as “major” governmental funds:

- The General Fund is the Charter Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Police Fund is a full-service department consisting of 84 sworn personnel and 29 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 60 sworn fire personnel and 7 support personnel, which provides fire suppression, fire prevention, and emergency medical service. The main source of revenue for the fire department comes from a voter-approved special assessment on real property.

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

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

The Township’s internal service funds are used to allocate financing of services provided to other departments to the various funds on a full accrual basis, so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.



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

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

#### **Interfund activity**

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

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

#### **Basis of Accounting**

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

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

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

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

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

Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with “deferred inflows”.

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

#### **Report Presentation**

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

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

### **Specific Balances and Transactions**

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

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

**Restricted Assets** - The Charter Township has unspent bond proceeds in both the Governmental Activities and in the Water and Sewer Fund, for the installation of energy efficient equipment, the construction of roads, and the construction of sewer infrastructure, respectively. As such, the amounts have been classified as restricted assets. See Note 8 for further details of restricted assets.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

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

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

Interest incurred during the construction of capital assets of business type activities is included as part of the capitalized value of assets constructed. During the current year, \$1,145,228 of interest expense was capitalized as part of the cost of assets under construction.

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

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

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

### **Deferred Outflows/Inflows of Resources**

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

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

### **Net Position Flow Assumption**

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

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

### **Fund Balance Flow Assumption**

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

### **Fund Balance Policies**

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

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

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

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

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

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

#### Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions, commitments or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. The amount of encumbrances outstanding at year end is \$1,439,969, detailed as follows:

	<u>Encumbrances</u>
General Fund	\$ 119,486
Community Center Fund	2,403
Community Improvement	<u>93,140</u>
Total General Fund	215,029
Police Fund	21,649
Non-major governmental funds	<u>1,203,291</u>
Total encumbrances	<u>\$ 1,439,969</u>

#### Property Tax Revenue

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

The Charter Township's 2014 tax is levied and collectible on December 1, 2014 and is recognized as revenue in the year ended December 31, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

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

The 2014 taxable valuation of the Charter Township totaled approximately \$3,369 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 1.3660 mills for operating purposes, 3.8580 mills for fire operating services, and 5.6760 mills for police operating. The fire and police millages are levied as special assessments under Act 33 of 1951. This resulted in approximately \$5.8 million for operating, \$12.0 million for fire operating, and \$17.6 million for police operating. All tax amounts are recognized in the respective General, Police, and Fire Funds' financial statements as tax revenue.

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

**Other Postemployment Benefits Costs** - The Township offers retiree health care benefits to retirees. The Township 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, 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.

**Compensated Absences (Vacation and Sick Leave)** - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The liability for unpaid accumulated sick leave is limited to certain employment groups that receive payment for unused sick leave when those employees separate from service with the Charter Township. All sick and vacation pay is accrued when earned in the government-wide and proprietary fund financial statements up to the amount eligible to be paid out upon termination. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government wide financial statements; generally the funds that report each employee's compensation (the General fund, fire fund, police fund, and water and sewer fund, primarily) are used to liquidate obligation.



# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

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

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

### Note 2 - Stewardship, Compliance, and Accountability

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

Cumulative shortfall at January 1, 2015		(\$10,183,529)
Building permit revenue		2,850,753
Related expenses:		
Direct costs	\$1,325,581	
Estimated indirect costs	<u>414,313</u>	
Total construction code expenses		<u>1,739,894</u>
Cumulative shortfall at December 31, 2015		<u><b>\$ (9,072,670)</b></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 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 \$13,639,773 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized; the component unit had \$182,998 of uninsured and uncollateralized bank deposits. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

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

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

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

#### Interest Rate Risk

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

Investment	Fair Value	Weighted Average Maturity
<b>Government-wide</b>		
Money markets	\$7,304,130	0 months
Federal National Mortgage Association	6,933,625	2.2 years
Federal Home Loan Bank	8,908,946	4.4 years
Federal Home Loan Mortgage Corporation	9,054,198	3.4 years
Federal Farm Credit Bank	2,683,234	2.2 years
Municipal Bonds	11,512,326	2.0 years
Negotiable certificates of deposit	3,855,256	1.2 years
<b>Component Unit</b>		
Money markets	1,332,962	0 months

#### Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
<b>Government-wide</b>			
Money market	\$ 310,905	Unrated	N/A
Money market	6,993,225	AAA	S&P
Federal National Mortgage Association	6,933,625	AA+	S&P
Federal Home Loan Mortgage Corporation	9,054,198	AA+	S&P
Federal Farm Credit Bank	2,683,234	AA+	S&P
Municipal Bonds	11,512,326	AA-AAA	S&P
Negotiable certificates of deposit	3,855,256	Unrated	N/A
Federal Home Loan Bank	8,908,946	AA+	S&P
<b>Component Unit</b>			
Money market	1,332,962	AAA	S&P

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### 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, 2015	Increases	Decreases	December 31, 2015
Capital assets not being depreciated:				
Land	\$ 17,401,880	\$ 19,050	\$ -	\$ 17,420,930
Construction in progress	117,986	809,338	-	927,324
Subtotal	17,519,866	828,388	-	18,348,254
Capital assets being depreciated:				
Infrastructure	20,555,758	-	-	20,555,758
Buildings and improvements	79,440,127	1,408,915	-	80,849,042
Vehicles and equipment	13,597,138	775,413	(817,312)	13,555,239
Furniture and fixtures	4,453,360	291,634	(89,252)	4,655,742
Computer equipment	2,862,459	107,409	(5,668)	2,964,200
Subtotal	120,908,842	2,583,371	(912,232)	122,579,981
Accumulated depreciation:				
Infrastructure	11,329,653	683,255	-	12,012,908
Buildings and improvements	32,285,955	2,771,118	-	35,057,073
Vehicles and equipment	8,503,451	949,675	(817,312)	8,635,814
Furniture and fixtures	4,150,155	79,998	(85,807)	4,144,346
Computer equipment	2,351,770	235,496	(5,668)	2,581,598
Subtotal	58,620,984	4,719,542	(908,787)	62,431,739
Net capital assets being depreciated	62,287,858	(2,136,171)	(3,445)	60,148,242
Net governmental capital assets	\$ 79,807,724	\$ (1,307,783)	\$ (3,445)	\$ 78,496,496

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### Note 4 - Capital Assets (Continued)

Business-type Activities	Balance			Balance
	January 1, 2015	Increases	Decreases	December 31, 2015
Capital assets not being depreciated:				
Land	9,364,807	\$ -	\$ -	\$ 9,364,807
Construction in progress	<u>10,936,582</u>	<u>2,240,538</u>	<u>(12,030,740)</u>	<u>1,146,380</u>
Subtotal	20,301,389	2,240,538	(12,030,740)	10,511,187
Capital assets being depreciated:				
Land improvements	3,332,527	-	-	3,332,527
Water and sewer distribution systems	125,322,198	17,035,850	-	142,358,048
Buildings and building improvements	10,054,961	-	-	10,054,961
Vehicles and equipment	7,159,793	263,003	(622,662)	6,800,134
Office furnishings	720,071	89,816	(47,964)	761,923
Computer equipment	<u>188,057</u>	<u>50,685</u>	<u>-</u>	<u>238,742</u>
Subtotal	146,777,607	17,439,354	(670,626)	163,546,335
Accumulated depreciation:				
Land improvements	2,645,683	84,966	-	2,730,649
Water and sewer distribution systems	54,106,858	2,430,615	-	56,537,473
Buildings and building improvements	4,108,405	291,691	-	4,400,096
Vehicles and equipment	5,432,883	317,078	(622,662)	5,127,299
Office furnishings	690,994	10,418	(47,964)	653,448
Computer equipment	<u>159,927</u>	<u>29,822</u>	<u>-</u>	<u>189,749</u>
Subtotal	<u>67,144,750</u>	<u>3,164,590</u>	<u>(670,626)</u>	<u>69,638,714</u>
Net capital assets being depreciated	<u>79,632,857</u>	<u>14,274,764</u>	<u>-</u>	<u>93,907,621</u>
Net business-type capital assets	<u>\$ 99,934,246</u>	<u>\$ 16,515,302</u>	<u>\$ (12,030,740)</u>	<u>\$ 104,418,808</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### Note 4 - Capital Assets (Continued)

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

Component Unit	Balance			Balance
	January 1, 2015	Increases	Decreases	December 31, 2015
Capital assets being depreciated:				
Land Improvements	\$ 18,316,188	\$ 89,669	\$ -	\$ 18,405,857
Infrastructure	1,420,315	-	-	1,420,315
Buildings	13,258	-	-	13,258
Furniture, fixtures, and equipment	224,466	-	-	224,466
Subtotal	19,974,227	89,669	-	20,063,896
Accumulated depreciation:				
Land Improvements	4,532,948	580,770	-	5,113,718
Infrastructure	990,808	67,950	-	1,058,758
Buildings	3,259	322	-	3,581
Furniture, fixtures, and equipment	149,985	18,878	-	168,863
Subtotal	5,677,000	667,920	-	6,344,920
Net component unit capital assets	<u>\$ 14,297,227</u>	<u>\$ (578,251)</u>	<u>\$ -</u>	<u>\$ 13,718,976</u>

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

Governmental activities:	
General government	\$ 1,053,555
Public safety	1,251,715
Public works	732,704
Community and economic development	61,662
Health and Wellness	71,293
Recreation and culture	1,548,613
Total governmental activities	<u>\$ 4,719,542</u>
Business-type activities:	
Water and sewer	\$ 2,821,220
Golf course	343,370
Total business-type activities	<u>\$ 3,164,590</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### Note 4 - Capital Assets (Continued)

The Township's component unit was charged \$667,920 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:

	Spent to Date	Remaining Commitment	Total Commitment
Sanitary Relief Sewer	\$ 39,912,144	\$ 965,430	\$ 40,877,574
Lotz Road Pavement	270,117	3,898	274,015
Ride Road Water Main	36,731	46,969	83,700
Suffolks and Fair Oaks Water Main	724,804	71,691	796,495
Water Storage Implementation	311,430	86,570	398,000
Lotz Road Water Main	<u>26,557</u>	<u>28,459</u>	<u>55,016</u>
Total	<u>\$ 41,281,783</u>	<u>\$ 1,203,017</u>	<u>\$ 42,484,800</u>

### Note 5 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Governmental Activities	Business Type Activities
Deferred inflows:			
Property taxes levied for the next fiscal year	\$ 35,243,763	\$ 35,234,066	\$ -
Grant revenue received past the period of availability	<u>71,300</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows	\$ 35,315,063	\$ 35,234,066	\$ -
Deferred outflows:			
Difference in investment returns for pensions	\$ -	\$ 815,971	\$ 80,374
Employer pension contributions made after the measurement date	<u>-</u>	<u>3,145,462</u>	<u>211,516</u>
Total Deferred Outflows	\$ -	\$ 3,961,433	\$ 291,890

The component unit reported a deferred inflow of property tax revenue in the amount of \$2,034,205.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### 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	Fire	\$ 199
General Fund	Police	12,392
General Fund	Water and Sewer	99,883
	Golf Course	555
	Nonmajor governmental funds	<u>186,020</u>
	Total General Fund	299,049
	Total governmental funds	<u>\$ 299,049</u>
Enterprise Funds:		
Water and Sewer	General Fund	6,858
	Police	759
	Fire	2,236
	Golf Course	997
	Internal Service funds	<u>370</u>
	Total Water and Sewer	11,220
	Total Enterprise funds	<u>\$ 11,220</u>
	Total	<u><u>\$ 310,269</u></u>

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



# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### 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>
Governmental funds:		
General	Golf Course (1)	\$ 750,000
	Nonmajor governmental funds (2)	302,461
	Total General Fund	<u>1,052,461</u>
Special Revenue Funds:		
Fire	Nonmajor governmental funds (2)	7,649
Police	Nonmajor governmental funds (2)	17,956
Nonmajor governmental funds	General (3)	<u>105,884</u>
	Total governmental funds	<u>\$ 1,183,950</u>
Enterprise Funds:		
Golf Course	Nonmajor governmental funds (2)	<u>\$ 18,923</u>

The following describes the nature of significant transfers:

- (1) Transfers of discretionary funds to be used for the benefit of the community
- (2) Transfers of energy savings dollars to be used for paying down the debt issued to fund the energy savings project
- (3) Transfers of unspent bond proceeds to pay debt payments for related debt

### 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, 2015

### 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
<b>Governmental Activities</b>							
Limited Tax General Obligations Series 2003: Purpose: Fire headquarters and public safety building additions and renovations Amount of issue - \$2,675,000 Maturing through 2016	3.90%	\$116,127	234,274	-	(118,147)	116,127	116,127
Limited Tax General Obligation Refunding Bonds, Series 2005 (debt issue split between governmental and business- type activities) * Purpose: Construction of community center and library improvements (debt reimbursed by Library) Amount of issue - \$9,450,000 Maturing through 2015	4.50%	\$548,500	3,732,250	-	(3,732,250)	-	-
Limited Tax General Obligation Bonds, Series 2011 Purpose: Construction of Sheldon Road connector Amount of issue - \$1,150,000 Maturing through 2023	2.50%- 4.00%	\$75,000- \$125,000	925,000	-	(75,000)	850,000	75,000
Limited Tax General Obligation Bonds, Series 2012 Purpose: Purchase of 911 radios Amount Issued- \$1,000,000 Maturing Through 2019	2.00%	\$125,000 - \$175,000	750,000	-	(125,000)	625,000	125,000
Limited Tax General Obligation Refunding Bonds, Series 2012 Purpose: Administration and public safety building additions and renovations (original debt in 2003) Amount Issued- \$14,005,000 Maturing through 2023 Unamortized premium on bonds	3.0% - 5.0%	\$1,280,000- \$1,955,000	13,985,000 2,159,213	- -	(1,145,000) (239,912)	12,840,000 1,919,301	1,280,000 239,912
Limited Tax General Obligation Refunding Bonds, Series 2015 (debt issue split between governmental and business- type activities) * Purpose: Construction of community center Amount of issue - \$897,750 Maturing through 2020	1.69%	\$168,000 - \$194,250	-	897,750	-	897,750	171,500
Special Assessment Bonds: 2004 Special Assessment Bond: Purpose: Road paving improvements to Lotz, Cherry Hill, and Saltz roads Amount of issue - \$4,100,000 Maturing through 2018	3.80% - 4.25%	\$50,000 - \$375,000	525,000	-	(375,000)	150,000	50,000
2013 SAD- A Purpose: Road paving improvements to Lexington Square Subdivision Amount of Issue - \$580,000 Maturing Through 2023	2.45%	\$60,000 - \$65,000	540,000	-	(55,000)	485,000	60,000
2013 SAD- B Purpose: Road paving improvements to Wethersfield Condominiums Amount of Issue - \$785,000 Maturing Through 2023	3.32%	\$80,000 - \$85,000	730,000	-	(80,000)	650,000	80,000

(continued on next page)

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

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

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities (continued)</b>							
Installment Purchase Agreements:							
2012 Energy savings enhancements							
Amount Issued- \$4,421,606		\$237,487 -					
Maturing through 2027	2.995%	\$435,176	4,160,576	-	(223,914)	3,936,662	237,487
2013 Fire truck purchase							
Amount Issued- \$694,425		\$236,622					
Maturing through 2016	2.24%	\$236,622	468,059	-	(231,437)	236,622	236,622
Total bonds and other contractual obligations			28,209,372	897,750	(6,400,660)	22,706,462	2,671,648
Other long-term obligations:							
Accumulated employee benefits**							
Provision for uninsured losses**			2,860,326	2,140,653	(1,656,669)	3,344,310	1,955,599
			767,288	432,926	-	1,200,214	1,000,338
Total other long-term obligations			3,627,614	2,573,579	(1,656,669)	4,544,524	2,955,937
Total governmental activities			31,836,986	3,471,329	(8,057,329)	27,250,986	5,627,585
<b>Business-type Activities</b>							
General Obligation Bonds:							
Limited Tax General Obligation Bonds:							
Purpose: Improvements to Pheasant Run Golf Course							
Amount of issue - \$3,890,000		\$168,873					
Maturing through 2016	3.90%	\$168,873	340,730	-	(171,857)	168,873	168,873
Limited Tax General Obligation Refunding Bonds, Series 2005 (debt issue split between governmental and business-type activities): *							
Purpose: Improvements to Pheasant Run Golf Course							
Amount of issue - \$9,450,000	4.00%-	\$266,500					
Maturing through 2020	4.50%	\$266,500	1,907,750	-	(1,907,750)	-	-
Limited Tax General Obligation Refunding Bonds, Series 2006 (debt issue split between business-type and component unit activities):							
Purpose: Improvements to Fellows Creek Golf Course							
Amount of issue - \$1,360,000		\$151,723 -					
Maturing through 2018	4.00%	\$165,517	620,690	-	(137,931)	482,759	151,723
Unamortized premium on bonds			3,190	-	(1,063)	2,127	1,063
Limited Tax General Obligation , Series 2007							
Purpose: Water and Sewer Retention Basin construction							
Amount of issue - \$44,300,000	4.50% -	\$1,975,000 -					
Maturing through 2027	5.00%	\$3,415,000	33,485,000	-	(1,890,000)	31,595,000	1,975,000
Unamortized premium on bonds			718,802	-	(57,123)	661,679	57,123
Limited Tax General Obligation Refunding Bonds, Series 2015 (debt issue split between governmental and business-type activities) *							
Purpose: Improvements to Pheasant Run Golf Course							
Amount of issue - \$1,667,250		\$312,000 -					
Maturing through 2020	1.69%	\$360,750	-	1,667,250	-	1,667,250	318,500
Capital Leases Payable:							
Fellows Creek Golf Equipment							
Amount of issue - \$510,527		\$55,767 -					
Maturing through 2018	4.896%	\$108,198	365,131	-	(98,126)	267,005	103,039
Fellows Creek Golf Equipment							
Amount of issue - \$118,000		\$8,600 -					
Maturing through 2018	5.065%	\$25,162	80,427	-	(22,743)	57,684	23,922
Pheasant Run Golf Course Equipment							
Amount of issue - \$145,122		\$37,014					
Maturing through 2016	4.335%	\$37,014	72,493	-	(35,479)	37,014	37,014
Total bonds and other contractual obligations			37,594,213	1,667,250	(4,322,072)	34,939,391	2,836,257

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

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

	Interest Rate Ranges	Principal		Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	
		Maturity Ranges							
<b>Business-type Activities (continued)</b>									
Other long-term obligations:									
Accumulated employee benefits				137,538	247,701	(137,538)	247,701	182,428	
Provision for uninsured losses				104,630	39,585	-	144,215	136,698	
Total other long-term obligations				242,168	287,286	(137,538)	391,916	319,126	
Total business-type activities				37,836,381	1,954,536	(4,459,610)	35,331,307	3,155,383	
Total governmental and business-type activities				<u>\$ 69,673,367</u>	<u>\$ 5,425,865</u>	<u>\$ (12,516,939)</u>	<u>\$ 62,582,293</u>	<u>\$ 8,782,968</u>	
<b>Component Unit</b>									
General obligation bonds:									
2006 Downtown Development Bonds (debt issue split between business-type and component unit activities):									
Purpose: Road improvements, mast arms, and relocation of power lines									
Amount of issue - \$8,500,000				\$948,277 -					
Maturing through 2018	4.00%			\$1,034,483	3,879,311	-	(862,069)	3,017,242	948,276
Unamortized premium on bonds					19,350	-	(6,450)	12,900	6,450
Total bonds and other contractual obligations					3,898,661	-	(868,519)	3,030,142	954,726
Other long-term obligations - Provision for uninsured losses					-	630	-	630	630
Total component unit obligations					<u>\$ 3,898,661</u>	<u>\$ 630</u>	<u>\$ (868,519)</u>	<u>\$ 3,030,772</u>	<u>\$ 955,356</u>

\*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 called for annual payments from the Library equal to the debt service requirements on the bonds payable through 2020. The Library paid off their remaining balance during 2015, at which time the Township refunded the remaining balance on the bonds. A capital lease receivable had previously been recorded for the amount due from the Library, that receivable has been removed as of December 31, 2015.

\*\*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.

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
2016	2,431,736	788,300	3,220,036	2,778,071	1,592,266	4,370,337	948,276	101,724	1,050,000
2017	2,241,122	719,476	2,960,598	2,680,879	1,470,471	4,151,350	1,034,483	62,069	1,096,552
2018	2,375,439	641,764	3,017,203	2,723,385	1,346,078	4,069,463	1,034,483	20,690	1,055,173
2019	2,457,887	560,401	3,018,288	2,647,500	1,223,638	3,871,138	-	-	-
2020	2,391,740	476,848	2,868,588	2,765,750	1,100,222	3,865,972	-	-	-
2021-2025	8,228,529	866,078	9,094,607	14,015,000	3,488,125	17,503,125	-	-	-
2026-2027	660,708	19,954	680,662	6,665,000	337,375	7,002,375	-	-	-
Total	<u>\$ 20,787,161</u>	<u>\$ 4,072,821</u>	<u>\$ 24,859,982</u>	<u>\$ 34,275,585</u>	<u>\$ 10,558,175</u>	<u>\$ 44,833,760</u>	<u>\$ 3,017,242</u>	<u>\$ 184,483</u>	<u>\$ 3,201,725</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

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

**Advance and Current Refundings** - During the year, the Township issued \$2,565,000 in general obligation (revenue) bonds with an interest rate of 1.69 percent. The proceeds of these bonds were used to advance refund \$2,535,000 of outstanding general obligation series 2005 bonds with an interest rate of 4.00 percent. The net proceeds of \$2,535,000 (after payment of \$40,000 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities 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 statement of net position. The advance refunding reduced total debt service payments over the next five years by approximately \$141,600, which represents an economic gain of approximately \$286,830.

**Defeased Debt** - In current and 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, 2015, \$23,700,000 of bonds outstanding is considered defeased.

**Capital Leases** - At December 31, 2015, the Township has 3 capital leases related to golf course equipment. The total cost of the equipment totals \$773,650, which has accumulated depreciation of \$273,681. The future minimum lease obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 163,975	\$ 16,480	\$ 180,455
2017	133,361	8,496	141,857
2018	<u>64,367</u>	<u>2,122</u>	<u>66,489</u>
Total	<u>\$ 361,703</u>	<u>\$ 27,098</u>	<u>\$ 388,801</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### Note 8 - Restricted Assets

The balance of restricted assets is as follows:

	Governmental Activities	Business-type Activities	Total
Cash and equivalents:			
Unspent bond proceeds	\$ 687,756	\$ 8,712,503	\$ 9,400,259
Ford Road improvements	242,000	-	242,000
Lotz Road improvements	4,228	-	4,228
Wayne County/Home owners Associations	886,390	-	886,390
Total	<u>\$ 1,820,374</u>	<u>\$ 8,712,503</u>	<u>\$ 10,532,877</u>

### Note 9 - Risk Management

The Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. In 2015, the Charter Township became self-insured for medical claims. The Township also participates in the Michigan Municipal Risk Management Authority for claims relating to property and general liability. The Charter Township is uninsured for employee injuries (workers' compensation).

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

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

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

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### Note 9 - Risk Management (continued)

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

	Year Ended December 31	
	2015	2014
Estimated liability - Beginning of year	\$ 871,918	\$ 1,109,494
Estimated claims incurred, including changes in estimates	3,395,049	(211,804)
Claim payments, administration fees, and excess payments	<u>(2,921,908)</u>	<u>(25,772)</u>
Estimated liability - End of year	<u>\$ 1,345,059</u>	<u>\$ 871,918</u>

### Note 10 - Joint Venture

The Charter Township is a member of the Western Townships Utilities Authority (WTUA), which provides sewage disposal services to the residents of Canton, Northville, and Plymouth Townships. The participating communities provide annual funding for its operations. During the current year, the Charter Township paid approximately \$12,026,459 to WTUA for operations, debt, and capital. The Charter Township's equity interest is recorded within the Water and Sewer Fund. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, Michigan 48187.

The Charter Township is a member of the 35<sup>th</sup> District Court System, 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 35<sup>th</sup> District Courthouse Authority during 1999. There were bonds outstanding of \$1,035,000 at December 31, 2015, of which the Township guarantees 47 percent, or \$486,450. Complete financial statements for the Courthouse can be obtained from the administrative offices at 660 Plymouth Road, Plymouth, Michigan 48170.

### Note 11 - Defined Benefit Pension Plan

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

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

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

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

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

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

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



# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

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

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

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

**Employees covered by benefit terms** – At December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	119
Inactive plan members entitled to but not yet receiving benefits	38
Active plan members	<u>336</u>
Total employees covered by MERS	493

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

For the year ended December 31, 2015, contributions from the employees ranged from 5 percent to 10 percent of gross wages, and contributions from the Township ranged from 5.56 to 40.65 percent of participating employees' gross wages depending on their membership agreement.

#### **Payable to the Pension Plan**

At December 31, 2015, the Charter Township reported a payable of \$380,800 for the outstanding amount of contributions to the Plan required for the year ended December 31, 2015.

### **Note 12 – Hybrid Pension Plan**

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

The hybrid pension plan is made up of two components: a defined benefit plan and defined contribution plan. Under the defined benefit plan, the Charter Township contributes of 5.56 to 10 percent of employees' pensionable wages with no contribution from the employees. Retirement benefits under the defined benefit plan within the hybrid are calculated as 1.50 percent of the employee's final 3-year average salary time the employee's years of service.

Under the defined contribution plan, the employees contribute 5 to 6 percent of their gross earnings with no employer contributions. In accordance with these requirements, the Charter Township contributed \$790,731 towards the defined benefit component, and employees contributed \$459,882 towards the defined contribution component of the plan for the year ended December 31, 2015. These contributions have not been included in the annual contributions of the defined benefit plan. The total pension liability, net plan position, and net pension liability of the defined benefit component are included in Note 13.

### **Note 13 – Net Pension Liability of the Township**

The net pension liability reported at December 31, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as that date.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### Note 13 – Net Pension Liability of the Township (continued)

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

	Increase (Decrease)		
	Total Pension Liability	Net Plan Position	Net Pension Liability
<b>Balance as December 31, 2013</b>	\$ 99,617,030	\$ 69,028,689	\$ 30,588,341
Changes for the year:			
Service cost	2,730,784		2,730,784
Interest	8,074,516		8,074,516
Contributions - employer		3,171,424	(3,171,424)
Contributions - employee		1,475,316	(1,475,316)
Net investment income		4,332,610	(4,332,610)
Benefit payments, including refunds	(6,218,125)	(6,218,125)	-
Administrative expenses		(159,082)	159,082
Misc. other changes	34	-	34
Net changes	4,587,209	2,602,143	1,985,066
<b>Balance as December 31, 2014</b>	<u>104,204,239</u>	<u>71,630,832</u>	<u>32,573,407</u>

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

For the year ended December 31, 2015, the Charter Township recognized pension expense of \$4,260,145. At December 31, 2015, the Charter Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	896,345	-
Employer contributions to the plan subsequent to the measurement date	<u>3,356,978</u>	-
Total	4,253,323	-

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### Note 13 – Net Pension Liability of the Township (continued)

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

Year ended December 31:	
2016	224,086
2017	224,086
2018	224,086
2019	<u>224,087</u>
	896,345

These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$3,356,978), which will impact the net pension liability in fiscal year 2016, rather than pension expense.

**Actuarial Assumptions** – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3-4%

Salary increases: 4.5% in the long term (1%, 2%, and 3% for calendar years 2014, 2015, and 2016 respectively)

Investment rate of return: 8.25%, net of investment expense, including inflation

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study in 2008. MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.

**Discount Rate** – The discount rate used to measure the total pension liability was 8.25%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### Note 13 – Net Pension Liability of the Township (continued)

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

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

Asset class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

#### **Sensitivity of the Net Pension Liability to Changes in the Discount Rate –**

The following presents the net pension liability of the Charter Township, calculated using the discount rate of 8.25 percent, as well as what the employer’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

	1% decrease (7.25%)	Current discount rate (8.25%)	1% increase (9.25%)
Net Pension Liability	44,195,845	32,573,407	22,755,502

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

## **Note 14 - 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 485 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, 2015 in this restricted plan is \$9,000,300. 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.

**Funding progress** – For the year ended December 31, 2015 the Charter Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2014. 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:

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### Note 14 - Postemployment Benefits (Continued)

Annual required contribution (recommended)	\$ 4,484,189
Interest on the prior year's net OPEB obligation	1,305,977
Less adjustment to the annual required contribution	<u>(1,673,921)</u>
Annual OPEB cost	\$ 4,116,245
Amounts contributed:	
Payment of current premiums	(2,274,287)
Advance funding	<u>(1,000,000)</u>
Increase in net OPEB obligation	841,958
OPEB obligation - beginning of year	<u>21,766,277</u>
OPEB obligation - end of year	<u>\$ 22,608,235</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		
	2015	2014	2013
Annual Required Contribution (ARC)	\$ 4,484,189	\$ 8,156,579	\$ 6,422,012
Percentage of ARC contributed	73.02%	43.10%	48.92%
Annual OPEB Costs	\$ 4,116,245	\$ 7,901,338	\$ 6,622,099
Percentage of OPEB Costs contributed	79.55%	44.49%	47.45%
Net OPEB obligation	\$22,608,235	\$21,766,277	\$17,380,571

The schedule of funding progress is as follows:

	December 31		
	2014	2012	2010
Actuarial value of assets	\$ 7,117,313	\$ 5,202,401	\$ 3,636,434
Actuarial accrued liability	\$ 65,454,539	\$ 77,830,022	\$ 74,581,241
Unfunded AAL	\$ 58,337,226	\$ 72,627,621	\$ 70,944,807
Funded ratio	10.87%	6.68%	4.88%
Annual covered payroll	\$ 23,153,839	\$ 17,147,248	\$ 18,671,391
Ratio of UAAL to covered payroll	251.95%	423.55%	379.97%

**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.

### **Note 14 - Postemployment Benefits (Continued)**

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, 2014, 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 2.5 percent inflation assumption. The actuarial value of assets is set to equal fair market value. The UAAL is being amortized as a level percent of pay on a closed basis. The remaining amortization period at December 31, 2014, was twenty-four years.



# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### Note 15 – Fund Balance Constraints

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

	General Fund	Fire Fund	Police Fund	Other Funds	Total
Fund Balances:					
Nonspendable - prepaids	\$ 84,704	\$ 34,429	\$ 248,934	\$ -	\$ 368,067
Restricted for:					
Public Safety	-	4,183,185	5,154,538	-	9,337,723
Street Lighting	-	-	-	104,779	104,779
911 Service	-	-	-	1,635,140	1,635,140
Special Investigation	-	-	-	661,777	661,777
Neighborhood Stabilization	-	-	-	243,550	243,550
Capital projects - Roads	-	-	-	1,255,637	1,255,637
Capital projects - Energy Project	-	-	-	63,240	63,240
Cable TV	1,135,090	-	-	-	1,135,090
Rental Inspection	77,332	-	-	-	77,332
Assigned to:					
Community Center	284,819	-	-	-	284,819
Cable TV	1,138,783	-	-	-	1,138,783
Community Improvement	3,944,314	-	-	-	3,944,314
Debt Service	-	-	-	480,017	480,017
Subsequent year's budget (as adopted)	1,736,448	-	-	-	1,736,448
Encumbrances: infrastructure and other	119,486	-	-	-	119,486
Future capital needs and OPEB pre-funding	3,000,000	-	-	-	3,000,000
Unassigned:	7,088,320	-	-	-	7,088,320
Total fund balances	<u>\$18,609,296</u>	<u>\$ 4,217,614</u>	<u>\$5,403,472</u>	<u>\$ 4,444,140</u>	<u>\$32,674,522</u>

### Note 16 – Change in Accounting

During the current year, the Township adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions. As a result, the government-wide statements now include a liability for our unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension footnote (Note 13) for further details. This change does not impact the modified accrual funds.

The financial statements for the year ended December 31, 2014 have been restated in order to adopt GASB Statement No. 68. The effect of this new standard was a decrease in net position to record the net pension liability at December 31, 2014.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2015

### Note 16 – Change in Accounting (continued)

The beginning net position of governmental activities and business-type activities has been restated as follows:

	Net Position - December 31, 2014 <u>as previously reported</u>	Adjustment for implementation of <u>GASB Statement No. 68</u>	Net Position - December 31, 2014 <u>as restated</u>
Governmental Activities	\$ 59,386,516	(24,958,477)	\$ 34,428,039
Business-Type Activities:			
Water and Sewer Fund	\$ 157,631,280	(2,298,105)	\$ 155,333,175
Golf Course Fund	9,911,364	(160,335)	9,751,029
Solid Waste Fund	-	-	-
Total Business-Type Activities	\$ 167,542,644	(2,458,440)	\$ 165,084,204
Internal Service Funds:			
Fleet Maintenance Fund	\$ 1,277,240	(374,109)	\$ 903,131
Other Employee Benefits Fund	360,742	-	360,742
Total Internal Service Funds	\$ 1,637,982	\$ (374,109)	\$ 1,263,873

### Note 17 - Upcoming Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Township is currently evaluating the impact this standard will have on the financial statements when adopted, during the Township's 2016 fiscal year.

## **Note 17 - Upcoming Pronouncements (continued)**

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Township to recognize on the face of the financial statements its net OPEB liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental 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 the Township's financial statements for the year ending December 31, 2018.

In August 2015, the GASB issued Statement No. 77, Tax Abatement Disclosures. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016 fiscal year.

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## **Required Supplemental Information**

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# Charter Township of Canton

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2015

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 5,485,000	\$ 5,485,000	\$ 5,804,577	\$ 319,577
Licenses and permits	1,578,100	1,678,100	2,884,992	1,206,892
Federal sources	25,280	25,280	14,026	(11,254)
State sources	7,022,000	7,076,993	7,303,323	226,330
Charges for services	2,469,350	2,626,831	2,984,983	358,152
Fines and forfeitures	100,000	100,000	417,944	317,944
Administration charges	4,197,931	4,197,931	4,197,931	-
Leases and rentals	865,226	3,155,226	3,181,457	26,231
Contributions and donations	-	-	14,775	14,775
Other revenues	143,100	190,100	349,146	159,046
Transfers in	801,671	905,884	905,884	-
Fund balance appropriation	1,303,516	1,912,885	-	(1,912,885)
<b>Total Revenues</b>	<b><u>\$ 23,991,174</u></b>	<b><u>\$ 27,354,230</u></b>	<b><u>\$ 28,059,038</u></b>	<b><u>\$ 704,808</u></b>
<b>Expenditures</b>				
General government	\$ 8,635,958	\$ 8,787,652	\$ 7,293,865	\$ 1,493,787
Public safety	1,641,790	1,672,082	1,405,184	266,898
Public works	1,724,693	1,887,294	1,644,093	243,201
Health and welfare	502,000	502,000	485,373	16,627
Community and economic development	826,381	829,026	741,888	87,138
Recreation and culture	6,304,802	6,362,520	6,016,842	345,678
Capital outlay	411,257	594,363	474,006	120,357
Principal payments	480,000	2,780,000	2,780,000	-
Interest and fiscal charges	140,308	160,308	160,085	223
Transfers out	3,323,985	3,778,985	3,578,983	200,002
Transfer to fund balance	-	-	3,478,719	(3,478,719)
<b>Total Expenditures</b>	<b><u>\$ 23,991,174</u></b>	<b><u>\$ 27,354,230</u></b>	<b><u>\$ 28,059,038</u></b>	<b><u>\$ (704,808)</u></b>

\*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	
<b>Revenues</b>				
Property taxes	\$ 11,555,000	\$ 11,555,000	\$ 11,950,790	\$ 395,790
Licenses and permits	-	-	-	-
Federal sources	-	-	69,345	69,345
State sources	-	-	-	-
Charges for services	1,250,000	1,250,000	1,612,913	362,913
Fines and forfeitures	-	-	-	-
Contributions and donations	-	-	-	-
Other revenues	50,700	50,700	50,954	254
Transfers in	200,000	200,000	-	(200,000)
Fund balance appropriation	-	-	-	-
<b>Total Revenues</b>	<b><u>\$ 13,055,700</u></b>	<b><u>\$ 13,055,700</u></b>	<b><u>\$ 13,684,002</u></b>	<b><u>\$ 628,302</u></b>
<b>Expenditures</b>				
Public safety	\$ 11,784,560	\$ 11,913,740	\$ 10,361,332	\$ 1,552,408
Capital outlay	221,000	661,599	581,730	79,869
Debt principal payments	320,062	320,062	320,061	1
Interest and fiscal charges	16,544	16,544	15,680	864
Transfers out	7,649	7,649	7,649	-
Transfer to fund balance	705,885	136,106	2,397,550	(2,261,444)
<b>Total Expenditures</b>	<b><u>\$ 13,055,700</u></b>	<b><u>\$ 13,055,700</u></b>	<b><u>\$ 13,684,002</u></b>	<b><u>\$ (628,302)</u></b>



**Required Supplemental Information**  
**Budgetary Comparison Schedule - Major Special Revenue Funds**  
**Year Ended December 31, 2015**

Police			
Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
\$ 17,260,000	\$ 17,260,000	\$ 17,586,428	\$ 326,428
12,000	12,000	23,952	11,952
8,670	34,298	132,971	98,673
28,000	28,000	26,649	(1,351)
111,300	111,300	123,294	11,994
125,000	125,000	95,881	(29,119)
1,000	1,000	1,000	-
200,055	200,055	257,076	57,021
500,000	500,000	-	(500,000)
-	-	-	-
<b><u>\$ 18,246,025</u></b>	<b><u>\$ 18,271,653</u></b>	<b><u>\$ 18,247,251</u></b>	<b><u>\$ (24,402)</u></b>
\$ 17,829,901	\$ 17,906,260	\$ 15,225,567	\$ 2,680,693
260,200	294,213	287,378	6,835
29,542	29,542	29,541	1
1,744	1,744	1,732	12
17,956	17,956	17,956	-
106,682	21,938	2,685,077	(2,663,139)
<b><u>\$ 18,246,025</u></b>	<b><u>\$ 18,271,653</u></b>	<b><u>\$ 18,247,251</u></b>	<b><u>\$ 24,402</u></b>

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# Charter Township of Canton

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

	2015
<b>Total Pension Liability</b>	
Service Cost	\$ 2,730,784
Interest	8,074,516
Changes of Benefit Terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments including employee refunds	(6,218,125)
Other	34
<b>Net Change in Total Pension Liability</b>	4,587,209
<b>Total Pension Liability beginning</b>	99,617,030
<b>Total Pension Liability ending</b>	\$ 104,204,239
 <b>Plan Fiduciary Net Position</b>	
Contributions-employer	\$ 3,171,424
Contributions-employee	1,475,316
Net Investment income	4,332,610
Benefit payments including employee refunds	(6,218,125)
Administrative expense	(159,082)
<b>Net Change in Plan Fiduciary Net Position</b>	2,602,143
<b>Plan Fiduciary Net Position beginning</b>	69,028,689
<b>Plan Fiduciary Net Position ending</b>	71,630,832
 <b>Employer Net Pension Liability</b>	\$ 32,573,407
 <b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	69%
 <b>Covered Employee Payroll</b>	\$ 23,153,839
 <b>Employer's Net Pension Liability as a percentage of covered employee payroll</b>	141%

Years 2006 – 2014 not available

# Charter Township of Canton

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	2015	2014	2013	2012
Actuarial Determined Contributions	\$ 3,171,424	\$ 2,450,451	\$ 2,484,406	\$ 3,025,566
Contributions in relation to the actuarially determined contribution	<u>3,171,424</u>	<u>2,450,451</u>	<u>2,484,406</u>	<u>3,025,566</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$23,153,839	\$ 22,016,753	\$ 17,147,248	\$17,693,474
Contributions as a percentage of covered employee payroll	14%	11%	14%	17%

## Notes to Schedule:

Valuation Date	Actuarially determined contribution rates are calculated as of December 31 each year, two years prior to the end of the fiscal year in which the contributions are reported
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	10 year smoothed
Inflation	3 - 4%
Salary Increases	4.5%
Investment rate of return	4.5%, including inflation
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Female/50% Male 1994 Group Annuity Mortality Table

# Charter Township of Canton

## Required Supplemental Information Schedule of Employer Contributions Last Ten Fiscal Years

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 3,005,631	\$ 3,243,309	\$ 2,679,950	\$ 3,635,958	\$ 2,819,498	\$2,613,122
<u>3,005,631</u>	<u>3,243,309</u>	<u>2,679,950</u>	<u>3,635,958</u>	<u>2,819,498</u>	<u>2,613,122</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$18,671,391	\$18,833,045	\$18,291,638	\$17,150,699	\$16,252,352	\$9,019,572
16%	17%	15%	21%	17%	29%

# Charter Township of Canton

## Note to Required Supplemental Information December 31, 2015

### 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	Bond Proceeds	Transfers	Operating Statement
General Fund	\$28,059,038	\$ -	\$ -	\$ (905,884)	\$27,153,154
Community Center	4,858,495	(124,810)	(897,750)	(1,381,720)	2,454,215
Cable TV	1,954,379	-	-	-	1,954,379
Community Improvement	2,441,460	-	-	(1,459,750)	981,710
	37,313,372	(124,810)	(897,750)	(3,747,354)	32,543,458
GASB 54 Eliminations					(882,583)
General Fund - Total revenues			-		31,660,875
General Fund	28,059,038	(3,478,719)	-	(3,578,983)	21,001,336
Community Center	4,858,495	-	-	(314,948)	4,543,547
Cable TV	1,954,379	(179,619)	-	(800,000)	974,760
Community Improvement	2,441,460	(200,332)	-	-	2,241,128
	37,313,372	(3,858,670)	-	(4,693,931)	28,760,771
GASB 54 Eliminations					(882,583)
General Fund - Total expenditures					27,878,188
Fire Fund - Total revenues	13,684,002	-	-	-	13,684,002
Fire Fund - Total expenditures	13,684,002	(2,397,550)	-	(7,649)	11,278,803
Police Fund - Total revenues	18,247,251	-	-	-	18,247,251
Police Fund - Total expenditures	18,247,251	(2,685,077)	-	(17,956)	15,544,218

# Charter Township of Canton

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## Note to Required Supplemental Information December 31, 2015

### 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 \$882,583 of indirect costs paid between the combining funds.

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

- Prior to the last Friday in August, the Charter Township Supervisor submits to the board of trustees (the "Board") a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted in September to obtain taxpayer comments.
- The budget is legally adopted by the Board through adoption of the appropriation ordinance. According to State law, the budget must be adopted by December 31.

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

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

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## **Other Supplemental Information**

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# Charter Township of Canton

	Nonmajor Special Revenue Funds			
	Street Lighting	911 Service	Special Investigation	CDBG
<b>Assets</b>				
Cash and cash equivalents	\$ 365,017	\$ 421,299	\$ 1,119,045	\$ 18,881
Investments	-	1,254,721	-	-
Receivables, net:				
Special assessments	92,326	-	-	-
Accrued interest and other receivables	-	1,999	-	-
Due from other governmental units	-	-	65,142	205,011
Restricted assets	-	-	-	-
<b>Total Assets</b>	<b>\$ 457,343</b>	<b>\$ 1,678,019</b>	<b>\$ 1,184,187</b>	<b>\$ 223,892</b>
<b>Liabilities</b>				
Liabilities				
Accounts payable	\$ 44,659	\$ 42,879	\$ 47,726	\$ 37,872
Accrued and other liabilities	-	-	442,290	-
Due to other funds	-	-	-	186,020
Cash bonds and deposits	-	-	-	-
Unearned revenue				
Special assessments	307,905	-	-	-
<b>Total Liabilities</b>	<b>352,564</b>	<b>42,879</b>	<b>490,016</b>	<b>223,892</b>
<b>Deferred Inflows of Resources</b>	-	-	32,394	-
Fund Balances				
Restricted	104,779	1,635,140	661,777	-
Assigned	-	-	-	-
<b>Total Fund Balances</b>	<b>104,779</b>	<b>1,635,140</b>	<b>661,777</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 457,343</b>	<b>\$ 1,678,019</b>	<b>\$ 1,184,187</b>	<b>\$ 223,892</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2015**

Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds		Nonmajor Capital Projects Funds		Total Nonmajor Governmental Funds
Neighborhood Stabilization	Total	Special Assessment Debt Service	Energy Project Debt Service	Capital Projects - Roads	Capital Projects - Energy Project	
\$ 243,550	\$ 2,167,792	\$ 244,339	\$ -	\$ 381,383	\$ -	\$ 2,793,514
-	1,254,721	-	-	-	-	1,254,721
-	92,326	3,045,110	-	33,174	-	3,170,610
-	1,999	-	-	-	-	1,999
-	270,153	-	-	-	-	270,153
-	-	-	-	1,757,134	63,240	1,820,374
<b>\$ 243,550</b>	<b>\$ 3,786,991</b>	<b>\$ 3,289,449</b>	<b>\$ -</b>	<b>\$ 2,171,691</b>	<b>\$ 63,240</b>	<b>\$ 9,311,371</b>
\$ -	\$ 173,136	\$ -	\$ -	\$ 117,434	\$ -	\$ 290,570
-	442,290	-	-	-	-	442,290
-	186,020	-	-	-	-	186,020
-	-	-	-	768,955	-	768,955
-	307,905	2,809,432	-	29,665	-	3,147,002
-	1,109,351	2,809,432	-	916,054	-	4,834,837
-	32,394	-	-	-	-	32,394
243,550	2,645,246	-	-	1,255,637	63,240	3,964,123
-	-	480,017	-	-	-	480,017
243,550	2,645,246	480,017	-	1,255,637	63,240	4,444,140
<b>\$ 243,550</b>	<b>\$ 3,786,991</b>	<b>\$ 3,289,449</b>	<b>\$ -</b>	<b>\$ 2,171,691</b>	<b>\$ 63,240</b>	<b>\$ 9,311,371</b>

# Charter Township of Canton

	Nonmajor Special Revenue Funds			
	Street Lighting	911 Service	Special Investigation	CDBG
<b>Revenues</b>				
Federal sources	\$ -	\$ -	\$ 161,092	\$ 394,185
Charges for services	-	621,920	-	-
Fines and forfeitures	-	-	153,416	-
Special assessments	307,905	-	-	-
Contributions and donations	-	-	-	-
Other revenues	1,587	10,326	1,385	-
<b>Total Revenues</b>	<b>309,492</b>	<b>632,246</b>	<b>315,893</b>	<b>394,185</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	35,773	481,317	-
Public works	269,964	-	-	-
Community and economic development	-	-	-	394,185
Capital outlay	-	16,895	8,475	-
Debt service:				
Principal payments	-	125,000	-	-
Interest and fiscal charges	-	14,000	-	-
<b>Total Expenditures:</b>	<b>269,964</b>	<b>191,668</b>	<b>489,792</b>	<b>394,185</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,528	440,578	(173,899)	-
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>39,528</b>	<b>440,578</b>	<b>(173,899)</b>	<b>-</b>
Fund Balances - Beginning	65,251	1,194,562	835,676	-
<b>Fund Balances - Ending</b>	<b>\$ 104,779</b>	<b>\$ 1,635,140</b>	<b>\$ 661,777</b>	<b>\$ -</b>

**Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and  
Changes in Fund Balances - Nonmajor Governmental Funds  
Year Ended December 31, 2015**

Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds		Nonmajor Capital Projects Funds		Total Nonmajor Governmental Funds
Neighborhood Stabilization	Total	Special Assessment Debt Service	Energy Project Debt Service	Capital Projects - Roads	Capital Projects - Energy Project	
\$ -	\$ 555,277	\$ -	\$ -	\$ -	\$ -	\$ 555,277
-	621,920	-	-	-	-	621,920
-	153,416	-	-	-	-	153,416
-	307,905	562,786	-	19,223	-	889,914
-	-	-	-	159,045	-	159,045
-	13,298	133,392	-	4,521	66	151,277
-	<u>1,651,816</u>	<u>696,178</u>	<u>-</u>	<u>182,789</u>	<u>66</u>	<u>2,530,849</u>
-	-	-	-	-	15,057	15,057
-	517,090	-	-	-	-	517,090
-	269,964	-	-	311,177	-	581,141
-	394,185	-	-	-	-	394,185
-	25,370	-	-	-	-	25,370
-	125,000	510,000	223,914	-	-	858,914
-	14,000	49,563	123,075	-	-	186,638
-	<u>1,345,609</u>	<u>559,563</u>	<u>346,989</u>	<u>311,177</u>	<u>15,057</u>	<u>2,578,395</u>
-	<u>306,207</u>	<u>136,615</u>	<u>(346,989)</u>	<u>(128,388)</u>	<u>(14,991)</u>	<u>(47,546)</u>
-	-	-	346,989	-	-	346,989
-	-	(1,671)	-	(104,213)	-	(105,884)
-	-	(1,671)	346,989	(104,213)	-	241,105
-	306,207	134,944	-	(232,601)	(14,991)	193,559
243,550	<u>2,339,039</u>	<u>345,073</u>	<u>-</u>	<u>1,488,238</u>	<u>78,231</u>	<u>4,250,581</u>
<u>\$ 243,550</u>	<u>\$ 2,645,246</u>	<u>\$ 480,017</u>	<u>\$ -</u>	<u>\$ 1,255,637</u>	<u>\$ 63,240</u>	<u>\$ 4,444,140</u>

# Charter Township of Canton

## Other Supplemental Information Internal Service Funds Combining Statement of Net Position Year Ended December 31, 2015

	Internal Service Funds		Total
	Fleet Maintenance	Other Employee Benefits	
<b>Assets</b>			
Current assets			
Cash and cash equivalents (Note 3)	\$ 1,065,610	\$ 144,224	\$ 1,209,834
Investments (Note 3)	-	500,125	500,125
Receivables, net:			
Accrued interest and other receivables	4,833	6,331	11,164
Other assets	124	47,500	47,624
Due from other funds (Note 6)	-	-	-
Due from other governmental units	-	2,260	2,260
Inventories	68,414	-	68,414
Total Current assets	<u>1,138,981</u>	<u>700,440</u>	<u>1,839,421</u>
Noncurrent assets			
Depreciable assets, net (Note 4)	834,623	-	834,623
Total Assets	<u>1,973,604</u>	<u>700,440</u>	<u>2,674,044</u>
<b>Deferred Outflows of Resources (Note 5)</b>	<u>51,850</u>	<u>-</u>	<u>51,850</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	66,742	65,752	132,494
Accrued and other liabilities	16,147	22,691	38,838
Due to other funds (Note 6)	370	-	370
Due to other governmental units	1,221	-	1,221
Current portion of compensated absences (Note 7)	42,218	-	42,218
Current portion of uninsured losses liabilities (Note 7)	2,884	121,353	124,237
Total Current liabilities	<u>129,582</u>	<u>209,796</u>	<u>339,378</u>
Noncurrent liabilities			
Provision for compensated absences (Note 7)	22,386	-	22,386
Net other post employment benefit obligations (Note 13)	460,734	-	460,734
Net pension liability (Note 13)	444,472	-	444,472
Total Noncurrent liabilities	<u>927,592</u>	<u>-</u>	<u>927,592</u>
Total Liabilities	<u>1,057,174</u>	<u>209,796</u>	<u>1,266,970</u>
<b>Net Position</b>			
Net investment in capital assets	834,623	-	834,623
Unrestricted	133,657	490,644	624,301
Total Net Position	<u>\$ 968,280</u>	<u>\$ 490,644</u>	<u>\$ 1,458,924</u>

# Charter Township of Canton

## Other Supplemental Information Internal Service Funds Combining Statement of Revenue, Expense, and Changes in Net Position Year Ended December 31, 2015

	Internal Service Funds		Total
	Fleet Maintenance	Other Employee Benefits	
<b>Operating Revenues</b>			
Charges to other funds	\$ 1,683,169	\$ 3,322,213	\$ 5,005,382
Other revenues	28,099	172,460	200,559
Total Operating Revenues	<u>1,711,268</u>	<u>3,494,673</u>	<u>5,205,941</u>
<b>Operating Expenses</b>			
Salaries and wages	453,007	-	453,007
Payroll taxes and fringe benefits	195,897	3,331,284	3,527,181
Supplies	412,662	-	412,662
Vehicle expense	260,826	-	260,826
Maintenance	155,145	-	155,145
Administration charges	114,490	-	114,490
Depreciation (Note 4)	36,506	-	36,506
Other expenses	17,999	33,692	51,691
Total Operating Expenses	<u>1,646,532</u>	<u>3,364,976</u>	<u>5,011,508</u>
Operating Income	<u>64,736</u>	<u>129,697</u>	<u>194,433</u>
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	413	205	618
Change in Net Position:	65,149	129,902	195,051
Total Net Position - Beginning, as restated (Note 16)	903,131	360,742	1,263,873
Total Net Position - Ending	<u>\$ 968,280</u>	<u>\$ 490,644</u>	<u>\$ 1,458,924</u>

# Charter Township of Canton

## Other Supplemental Information Internal Service Funds Combining Statement of Cash Flows Year Ended December 31, 2015

	Internal Service Funds		
	Fleet	Other	Total
	Maintenance	Employee	
<b>Cash Flows from Operating Activities</b>			
Receipts from other funds	\$ 26,787	\$ 176,618	\$ 203,405
Payments to suppliers and vendors	(795,394)	(4,343,353)	(5,138,747)
Payments to employees	(578,156)	121,353	(456,803)
Receipts connected with interfund services	1,551,526	4,316,826	5,868,352
Net cash provided by operating activities	204,763	271,444	476,207
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	(27,225)	-	(27,225)
Net cash provided by (used in) capital and related financing activities	(27,225)	-	(27,225)
<b>Cash Flows from Investing Activities</b>			
Interest received on investments	413	205	618
Purchase of investment securities	-	(500,125)	(500,125)
Net cash provided by (used in) investing activities	413	(499,920)	(499,507)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	177,951	(228,476)	(50,525)
<b>Cash and Cash Equivalents - Beginning of year</b>	887,659	372,700	1,260,359
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 1,065,610</b>	<b>\$ 144,224</b>	<b>\$ 1,209,834</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income	\$ 64,736	\$ 129,697	\$ 194,433
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation	36,506	-	36,506
Changes in assets and liabilities:			
Receivables	(1,312)	381	(931)
Other assets	(1)	(15,468)	(15,469)
Due from other funds	475	994,613	995,088
Due from other govt units	-	3,777	3,777
Inventories	4,961	-	4,961
Deferred outflows of resources	(51,850)	-	(51,850)
Accounts payable	45,738	37,381	83,119
Accrued and other liabilities	540	(1,000,290)	(999,750)
Due to other funds	(17,628)	-	(17,628)
Due to other governmental units	277	-	277
Provisions for compensated absences and uninsured losses	37,808	121,353	159,161
Net other post employment benefit obligations	14,151	-	14,151
Net pension liability	70,362	-	70,362
Net cash provided by operating activities	<b>\$ 204,763</b>	<b>\$ 271,444</b>	<b>\$ 476,207</b>



# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended December 31, 2015

### Special Revenue Fund – Community Center\*

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Administration charges	\$ 579,117	\$ 579,117	\$ 579,117	\$ -
Leases and rentals	153,000	158,000	174,167	16,167
Summit recreation fees	1,736,000	1,702,500	1,684,658	(17,842)
Other revenues	9,000	11,000	16,273	5,273
Bond proceeds	-	897,750	897,750	-
Transfers in	926,720	1,381,720	1,381,720	-
Fund balance appropriation	230,000	273,675	124,810	(148,865)
<b>Total Revenues</b>	<b><u>\$ 3,633,837</u></b>	<b><u>\$ 5,003,762</u></b>	<b><u>\$ 4,858,495</u></b>	<b><u>\$ (145,267)</u></b>
<b>Expenditures</b>				
Recreation and culture	\$ 2,921,531	\$ 2,868,697	\$ 2,719,746	\$ 148,951
Capital outlay	212,000	744,009	747,620	(3,611)
Principal payments	143,500	1,027,250	1,027,250	-
Interest and fiscal charges	41,858	48,858	48,931	(73)
Transfers out	314,948	314,948	314,948	-
<b>Total Expenditures</b>	<b><u>\$ 3,633,837</u></b>	<b><u>\$ 5,003,762</u></b>	<b><u>\$ 4,858,495</u></b>	<b><u>\$ 145,267</u></b>

\*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)
<b>Revenues</b>				
Special assessments	\$ 318,125	\$ 318,125	\$ 307,905	\$ (10,220)
Contributions and donations	15,000	15,000	-	(15,000)
Other revenues	1,450	1,450	1,587	137
<b>Total Revenues</b>	<b><u>\$ 334,575</u></b>	<b><u>\$ 334,575</u></b>	<b><u>\$ 309,492</u></b>	<b><u>\$ (25,083)</u></b>
<b>Expenditures</b>				
Public works	\$ 326,471	\$ 326,471	\$ 269,964	\$ 56,507
Transfer to fund balance	8,104	8,104	39,528	(31,424)
<b>Total Expenditures</b>	<b><u>\$ 334,575</u></b>	<b><u>\$ 334,575</u></b>	<b><u>\$ 309,492</u></b>	<b><u>\$ 25,083</u></b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2015

### Special Revenue Fund – Cable TV\*

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Royalties	\$ 1,710,000	\$ 1,710,000	\$ 1,950,443	\$ 240,443
Other revenues	2,500	2,500	3,936	1,436
Fund balance appropriation	-	145,786	-	(145,786)
<b>Total Revenues</b>	<b><u>\$ 1,712,500</u></b>	<b><u>\$ 1,858,286</u></b>	<b><u>\$ 1,954,379</u></b>	<b><u>\$ 96,093</u></b>
<b>Expenditures</b>				
General government	756,955	792,955	729,313	63,642
Capital outlay	-	265,331	245,447	19,884
Transfers out	800,000	800,000	800,000	-
Transfer to fund balance	155,545	-	179,619	(179,619)
<b>Total Expenditures</b>	<b><u>\$ 1,712,500</u></b>	<b><u>\$ 1,858,286</u></b>	<b><u>\$ 1,954,379</u></b>	<b><u>\$ (96,093)</u></b>

\*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)
<b>Revenues</b>				
Charges for services	\$ 560,166	\$ 560,166	\$ 621,920	\$ 61,754
Other revenues	20,000	20,000	10,326	(9,674)
Fund balance appropriation	412,334	412,334	-	(412,334)
<b>Total Revenues</b>	<b><u>\$ 992,500</u></b>	<b><u>\$ 992,500</u></b>	<b><u>\$ 632,246</u></b>	<b><u>\$ (360,254)</u></b>
<b>Expenditures</b>				
Public Safety	\$ 125,500	\$ 125,500	\$ 35,773	\$ 89,727
Capital outlay	28,000	28,000	16,895	11,105
Principal payments	125,000	125,000	125,000	-
Interest and fiscal charges	14,000	14,000	14,000	-
Transfers out	700,000	700,000	-	700,000
Transfer to fund balance	-	-	440,578	(440,578)
<b>Total Expenditures</b>	<b><u>\$ 992,500</u></b>	<b><u>\$ 992,500</u></b>	<b><u>\$ 632,246</u></b>	<b><u>\$ 360,254</u></b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2015

### Special Revenue Fund – Community Improvement\*

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Federal sources	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Royalties	675,000	675,000	609,520	(65,480)
Contributions and donations	-	226,227	-	(226,227)
Other revenues	50	50	360,190	360,140
Transfers in	1,459,750	1,459,750	1,459,750	-
Fund balance appropriation	-	239,309	-	(239,309)
<b>Total Revenues</b>	<b><u>\$ 2,146,800</u></b>	<b><u>\$ 2,612,336</u></b>	<b><u>\$ 2,441,460</u></b>	<b><u>\$ (170,876)</u></b>
<b>Expenditures</b>				
General Government	\$ 4,000	\$ 134,877	\$ 27,966	\$ 106,911
Public works	50,000	-	-	-
Capital outlay	340,000	724,659	460,862	263,797
Principal payments	1,145,000	1,145,000	1,145,000	-
Interest and fiscal charges	607,800	607,800	607,300	500
Transfer to fund balance	-	-	200,332	(200,332)
<b>Total Expenditures</b>	<b><u>\$ 2,146,800</u></b>	<b><u>\$ 2,612,336</u></b>	<b><u>\$ 2,441,460</u></b>	<b><u>\$ 170,876</u></b>

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

### Special Revenue Fund – CDBG

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues - Federal sources</b>	<b><u>\$ 312,000</u></b>	<b><u>\$ 440,020</u></b>	<b><u>\$ 394,185</u></b>	<b><u>\$ (45,835)</u></b>
<b>Expenditures - Community and economic development</b>	<b><u>\$ 312,000</u></b>	<b><u>\$ 440,020</u></b>	<b><u>\$ 394,185</u></b>	<b><u>\$ 45,835</u></b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2015

### Special Revenue Fund – Special Investigation

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Federal sources	\$ 90,000	\$ 90,000	\$ 161,092	\$ 71,092
Fines and forfeitures	140,000	140,000	153,416	13,416
Other revenues	10,000	10,000	1,385	(8,615)
Fund balance appropriation	193,000	443,000	173,899	(269,101)
<b>Total Revenues</b>	<b><u>\$ 433,000</u></b>	<b><u>\$ 683,000</u></b>	<b><u>\$ 489,792</u></b>	<b><u>\$ (193,208)</u></b>
<b>Expenditures</b>				
Public Safety	\$ 433,000	\$ 683,000	\$ 481,317	\$ 201,683
Capital Outlay	-	-	8,475	(8,475)
<b>Total Expenditures</b>	<b><u>\$ 433,000</u></b>	<b><u>\$ 683,000</u></b>	<b><u>\$ 489,792</u></b>	<b><u>\$ 193,208</u></b>

### Special Revenue Fund – Neighborhood Stabilization

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues - Federal sources</b>	<b><u>\$ 150,000</u></b>	<b><u>\$ 775,586</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (775,586)</u></b>
<b>Expenditures - Community and economic development</b>	<b><u>\$ 150,000</u></b>	<b><u>\$ 775,586</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 775,586</u></b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2015

### Debt Service Fund – Energy Grant

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues - Transfers In</b>	<b><u>\$ 346,991</u></b>	<b><u>\$ 346,991</u></b>	<b><u>\$ 346,989</u></b>	<b><u>\$ (2)</u></b>
<b>Expenditures</b>				
Principal payments	\$ 223,915	\$ 223,915	\$ 223,914	\$ 1
Interest and fiscal charges	123,076	123,076	123,075	1
<b>Total Expenditures</b>	<b><u>\$ 346,991</u></b>	<b><u>\$ 346,991</u></b>	<b><u>\$ 346,989</u></b>	<b><u>\$ 2</u></b>

### Debt Service Fund – Special Assessment Debt Service

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Special assessments	\$ 167,124	\$ 167,124	\$ 562,786	\$ 395,662
Other revenues	190,828	190,828	133,392	(57,436)
Transfer in	-	-	-	-
Fund balance appropriation	193,573	203,573	-	(203,573)
<b>Total Revenues</b>	<b><u>\$ 551,525</u></b>	<b><u>\$ 561,525</u></b>	<b><u>\$ 696,178</u></b>	<b><u>\$ 134,653</u></b>
<b>Expenditures</b>				
Debt principal payments	\$ 510,000	\$ 510,000	\$ 510,000	\$ -
Interest and fiscal charges	39,854	49,854	49,563	291
Transfers out	1,671	1,671	1,671	-
Transfer to fund balance	-	-	134,944	(134,944)
<b>Total Expenditures</b>	<b><u>\$ 551,525</u></b>	<b><u>\$ 561,525</u></b>	<b><u>\$ 696,178</u></b>	<b><u>\$ (134,653)</u></b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2015

### Capital Projects Fund – Capital Projects – Roads

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Special assessments	\$ 19,642	\$ 19,642	\$ 19,223	\$ (419)
Contributions and donations	-	353,384	159,045	(194,339)
Other revenues	4,714	4,714	4,521	(193)
Fund balance appropriation	-	704,275	232,601	(471,674)
Total Revenues	<u>\$ 24,356</u>	<u>\$ 1,082,015</u>	<u>\$ 415,390</u>	<u>\$ (666,625)</u>
<b>Expenditures</b>				
Public works	\$ -	\$ 708,355	\$ 311,177	\$ 397,178
Capital outlay	-	269,067	-	269,067
Interest and fiscal charges	380	380	-	380
Transfers out	-	104,213	104,213	-
Transfer to fund balance	23,976	-	-	-
Total Expenditures	<u>\$ 24,356</u>	<u>\$ 1,082,015</u>	<u>\$ 415,390</u>	<u>\$ 666,625</u>

### Capital Projects Fund – Capital Projects – Energy Project

	Original Budget (unaudited)	Final Budget (unaudited)	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Other revenues	\$ 2,500	\$ 2,500	\$ 66	\$ (2,434)
Fund balance appropriation	-	28,216	14,991	(13,225)
Total Revenues	<u>\$ 2,500</u>	<u>\$ 30,716</u>	<u>\$ 15,057</u>	<u>\$ (15,659)</u>
<b>Expenditures</b>				
General government	\$ -	\$ -	\$ 15,057	\$ (15,057)
Capital outlay	-	30,716	-	30,716
Transfer to fund balance	2,500	-	-	-
Total Expenditures	<u>\$ 2,500</u>	<u>\$ 30,716</u>	<u>\$ 15,057</u>	<u>\$ 15,659</u>

# Charter Township of Canton

## Other Supplemental Information Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2015

	Agency Funds			
	Balance			Balance
	January 1, 2015	Additions	Deletions	December 31, 2015
<b><u>Tax Collections</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 4,452,892</u></b>	<b><u>\$ 154,920,415</u></b>	<b><u>\$ 157,145,824</u></b>	<b><u>\$ 2,227,483</u></b>
<b>Liabilities - Due to other governmental units</b>	<b><u>\$ 4,452,892</u></b>	<b><u>\$ 157,568,325</u></b>	<b><u>\$ 159,793,734</u></b>	<b><u>\$ 2,227,483</u></b>
<b><u>Other Agency Funds</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 231,765</u></b>	<b><u>\$ 432,638</u></b>	<b><u>\$ 485,921</u></b>	<b><u>\$ 178,482</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 47,135	\$ 335,629	\$ 381,406	\$ 1,358
Cash bonds and deposits	184,630	449,180	456,686	177,124
Total liabilities	<b><u>\$ 231,765</u></b>	<b><u>\$ 784,809</u></b>	<b><u>\$ 838,092</u></b>	<b><u>\$ 178,482</u></b>
<b><u>Total Agency Funds</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 4,684,657</u></b>	<b><u>\$ 155,353,053</u></b>	<b><u>\$ 157,631,745</u></b>	<b><u>\$ 2,405,965</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 47,135	\$ 335,629	\$ 381,406	\$ 1,358
Cash bonds and deposits	184,630	449,180	456,686	177,124
Due to other governmental funds	4,452,892	157,568,325	159,793,734	2,227,483
Total liabilities	<b><u>\$ 4,684,657</u></b>	<b><u>\$ 158,353,134</u></b>	<b><u>\$ 160,631,826</u></b>	<b><u>\$ 2,405,965</u></b>

# Charter Township of Canton

## Component Units Balance Sheet December 31, 2015

	Downtown Development Authority
<b>Assets</b>	
Cash and cash equivalents (Note 3)	\$ 2,366,457
Receivables, net, property taxes	1,421,817
Other assets	33
Total Assets	<u><u>3,788,307</u></u>
<b>Liabilities</b>	
Liabilities	
Accounts payable	84,525
Accrued and other liabilities	6,088
Due to other governmental units	45,923
Total Liabilities	<u>136,536</u>
<b>Deferred Inflows of Resources (Note 5)</b>	<u>2,034,205</u>
Fund Balances	
Total Fund Balances - unassigned	<u>1,617,566</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u><u>\$ 3,788,307</u></u>
<b>Total fund balances for component units</b>	<u>\$ 1,617,566</u>
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	13,718,976
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(3,030,142)
Interest amounts on long-term liabilities are not payable until due in the funds	<u>(10,058)</u>
<b>Total net position for component units</b>	<u><u>\$ 12,296,342</u></u>



# Charter Township of Canton

## Component Units Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended December 31, 2015

	Downtown Development Authority
<b>Revenues</b>	
Property taxes	\$ 1,983,151
Other revenues	133,974
Total Revenues	2,117,125
<b>Expenditures</b>	
Current:	
Community and economic development	866,718
Capital outlay	89,669
Debt service	
Principal payments	862,069
Interest and fiscal charges	138,578
Total Expenditures	1,957,034
Net Change in Fund Balances	160,091
Fund Balances - Beginning	1,457,475
Fund Balances - Ending	<b>\$ 1,617,566</b>
<b>Net change in fund balances of component units</b>	<b>\$ 160,091</b>
Amounts reported for component units in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures (\$89,669); in the statement of activities, these costs are allocated over their estimated useful lives as depreciation (\$667,921)	(578,252)
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)	868,519
Accrued interest is an expenditure in the statement of activities, but not in the governmental funds	2,874
<b>Change in net position of component units</b>	<b>\$ 453,232</b>

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## **Statistical Section**

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# Charter Township of Canton

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## 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			
	2006	2007	2008	2009
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 47,200,269	\$ 50,304,473	\$ 53,231,465	\$ 54,914,974
Restricted	15,686,011	15,829,468	16,363,562	13,292,162
Unrestricted	<u>16,329,584</u>	<u>15,165,364</u>	<u>11,190,868</u>	<u>6,130,666</u>
Total net position	79,215,864	81,299,305	80,785,895	74,337,802
<b>Business-type Activities</b>				
Net investment in capital assets	91,906,737	87,895,407	88,787,902	88,447,727
Restricted	1,487	-	-	-
Unrestricted	<u>51,918,561</u>	<u>54,365,038</u>	<u>51,716,104</u>	<u>52,981,714</u>
Total net position	143,826,785	142,260,445	140,504,006	141,429,441
<b>Primary Government in Total</b>				
Net investment in capital assets	139,107,006	138,199,880	142,019,367	143,362,701
Restricted	15,687,498	15,829,468	16,363,562	13,292,162
Unrestricted	<u>68,248,145</u>	<u>69,530,402</u>	<u>62,906,972</u>	<u>59,112,380</u>
Total net position	<u>\$ 223,042,649</u>	<u>\$ 223,559,750</u>	<u>\$ 221,289,901</u>	<u>\$ 215,767,243</u>

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

Fiscal Year Ended December 31					
2010	2011	2012	2013	2014	2015
\$ 58,824,432	\$ 58,668,835	\$ 56,812,054	\$ 55,391,656	\$ 55,216,572	\$ 56,477,790
10,906,361	9,198,330	7,933,685	6,801,052	7,771,309	14,181,175
<u>(859,022)</u>	<u>(621,110)</u>	<u>(4,911,410)</u>	<u>(4,425,302)</u>	<u>(3,601,365)</u>	<u>(28,140,914)</u>
68,871,771	67,246,055	59,834,329	57,767,406	59,386,516	42,518,051
89,157,966	89,415,716	89,840,219	95,085,038	96,625,929	101,736,096
-	-	-	-	-	-
<u>56,275,402</u>	<u>61,315,530</u>	<u>70,502,760</u>	<u>68,986,032</u>	<u>70,916,715</u>	<u>70,249,251</u>
145,433,368	150,731,246	160,342,979	164,071,070	167,542,644	171,985,347
147,982,398	148,084,551	146,652,273	150,476,694	151,842,501	158,213,886
10,906,361	9,198,330	7,933,685	6,801,052	7,771,309	14,181,175
<u>55,416,380</u>	<u>60,694,420</u>	<u>65,591,350</u>	<u>64,560,730</u>	<u>67,315,350</u>	<u>42,108,337</u>
<b><u>\$ 214,305,139</u></b>	<b><u>\$ 217,977,301</u></b>	<b><u>\$ 220,177,308</u></b>	<b><u>\$ 221,838,476</u></b>	<b><u>\$ 226,929,160</u></b>	<b><u>\$ 214,503,398</u></b>

# Charter Township of Canton

	Fiscal Year Ended December 31			
	2006	2007	2008*	2009*
<b>Expenses</b>				
Governmental Activities:				
General government	\$ 5,569,166	\$ 4,560,620	\$ 8,458,738	\$ 8,803,717
Public safety	24,188,930	24,111,926	27,409,325	28,220,711
Public works	5,808,264	5,210,185	7,502,335	8,126,977
Building, planning, and engineering	3,333,880	2,883,668	-	-
Health and welfare	-	-	398,253.00	410,703
Community and economic development	-	-	1,269,725.00	1,752,539
Recreation and culture	7,751,655	8,443,435	9,704,756	9,635,079
Sanitation	2,874,954	2,967,807	-	-
Interest on long-term debt	256,072	1,142,247	1,437,625	1,315,953
Total governmental activities expenses	<u>49,782,921</u>	<u>49,319,888</u>	<u>56,180,757</u>	<u>58,265,679</u>
Business-type Activities:				
Water and sewer	26,528,356	29,715,467	29,805,654	26,048,538
Golf course	2,190,429	2,084,397	1,942,810	1,958,461
Solid Waste	-	-	-	-
Total business-type activities expenses	<u>28,718,785</u>	<u>31,799,864</u>	<u>31,748,464</u>	<u>28,006,999</u>
Total primary government expenses	78,501,706	81,119,752	87,929,221	86,272,678
<b>Program Revenues</b>				
Governmental Activities:				
Charges for services:				
General government	699,201	916,168	2,466,563	2,641,451
Public safety	986,337	1,081,752	2,483,345	2,372,519
Public works	-	-	1,136,033.00	836,301
Building, planning, and engineering	2,776,429	2,612,816	-	-
Community and economic development	-	-	167,448.00	61,650
Recreation and culture	3,539,032	3,422,199	3,354,345	3,457,720
Operating grants and contributions	1,995,817	2,401,625	1,784,920	2,480,678
Capital grants and contributions	596,752	675,083	880,719	488,857
Total governmental activities program revenues	<u>10,593,568</u>	<u>11,109,643</u>	<u>12,273,373</u>	<u>12,339,176</u>
Business-type Activities:				
Charges for services:				
Water and sewer	20,559,380	23,593,184	25,678,395	25,971,691
Golf course	1,440,751	1,432,356	1,349,586	1,248,704
Solid Waste	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	978,084	1,193,248	432,834	17,698
Total business-type activities program revenues	<u>22,978,215</u>	<u>26,218,788</u>	<u>27,460,815</u>	<u>27,238,093</u>
Total primary government program revenues	33,571,783	37,328,431	39,734,188	39,577,269

\*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					
2010*	2011*	2012*	2013*	2014*	2015*
\$ 8,798,543	\$ 8,775,190	\$ 11,309,459	\$ 11,704,127	\$ 9,247,357	\$ 9,813,611
27,379,218	28,587,397	30,064,262	27,086,416	27,845,444	27,792,019
6,847,169	6,494,742	6,269,139	5,512,466	5,605,318	2,576,399
-	-	-	-	-	-
390,000	480,377	752,697	882,105	526,002	556,666
1,786,279	2,026,007	2,228,085	1,513,206	1,824,235	1,193,318
10,103,016	9,322,192	9,726,736	7,695,983	9,588,377	9,937,482
-	-	-	-	-	-
<u>1,297,659</u>	<u>1,199,838</u>	<u>1,063,633</u>	<u>701,255</u>	<u>746,039</u>	<u>663,623</u>
<u>56,601,884</u>	<u>56,885,743</u>	<u>61,414,011</u>	<u>55,095,558</u>	<u>55,382,772</u>	<u>52,533,118</u>
25,795,038	27,966,291	28,101,037	28,531,499	28,941,639	32,126,598
1,826,702	1,762,977	1,693,847	3,106,669	3,083,471	3,119,416
-	-	-	-	-	3,472,441
<u>27,621,740</u>	<u>29,729,268</u>	<u>29,794,884</u>	<u>31,638,168</u>	<u>32,025,110</u>	<u>38,718,455</u>
84,223,624	86,615,011	91,208,895	86,733,726	87,407,882	91,251,573
2,509,714	1,962,547	2,038,342	2,136,425	2,145,581	2,337,824
2,276,974	2,475,031	2,962,267	3,190,399	3,620,294	4,861,730
653,255	660,120	548,440	530,254	636,480	785,831
-	-	-	-	-	-
46,680	80,184	76,555	126,836	208,890	220,176
3,339,551	3,624,807	3,684,664	3,425,061	3,420,528	3,571,392
3,053,617	2,668,932	2,381,099	1,757,051	2,358,971	2,022,182
<u>1,575,888</u>	<u>1,679,101</u>	<u>1,352,433</u>	<u>936,869</u>	<u>1,929,286</u>	<u>824,931</u>
<u>13,455,679</u>	<u>13,150,722</u>	<u>13,043,800</u>	<u>12,102,895</u>	<u>14,320,030</u>	<u>14,624,066</u>
29,648,978	32,339,884	35,979,971	30,151,691	29,457,523	33,380,950
1,313,755	1,265,963	1,300,206	2,612,371	2,619,612	2,594,960
-	-	-	-	-	3,804,454
2,329.00	-	-	-	-	-
<u>501,550</u>	<u>289,738</u>	<u>191,613</u>	<u>957,336</u>	<u>1,783,938</u>	<u>4,789,423</u>
<u>31,466,612</u>	<u>33,895,585</u>	<u>37,471,790</u>	<u>33,721,398</u>	<u>33,861,073</u>	<u>44,569,787</u>
44,922,291	47,046,307	50,515,590	45,824,293	48,181,103	59,193,853

# Charter Township of Canton

	Fiscal Year Ended December 31			
	2006	2007	2008	2009
<b>Net (Expense) Revenue</b>				
Governmental Activities	\$ (39,189,353)	\$ (38,210,245)	\$ (43,907,384)	\$ (45,926,503)
Business-type Activities	(5,740,570)	(5,581,076)	(4,287,649)	(768,906)
Total primary government net expense	(44,929,923)	(43,791,321)	(48,195,033)	(46,695,409)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property taxes	8,287,228	8,903,181	10,526,330	10,139,914
Public safety operating levy	20,489,067	22,467,032	22,762,912	21,717,029
State-shared revenues	5,958,485	5,994,198	5,852,220	5,045,295
Royalties	1,331,008	1,196,560	2,339,226	2,194,569
Investment earnings	2,331,534	2,408,528	1,646,081	723,406
Miscellaneous - Net of miscellaneous expense	1,334,198	1,300,708	796,726	632,453
Special item - Gain on sale of assets	-	-	-	-
Transfers	(260,000)	(1,976,521)	(529,521)	(974,256)
Total governmental activities	39,471,520	40,293,686	43,393,974	39,478,410
Business-type Activities:				
Investment earnings	1,149,959	1,983,256	1,953,054	563,987
Miscellaneous - Net of miscellaneous expense	10,715	54,959	48,635	156,098
Special item - Gain (loss) on sale of assets	-	-	-	-
Transfers	260,000	1,976,521	529,521	974,256
Total business-type activities	1,420,674	4,014,736	2,531,210	1,694,341
<b>Change in Net Position</b>				
Governmental Activities	282,167	2,083,441	(513,410)	(6,448,093)
Business-type Activities	(4,319,896)	(1,566,340)	(1,756,439)	925,435
Total primary government	<u>\$ (4,037,729)</u>	<u>\$ 517,101</u>	<u>\$ (2,269,849)</u>	<u>\$ (5,522,658)</u>

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

Fiscal Year Ended December 31					
2010	2011	2012	2013	2014	2015
\$ (43,146,205)	\$ (43,735,021)	\$ (48,370,211)	\$ (42,992,663)	\$ (41,062,742)	\$ (37,909,052)
<u>3,844,872</u>	<u>4,166,317</u>	<u>7,676,906</u>	<u>2,083,230</u>	<u>1,835,963</u>	<u>5,851,332</u>
(39,301,333)	(39,568,704)	(40,693,305)	(40,909,433)	(39,226,779)	(32,057,720)
8,461,037	7,860,564	7,839,343	8,603,673	8,841,460	5,800,383
21,033,514	24,559,351	24,448,324	23,531,143	24,122,860	29,537,218
4,941,182	6,809,756	6,655,724	6,777,200	7,059,577	7,014,260
2,154,437	2,367,768	2,356,122	2,866,943	2,492,379	2,559,964
538,493	283,830	239,031	80,608	213,942	206,252
380,002	881,364	902,525	640,316	1,233,073	1,612,064
-	-	-	-	-	-
<u>171,509</u>	<u>(653,328)</u>	<u>(1,670,362)</u>	<u>(1,574,143)</u>	<u>(1,281,439)</u>	<u>(731,077)</u>
<u>37,680,174</u>	<u>42,109,305</u>	<u>40,770,707</u>	<u>40,925,740</u>	<u>42,681,852</u>	<u>45,999,064</u>
146,306	165,660	122,536	(58,574)	252,404	236,524
184,258	312,573	141,929	129,592	101,768	82,210
-	-	-	-	-	-
<u>159,055</u>	<u>653,328</u>	<u>1,670,362</u>	<u>1,574,143</u>	<u>1,281,439</u>	<u>731,077</u>
<u>489,619</u>	<u>1,131,561</u>	<u>1,934,827</u>	<u>1,645,161</u>	<u>1,635,611</u>	<u>1,049,811</u>
(5,466,031)	(1,625,716)	(7,599,504)	(2,066,923)	1,619,110	8,090,012
<u>4,334,491</u>	<u>5,297,878</u>	<u>9,611,733</u>	<u>3,728,391</u>	<u>3,471,574</u>	<u>6,901,143</u>
<b><u>\$ (1,131,540)</u></b>	<b><u>\$ 3,672,162</u></b>	<b><u>\$ 2,012,229</u></b>	<b><u>\$ 1,661,468</u></b>	<b><u>\$ 5,090,684</u></b>	<b><u>\$ 14,991,155</u></b>

# Charter Township of Canton

	Fiscal Year Ended December 31			
	2006	2007	2008	2009
<b>General Fund</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	166,962	129,558	135,335	184,540
Unreserved	<u>5,829,264</u>	<u>6,728,486</u>	<u>7,390,406</u>	<u>5,850,990</u>
Total General Fund	<u><b>\$ 5,996,226</b></u>	<u><b>\$ 6,858,044</b></u>	<u><b>\$ 7,525,741</b></u>	<u><b>\$ 6,035,530</b></u>
<b>All Other Governmental Funds:</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Reserved	989,776	1,111,258	448,326	1,459,163
Unreserved, reported in:				
Special Revenue Funds	16,580,130	16,149,984	16,898,190	11,169,439
Debt Service Funds	1,680,983	1,553,860	1,512,194	246,244
Capital Project Funds	<u>962,437</u>	<u>78,100</u>	<u>129,319</u>	<u>1,492,909</u>
Total all other governmental funds	<u><b>\$ 20,213,326</b></u>	<u><b>\$ 18,893,202</b></u>	<u><b>\$ 18,988,029</b></u>	<u><b>\$ 14,367,755</b></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					
2010	2011*	2012*	2013*	2014*	2015*
\$ -	\$ -	\$ -	\$ -	\$ 75,187	\$ 84,704
-	-	112,149	739,291	1,143,932	1,212,422
-	5,020,582	3,966,716	6,386,556	6,693,176	10,223,850
-	2,549,713	3,870,951	4,608,635	6,963,141	7,088,320
142,537	-	-	-	-	-
5,361,889	-	-	-	-	-
<b><u>\$ 5,504,426</u></b>	<b><u>\$ 7,570,295</u></b>	<b><u>\$ 7,949,816</u></b>	<b><u>\$ 11,734,482</u></b>	<b><u>\$ 14,875,436</u></b>	<b><u>\$ 18,609,296</u></b>
\$ -	\$ -	\$ -	\$ -	\$ 250,121	\$ 283,363
-	9,198,330	10,201,163	7,185,443	8,193,846	13,301,846
-	17,370	145,551	303,290	345,073	480,017
1,720,367	-	-	-	-	-
6,062,666	-	-	-	-	-
616,195	-	-	-	-	-
145,425	-	-	-	-	-
<b><u>\$ 8,544,653</u></b>	<b><u>\$ 9,215,700</u></b>	<b><u>\$ 10,346,714</u></b>	<b><u>\$ 7,488,733</u></b>	<b><u>\$ 8,789,040</u></b>	<b><u>\$ 14,065,226</u></b>

# Charter Township of Canton

	Fiscal Year Ended December 31			
	2006	2007	2008	2009
<b>Revenue</b>				
Property taxes	\$ 28,776,295	\$ 31,370,213	\$ 33,289,242	\$ 31,856,943
Licenses and permits	1,184,154	1,325,935	1,197,230	984,361
Federal grants	747,386	679,808	817,613	576,222
State sources	7,699,661	6,862,834	6,713,837	6,313,603
Charges for services	5,355,205	4,947,877	5,540,075	5,248,619
Fines and forfeitures	48,986	184,713	-	-
Administration charges	4,834,666	4,279,386	4,145,817	4,325,698
Special assessments	730,565	532,928	813,702	453,417
Leases and rentals	-	-	-	-
Royalties	2,258,194	2,224,275	2,339,227	2,194,569
Contributions and donations	515,300	788,505	121,262	90,612
Summit recreation fees	965,942	1,053,568	1,356,919	1,338,821
Other revenues	4,077,154	5,082,241	3,073,552	2,149,872
<b>Total revenue</b>	<b>57,193,508</b>	<b>59,332,283</b>	<b>59,408,476</b>	<b>55,532,737</b>
<b>Expenditures</b>				
Current:				
General government	9,702,802	8,178,142	7,752,581	8,162,470
Public safety	24,843,074	25,122,075	24,959,284	27,002,655
Public works	8,117,795	7,855,452	6,331,663	6,711,002
Health and welfare	-	-	398,253	410,703
Community and economic development	-	-	910,517	1,390,872
Recreation and culture	6,916,506	7,112,172	9,376,969	9,297,250
Sanitation	3,297,460	3,331,292	-	-
Other	1,092,632	758,490	-	-
Capital outlay	1,446,490	1,913,290	4,498,982	3,847,248
Debt service				
Principal payments	1,845,000	2,195,000	2,450,557	2,481,688
Interest and paying agent fees	561,471	1,348,155	1,437,625	1,363,660
<b>Total expenditures</b>	<b>57,823,230</b>	<b>57,814,068</b>	<b>58,116,431</b>	<b>60,667,548</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(629,722)</b>	<b>1,518,215</b>	<b>1,292,045</b>	<b>(5,134,811)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	5,674,350	4,059,515	5,243,503	6,347,417
Transfers out	(5,934,350)	(6,036,036)	(5,773,024)	(7,323,091)
Payment of refunding	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Issuance of debt	-	-	-	-
Premium on bond issuance	-	-	-	-
Payment to escrow for bond refunding	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(260,000)</b>	<b>(1,976,521)</b>	<b>(529,521)</b>	<b>(975,674)</b>
<b>Net Change in Fund Balances</b>	<b>(889,722)</b>	<b>(458,306)</b>	<b>762,524</b>	<b>(6,110,485)</b>
<b>Fund Balances - Beginning of year</b>	<b>27,099,274</b>	<b>26,209,552</b>	<b>25,751,246</b>	<b>26,513,770</b>
<b>Fund Balances - End of year</b>	<b>\$ 26,209,552</b>	<b>\$ 25,751,246</b>	<b>\$ 26,513,770</b>	<b>\$ 20,403,285</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>4.3%</b>	<b>6.3%</b>	<b>7.3%</b>	<b>6.8%</b>

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					
2010	2011	2012	2013	2014	2015
\$ 29,494,551	\$ 32,419,915	\$ 32,287,667	\$ 32,120,566	\$ 32,964,680	\$ 35,341,794
952,993	1,032,936	1,520,777	1,716,049	1,692,015	2,908,944
2,865,427	1,149,047	1,544,297	857,334	1,109,332	771,619
6,094,962	8,108,606	7,238,842	7,364,428	7,596,354	7,329,972
4,313,474	4,662,672	4,870,141	4,141,425	4,553,306	5,343,111
-	1,027,990	400,768	639,106	1,150,674	667,242
4,374,796	3,394,753	3,418,174	3,774,463	3,774,464	3,894,464
569,844	677,598	789,389	849,652	891,756	889,914
-	932,930	989,398	911,185	1,079,625	3,367,624
2,082,262	2,439,943	2,356,122	2,866,943	2,492,379	2,559,964
270,130	68,535	205,451	51,416	72,498	174,820
1,189,965	1,298,529	1,300,278	1,733,903	1,703,863	1,684,658
<u>2,500,336</u>	<u>763,537</u>	<u>919,582</u>	<u>1,040,441</u>	<u>967,898</u>	<u>1,188,851</u>
54,708,740	57,976,991	57,840,886	58,066,911	60,048,844	66,122,977
8,115,122	7,360,924	7,812,988	7,296,114	7,421,697	7,699,449
27,409,716	27,358,082	27,623,979	27,602,335	26,406,391	27,509,173
5,823,199	5,752,010	5,402,935	6,032,987	5,067,663	2,225,234
390,000	408,455	438,328	428,695	454,709	485,373
1,435,205	1,611,759	2,224,994	1,514,113	1,391,851	1,136,073
9,209,633	8,108,805	8,465,905	7,667,659	7,917,510	8,220,757
-	-	-	-	-	-
-	-	-	-	-	-
3,994,755	1,139,736	5,290,383	3,407,166	1,135,900	2,822,413
2,630,841	2,797,139	1,883,188	2,778,620	3,413,636	2,977,016
<u>1,286,810</u>	<u>1,199,837</u>	<u>1,117,782</u>	<u>1,084,969</u>	<u>1,116,787</u>	<u>1,020,366</u>
<u>60,295,281</u>	<u>55,736,747</u>	<u>60,260,482</u>	<u>57,812,658</u>	<u>54,326,144</u>	<u>54,095,854</u>
(5,586,541)	2,240,244	(2,419,596)	254,253	5,722,700	12,027,123
5,026,470	503,106	503,106	841,618	1,343,447	452,873
(5,794,135)	(1,156,434)	(2,173,468)	(2,228,611)	(2,624,886)	(1,183,950)
-	-	-	-	-	-
-	-	-	-	-	-
-	1,150,000	19,426,606	2,059,425	-	897,750
-	-	2,644,809	-	-	-
-	-	(16,470,922)	-	-	(3,183,750)
<u>(767,665)</u>	<u>496,672</u>	<u>3,930,131</u>	<u>672,432</u>	<u>(1,281,439)</u>	<u>(3,017,077)</u>
(6,354,206)	2,736,916	1,510,535	926,685	4,441,261	9,010,046
<u>20,403,285</u>	<u>14,049,079</u>	<u>16,785,995</u>	<u>18,296,530</u>	<u>19,223,215</u>	<u>23,664,476</u>
<b><u>\$ 14,049,079</u></b>	<b><u>\$ 16,785,995</u></b>	<b><u>\$ 18,296,530</u></b>	<b><u>\$ 19,223,215</u></b>	<b><u>\$ 23,664,476</u></b>	<b><u>\$ 32,674,522</u></b>
7.0%	7.3%	5.5%	7.1%	8.5%	7.8%

# Charter Township of Canton

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Taxable Value by Property Type					
Real Property					
Tax Year	Residential	Commercial	Industrial	Agricultural and Other	Personal Property
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
2013	2,499,490,244	436,058,303	173,283,987	-	197,242,852
2014	2,579,557,870	436,434,997	167,314,421	-	180,307,175
2015	2,675,749,498	434,477,257	170,960,248	-	181,957,841

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

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

Source: Charter Township of Canton Treasurer's Department.



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

Total Taxable Value	Tax Rate (Mills)	Total SEV	Taxable Value as a Percentage of Actual
3,853,340,812	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
3,306,075,386	10.4	3,504,744,425	47.17
3,363,614,463	10.9	3,671,050,974	45.81
3,463,144,844	10.9	3,989,366,308	43.40

# Charter Township of Canton

Tax Year	Millage Rates - Direct Township Taxes				Overlapping Taxes						
	General Operating	Police	Fire	Total Direct Taxes	County	Jail	Huron Clinton Metro Parks	Wayne County Parks	Library	Wayne County Community College	Wayne County Judgment Levy
2006	2.3660	3.9260	2.3580	8.6500	6.6380	0.9381	0.2146	0.2459	1.5437	2.4769	0.0000
2007	2.6160	3.6760	2.3580	8.6500	6.6380	0.9381	0.2146	0.2459	1.5437	2.4769	0.0000
2008	2.6160	3.6760	2.3580	8.6500	6.6380	0.9381	0.2146	0.2459	1.4980	2.4769	0.0000
2009	2.3660	3.9260	2.3580	8.6500	6.6380	0.9381	0.2146	0.2459	1.4980	2.4769	0.0000
2010	2.3660	4.9260	3.1080	10.4000	6.6380	0.9381	0.2146	0.2459	1.5437	2.4769	0.0000
2011	2.3660	4.9260	3.1080	10.4000	6.6380	0.9381	0.2146	0.2459	1.5437	2.2408	0.0000
2012	2.3660	4.9260	3.1080	10.4000	6.6380	0.9381	0.2146	0.2459	1.5437	2.2408	0.0000
2013	2.3660	4.9260	3.1080	10.4000	6.6380	0.9381	0.2146	0.2459	1.5437	3.2408	0.0000
2014	1.3660	5.6760	3.8580	10.9000	6.6380	0.9381	0.2146	0.2459	1.5437	3.2408	0.0000
2015	1.3660	5.6760	3.8580	10.9000	6.6380	0.9381	0.2146	0.2459	1.5437	3.2408	0.9761

Source: Charter Township of Canton's Finance Department.

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

		Overlapping Taxes								
					School -	School -	School -		School -	
		Schoolcraft	Intermediate	State	Homestead	Homestead	School -	Non-	Non-	School -
Detroit	Detroit	Community	School	Education	Plymouth/	Wayne/	Homestead	homestead	homestead	Non-
Zoo	DIA	College	District		Canton	Westland	Van Buren	Canton	Westland	Van Buren
0.0000	0.0000	1.7967	3.4643	6.0000	3.1500	4.8322	1.2603	21.1500	22.8322	19.2603
0.0000	0.0000	1.7967	3.4643	6.0000	3.1500	4.5122	1.2603	21.1500	22.5122	19.2603
0.1000	0.0000	1.7967	3.4643	6.0000	3.1500	4.5122	1.2603	21.1500	22.5122	19.2603
0.1000	0.0000	1.7967	3.4643	6.0000	3.2600	4.6322	4.1100	21.2600	22.6322	22.1100
0.1000	0.0000	1.7967	3.4643	6.0000	3.7600	5.0122	4.1100	21.7600	23.0122	22.1100
0.1000	0.0000	1.7967	3.4643	6.0000	3.9600	5.5022	4.1100	21.9600	23.5022	22.1100
0.1000	0.2000	1.7967	3.4643	6.0000	4.1000	5.8522	4.1100	22.1000	23.8522	22.1100
0.1000	0.2000	1.7967	3.4643	6.0000	4.1000	6.2522	4.1100	22.1000	24.2522	22.1100
0.1000	0.2000	1.7967	3.4643	6.0000	4.1000	6.4522	4.1100	22.1000	24.4522	22.1100
0.1000	0.2000	1.7967	3.4643	6.0000	4.0000	6.5522	4.1100	22.0000	24.4522	22.1100

# Charter Township of Canton

## Revenue Capacity Information Principal Property Taxpayers (Unaudited)

Taxpayer	2015 Taxable Value	Percentage of Total	2006 Taxable Value	Percentage of Total	2006 Rank
1 DTE	\$ 57,183,030	1.65	\$ 22,727,710	0.59	2
2 Yazaki North America	18,212,999	0.53	53,066,767	1.38	1
3 Uptown Investors LLC	10,387,810	0.30	22,072,821	0.57	3
4 8375 Honeytree Blvd Holdings	9,829,658	0.28			
5 Canton Corners/Ford Rd LLC	8,889,150	0.26			
6 Sysco Food Service of Detroit	8,774,176	0.25			
7 Village Squire Apartments	8,533,927	0.25			
8 Ford Lilley Group LLC	7,860,606	0.23			
9 Rahaim, Robert Trust	7,634,705	0.22			
10 47440 Michigan Ave LLC	7,624,821	0.22			
Michigan Consolidated			14,989,090	0.39	4
Procoil Corporation			10,575,214	0.27	10
Heron Ridge Associates LLC			12,892,149	0.33	5
Wal Mart			11,496,576	0.30	8
Honeytree			11,651,914	0.30	6
Tianz Inc			11,562,030	0.30	7
IKEA			10,923,060	0.28	9

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
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
2013	37,867,919	36,833,711	97.27	1,014,817	37,848,528	99.95
2014	40,087,661	39,137,538	97.63	940,147	40,077,685	99.98
2015	41,434,037	40,520,541	97.80	902,617	41,423,158	99.97

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

# Charter Township of Canton

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	2006	2007	2008	2009
<b>Governmental Activities</b>				
General obligation bonds	\$ 33,467,320	\$ 32,097,462	\$ 30,238,358	\$ 28,900,999
Special assessment bonds	6,175,000	5,175,000	4,400,000	3,500,000
Installment purchase agreements	-	-	-	-
Total	39,642,320	37,272,462	34,638,358	32,400,999
<b>Business-type Activities</b>				
General obligation bonds	8,455,653	52,309,414	50,292,418	48,469,885
Capital leases	-	-	-	-
Total	8,455,653	52,309,414	50,292,418	48,469,885
Total debt of the government	48,097,973	89,581,876	84,930,776	80,870,884
<b>Total Population</b>	85,476	84,037	84,716	88,944
<b>Total Debt per Capita</b>	\$ 562.71	\$ 1,065.98	\$ 1,002.54	\$ 909.23
<b>Taxable Value</b>	3,853,340,812	4,061,748,993	3,937,730,052	3,722,981,470
<b>Ratio of Total Debt to Taxable Value</b>	1.25%	2.21%	2.16%	2.17%

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

2010	2011	2012	2013	2014	2015
\$ 27,200,550	\$ 26,757,320	\$ 28,345,420	\$ 24,532,060	\$ 21,785,737	\$ 17,248,178
2,600,000	1,700,000	1,300,000	2,265,000	1,795,000	1,285,000
-	-	4,421,606	5,065,859	4,628,635	4,173,284
29,800,550	28,457,320	34,067,026	31,862,919	28,209,372	22,706,462
47,128,453	44,792,678	42,311,292	39,740,867	37,076,162	34,577,688
-	-	-	667,127	518,051	361,703
47,128,453	44,792,678	42,311,292	40,407,994	37,594,213	34,939,391
76,929,003	73,249,998	76,378,318	72,270,913	65,803,585	57,645,853
90,173	90,128	89,627	92,036	93,186	90,787
\$ 853.13	\$ 812.73	\$ 852.18	\$ 785.25	\$ 706.15	\$ 634.96
3,427,728,085	3,347,252,227	3,239,051,429	3,306,075,386	3,363,614,463	3,463,144,844
2.24%	2.19%	2.36%	2.19%	1.96%	1.66%

# Charter Township of Canton

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

Fiscal Year	Tax-limited General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Other General Obligation Debt	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita
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
2013	24,532,060	-	-	5,065,859	29,597,919	3,306,075,386	0.90	92,036	321.59
2014	21,785,737	-	-	4,628,635	26,414,372	3,363,614,463	0.79	93,186	283.46
2015	17,248,178	-	-	4,173,284	21,421,462	3,463,144,844	0.62	90,787	235.95



# 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	\$ 307,331,740	8.80%	\$ 27,045,193
Plymouth-Canton Community Schools	242,757,000	53.93%	130,918,850
Wayne-Westland Schools	28,535,000	15.78%	4,502,823
Van Buren Schools	70,275,000	16.41%	11,532,128
Schoolcraft Community College	16,035,000	22.39%	3,590,237
Western Townships Utilities Authority	<u>38,195,000</u>	36.41%	<u>13,905,413</u>
Total overlapping debt	703,128,740		191,494,644
Direct Township debt	<u>21,421,462</u>	100.00%	<u>21,421,462</u>
Total direct and overlapping debt	<u><b>\$ 724,550,202</b></u>		<u><b>\$ 212,916,106</b></u>

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

# Charter Township of Canton

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	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Calculation of Debt Limit</b>				
State equalized valuation	\$ 4,609,843,477	\$ 4,772,938,595	\$ 4,480,360,765	\$ 4,117,993,828
Plus: equivalent valuation of Act 198 exemptions	<u>69,657,938</u>	<u>82,254,588</u>	<u>74,325,581</u>	<u>64,485,690</u>
Total valuation	<u>\$ 4,679,501,415</u>	<u>\$ 4,855,193,183</u>	<u>\$ 4,554,686,346</u>	<u>\$ 4,182,479,518</u>
 10 percent of taxable value	 467,950,142	 485,519,318	 455,468,635	 418,247,952
<b>Calculation of Debt Subject to Limit</b>				
Total debt	48,097,973	89,581,876	84,930,776	80,870,884
Less debt not subject to limit -				
Installment purchase agreements	-	-	-	-
Special assessment bonds	6,175,000	5,175,000	4,400,000	3,500,000
Capital leases payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Debt Subject to Limit</b>	<u>41,922,973</u>	<u>84,406,876</u>	<u>80,530,776</u>	<u>77,370,884</u>
<b>Legal Debt Margin</b>	<u>\$ 426,027,169</u>	<u>\$ 401,112,442</u>	<u>\$ 374,937,859</u>	<u>\$ 340,877,068</u>
 <b>Net Debt Subject to Limit as Percent of Debt Limit</b>	 8.96%	 17.38%	 17.68%	 18.50%

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

2010	2011	2012	2013	2014	2015
\$ 3,680,639,083	\$ 3,535,664,037	\$ 3,406,380,087	\$ 3,504,744,425	\$ 3,671,050,974	\$ 3,989,366,308
<u>58,316,200</u>	<u>27,646,470</u>	<u>25,275,883</u>	<u>21,109,653</u>	<u>23,264,370</u>	<u>25,251,340</u>
<u>\$ 3,738,955,283</u>	<u>\$ 3,563,310,507</u>	<u>\$ 3,431,655,970</u>	<u>\$ 3,525,854,078</u>	<u>\$ 3,694,315,344</u>	<u>\$ 4,014,617,648</u>
373,895,528	356,331,051	343,165,597	352,585,408	369,431,534	401,461,765
76,929,003	73,249,998	76,378,318	72,270,913	65,803,585	57,645,853
-	-	4,421,606	5,065,859	4,628,635	4,173,284
2,600,000	1,700,000	1,300,000	2,265,000	1,795,000	1,285,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>667,127</u>	<u>518,051</u>	<u>361,703</u>
<u>74,329,003</u>	<u>71,549,998</u>	<u>70,656,712</u>	<u>64,272,927</u>	<u>58,861,899</u>	<u>51,825,866</u>
<u><b>\$ 299,566,525</b></u>	<u><b>\$ 284,781,053</b></u>	<u><b>\$ 272,508,885</b></u>	<u><b>\$ 288,312,481</b></u>	<u><b>\$ 310,569,635</b></u>	<u><b>\$ 349,635,899</b></u>
19.88%	20.08%	20.59%	18.23%	15.93%	12.91%

# Charter Township of Canton

## Water and Sewer Revenue Bonds

Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service		Coverage
				Principal	Interest	
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	-	-	-
2013	31,178,512	27,332,133	3,846,379	-	-	-
2014	31,593,153	27,965,687	3,627,466	-	-	-
2015	38,485,238	30,967,666	7,517,572	-	-	-

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		Coverage
	Principal	Interest	
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
602,845	400,000	41,750	1.36
584,555	470,000	69,861	1.08
696,178	510,000	48,814	1.25

# Charter Township of Canton

## Demographic and Economic Statistics (Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Median Household Income (3)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (2)</u>	<u>Estimated Number of Households (1)</u>
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
2013	92,036	77,970	34,236	2.70	33,559
2014	93,186	78,373	34,617	2.20	34,031
2015	90,787	79,448	35,239	2.60	33,170

(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	2015 Employees	Percentage of Total	2006 Employees	Percentage of Total	2006 Rank
Plymouth Canton Schools	1,969	9.01	2,500	34.07	1
Yazaki North America	1,449	6.63	1,400	19.08	2
Wal-Mart Stores, Inc.	791	3.62	539	7.35	5
A & D Transport	575	2.63	550	7.50	4
Sysco Detroit LLC	454	2.08	635	8.65	3
Charter Township of Canton	353	1.62	369	5.03	7
IKEA	323	1.48	500	6.81	6
Meijer, Inc.	310	1.42	500	6.81	6
Target Brands, Inc.	305	1.40	(1)	(1)	(1)
The Kroger Co.	298	1.36	(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	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Supervisor's Office</b>	4	4	4	4	4.5	3.5	2.8	3	3	3
Economic Development	-	-	-	4	3.5	2.5	3.2	3	3	3
Cable	-	-	-	3	3	***	***	***	***	***
Human Resources	-	-	-	5	5	5	5	5	5	5
Legal	-	-	-	2	2	1	2	2	2	2
<b>Economic Development</b>	1	1	2	**	**	**	**	**	**	**
<b>Clerk's Office</b>	8	8	8	7	7	7	8	6.5	6.5	6.5
<b>Treasurer's Office</b>	7	6	7	7	6.4	6.6	6.6	5.6	6	6
Utility Billing	4	4	4	4	4.6	4.4	4.4	4.4	4	4
<b>Executive Operations and Public Safety</b>										
Fire	63	70	70	70	66.4	66.4	70.9	71.4	70.4	77.4
Police	106	117	113	113	114.1	110.1	105.1	98.1	101.1	108.6
Human Resources	5	5	5	**	**	**	**	**	**	**
<b>Finance and Budget</b>										
Finance and Budget	11	10	10	10	10	10	10	10	10	10
Information Technology Systems	7	7	7	7	7	7	6	6	5	5
Cable Television	3	3	3	**	**	**	**	**	**	**
<b>Municipal Services</b>										
Director's Office	3	5	3	3	3	3	3	2	2	2
Building and Inspection Services	11	12	10	10	12	11	9.5	11	14	14.5
Engineering Services	15	19	15	13	10	9	8	8	8	8
Planning Services	6	6	7	7	6	6	6	6	6	6
Public Works	37	38	36	36	37	36	36	35.5	33.5	32.5
<b>Leisure Services</b>										
Director's Office	4	7	7	6	8	7.5	6.5	7.5	7.5	7.5
Parks Division/Grounds	11	12	12	12	12	11	11	12	12	12
Summit Community Center	10	11	9	9	9.4	10	8.25	12	13	13
Pheasant Run Golf Course	3	3	2	2	3.5	3.5	3.5	3	3.5	3
Parks and Recreation	12	7	11	10	8.45	7.35	7.85	7	6	6
Softball Center	2	1	1	1	1.4	2.4	1.4	1	1	1
Performing Arts	1	2	2	2	1.75	2.75	3.75	4	4	4
Community Services	2	3	2	1	-	-	-	-	-	-
Facilities Maintenance	11	11	9	10	10	9	9.25	8	8	8
Cable	-	-	-	-	-	3	3	5	5	5
<b>Total</b>	<b><u>347</u></b>	<b><u>372</u></b>	<b><u>359</u></b>	<b><u>358</u></b>	<b><u>356</u></b>	<b><u>345</u></b>	<b><u>341</u></b>	<b><u>337</u></b>	<b><u>339.5</u></b>	<b><u>353.0</u></b>

Source: Township personnel records

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

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

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

# Charter Township of Canton

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Function/Program	2006	2007	2008	2009
<b>Police:</b>				
Physical arrests	3,580	3,709	3,522	3,756
Traffic violations	16,670	18,113	15,577	20,383
Parking violations	290	446	472	330
<b>Fire:</b>				
Fire runs	1,152	1,109	1,124	1,050
Emergency medical runs	4,012	4,348	4,604	4,766
Inspections	628	515	747	874
<b>Parks and recreation:</b>				
Recreation program attendance	524,722	494,347	437,329	408,641
Community center admissions	284,088	232,400	300,896	298,085
<b>Library:</b>				
Circulation (books borrowed)	1,654,395	1,614,242	1,796,819	2,015,317
Collection volume	302,026	308,547	307,300	309,995
<b>Water:</b>				
Number of customers billed	23,272	23,388	23,502	23,414
Total consumption (billed - gallons)	3,041,124,000	3,316,524,000	3,095,821,000	2,711,815,000
<b>Sewer:</b>				
Number of customers billed	22,953	23,069	23,187	23,202

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

**Operating Information**  
**Operating Indicators**  
**(Unaudited)**

2010	2011	2012	2013	2014	2015
4,269	4,125	4,223	4,272	4,004	3,672
19,838	18,248	18,975	18,701	15,860	15,689
1,050	1,001	817	443	241	203
1,030	1,048	1,015	1,028	1,150	1,120
5,039	5,073	5,472	5,596	6,237	6,453
746	747	914	976	851	1,318
397,591	413,341	378,131	346,620	328,179	429,426
245,551	265,948	287,879	268,196	254,481	258,592
1,951,445	1,801,003	1,737,417	1,642,268	1,414,409	1,411,415
291,656	296,614	318,671	319,303	339,037	319,828
23,480	23,548	23,475	23,464	23,713	23,785
2,749,910,000	2,784,419,000	3,030,012,000	2,439,156,000	2,375,939,000	2,371,757,000
23,269	23,359	23,288	23,275	23,524	23,598

# Charter Township of Canton

## Operating Information Capital Asset Statistics (Unaudited)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units:										
Cars and Jeep	47	50	50	48	48	43	42	52	59	54
Prisoner van	1	1	1	1	1	1	1	1	1	1
Motorcycles	6	6	6	4	4	4	4	0	0	0
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Fire and emergency response vehicles	14	15	15	15	15	15	16	16	16	16
Public works:										
Streets (miles)	373	390	393	393	393	393	393	393	393	402
Streetlights	705	705	705	708	708	712	710	709	710	707
Parks and recreation:										
Acreage	859	859	859	859	859	859	859	859	859	859
Parks	7	7	7	9	9	9	9	9	9	9
Soccer fields	30	30	30	39	39	39	39	39	39	39
Baseball diamonds	22	22	22	19	19	19	19	19	19	19
Community Center	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Golf courses	2	2	2	2	2	2	2	2	2	2
Libraries - Branches	1	1	1	1	1	1	1	1	1	1
Water:										
Mains (miles)	424	424	425	425	430	430	431	432	435	447
Fire hydrants	4,874	4,930	4,935	5,047	5,076	5,097	5,105	5,135	5,147	5,275
Sewer:										
Miles of sanitary sewers	328	330	331	335	337	337	337	337	338	349

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