CALEDONIA TOWNSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2004

Michigan Deptartment of Treasury
496 (2-04)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type	Local Government Name	County
☐ City ☑ Township ☐ Village ☐ Other	**Caledonia Charter Township**	**Shiawassee**

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
12/31/04	**6/16/05**	**7/30/05**

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ Yes ☑ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ Yes ☑ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☑ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ Yes ☑ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ Yes ☑ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ Yes ☑ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ Yes ☑ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ Yes ☑ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ Yes ☑ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)			
Demis and Wenzlick, P.C.			
Street Address	City	State	ZIP
217 N. Washington St.	**Owosso**	**Mi**	**48867**
Accountant Signature		Date	
Geraldine Terry, CPA		7-29-05	

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INDEPENDENT AUDITOR'S REPORT

Caledonia Charter Township
Members of the Township Board
Shiawassee County, Michigan

We have audited the accompanying general-purpose financial statements of Caledonia Charter Township , Michigan, as of and for the year ended December 31, 2004. These general-purpose financial statements are the responsibility of the Township of Caledonia's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

The municipality has elected not to comply with the provisions of Governmental Accounting Standards Board Statement #34. The basic financial statements were prepared on the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. GASB 34 requires management's discussion and analysis which also has not been presented.

In our opinion, except for the non-application of GASB 34, the the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Caledonia Charter Township as of December 31, 2004 and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Caledonia Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Our report of comments and recommendations has been submitted under date of June 17, 2005.

Dennis and Westfield, P.C.

Certified Public Accountants

Owosso, Michigan
June 17, 2005

CALEDONIA CHARTER TOWNSHIP
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2004

	Government Fund Types			Proprietary Fund Types	Fiduciary Fund Type	Account Groups
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets
ASSETS:						
Cash & Cash Equivalents	$ 56,314	$ 11,742	$ 400	$ 193,101	$ 1,612	$
Cert. of Deposit	190,314	274,463	237,873	2,189,612		
Accounts Receivable		3,379		12,166		
Due from Other Funds	1,572	11,068				
Due from State of Michigan	49,310					
Due from Other Governmental Units						
Fixed Assets (Net of Accum. Deprec.)				49,822		1,045,797
Investment in Subsidiary				4,491,995		
Total Assets	$ 297,510	$ 300,652	$ 238,273	$ 6,936,696	$ 1,612	$ 1,045,797
Liabilities:						
Accounts Payable	$ 54,918	$ 2,532	$	$	$	$
Deferred Tax Revenues	37,065					
Due to Other Funds	11,068				1,572	
Due to Other Taxing Ent					40	
Total Liabilities	$ 103,051	$ 2,532	$ 0	$ 0	$ 1,612	$ 0
Fund Equity						
Contributed Capital				41,485		
Investment in General Fixed Assets						1,045,797
Retained Earnings				6,895,211		
Fund Balance	194,459	36,098	238,273			
Total Fund Equity	$ 194,459	$ 36,098	$ 238,273	$ 6,936,696	$ 0	$ 1,045,797
Total Liabilities & Fund Equity	$ 297,510	$ 38,630	$ 238,273	$ 6,936,696	$ 1,612	$ 1,045,797

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND AND CHANGES IN FUND BALANCES.
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL, SPECIAL REVENUE, AND CAPITAL PROJECTS FUND TYPES
YEAR ENDED DECEMBER 31, 2004

	GENERAL FUND			SPECIAL REVENUE FUND TYPES			CAPITAL PROJECT FUND TYPES		
REVENUES:	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	BUDGET	ACTUAL	ACTUAL (OVER UNDER BUDGET
Taxes	$ 135,780	$ 145,943	$ (10,163)	$	$	$ 0	$	$ 0	$
State Shared Revenues	297,072	293,230	3,842			0			
Licenses and Permits	69,868	72,661	(2,793)			0		0	
Charges for Services	2,650	2,700	(50)	10,000	6,318	3,682			
Interest Income	5,000	9,046	(4,046)	4,203	4,799	(596)	8,457	8,457	
Miscellaneous Other	17,998	28,252	(10,254)			0			
TOTAL REVENUES	$ 528,368	$ 551,832	$ (23,464)	$ 14,203	$ 11,117	$ 3,086	$ 8,457	$ 8,457	$
EXPENDITURES:									
Township Board	$ 50,470	$ 50,315	$ 155	$	$	$	$	$	$
Supervisor	16,846	16,586	260						
Assessor	26,820	28,820	(2,000)						
Elections	10,965	9,720	1,245						
Clerk	19,761	19,643	118						
Board of Review	970	970	0						
Treasurer	28,600	28,598	2						
Hall, Annex & Grounds	16,108	16,297	(189)						
Other General Gov't	111,930	111,759	171						
Cemetery	4,736	4,736	0						
Building Inspector	30,135	31,837	(1,702)						
Zoning & Planning	26,928	25,371	1,557						
Board of Appeals	2,144	2,173	(29)						
Public Works	102,002	132,060	(30,058)						
Fire Protection			0	79,864	100,630	(20,766)			
		0	0						
TOTAL EXPENDITURES	$ 448,415	$ 478,885	$ (30,470)	$ 79,864	$ 100,630	$ (20,766)	$ 0	$ 0	$ 0
REVENUES OVER (UNDER) EXPENDITURES	$ 79,953	$ 72,947	$ 7,006	$ (65,661)	$ (89,513)	$ 23,852	$ 8,457	$ 8,457	$ 0
OTHER FINANCING SOURCES:									
Transfers In	$	$	$	$ 100,000	$ 78,518	$ 21,482	$	$	$
Transfers Out	(83,864)	(78,518)	(5,346)			0			0
TOTAL OTHER FINANCING SOURCES	$ (83,864)	$ (78,518)	$ (5,346)	$ 100,000	$ 78,518	$ 21,482	$ 0	$ 0	$ 0
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	$ (3,911)	$ (5,571)	$ 1,660	$ 34,339	$ (10,995)	$ 45,334	$ 8,457	$ 8,457	$ 0
Fund Balance - Beginning		200,030			298,047			229,816	
Fund Balance - End of Year		$ 194,459			$ 287,052			$ 238,273	

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 2004

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
REVENUES:			
Prop. Taxes and Assessments	$ 145,943	$ 6,318	$ -0-
Trailer Taxes	568	-0-	-0-
Charges for Services	2,700	-0-	-0-
Rent Income	10,800	-0-	-0-
Licenses & Permits	72,661	-0-	-0-
State Shared Revenues	293,230	-0-	-0-
Interest Income	9,046	4,799	8,457
Miscellaneous	16,884	-0-	-0-
TOTAL REVENUES	$ 551,832	$ 11,117	$ 8,457
EXPENDITURES:			
Township Board	$ 50,315	$	$
Supervisor	16,586		
Assessor	28,820		
Elections	9,720		
Clerk	19,643		
Board of Review	970		
Treasurer	28,598		
Hall, Annex & Grounds	16,297		
Other General Gov't.	111,759		
Cemetery	4,736		
Building Inspector	31,837		
Zoning/Planning	25,371		
Board of Appeals	2,173		
Public Works	132,060		
Fire	-0-	100,630	-0-
TOTAL EXPENDITURES	$ 478,885	$ 100,630	$ -0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 72,947	$ (89,513)	$ 8,457
OTHER SOURCES (USES) OF FUNDS:			
Transfers In	$	$ 78,518	$ -0-
Transfers Out	78,518	-0-	-0-
TOTAL OTHER SOURCES (USES)	$ (78,518)	$ 78,518	$ -0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS	$ (5,571)	$ (10,995)	$ 8,457
Fund Balance Jan. 1	200,030	298,047	229,816
FUND BALANCE Dec. 31	$ 194,459	$ 287,052	$228,273

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2004

REVENUES:	
Charges for Services	$ 148,010
Hookups	49,329
Interest	46,905
TOTAL REVENUES	$ 244,244
OPERATING EXPENSES:	
Operation of Plant	$ 162,970
Replacement	6,564
Depreciation Expense	24,734
Miscellaneous Expense	74
TOTAL OPERATING EXPENSES	$ 194,342
TOTAL OPERATING INCOME	$ 49,902
NON-OPERATING INCOME:	
Depreciation Offset Against Contributed Capital	$ -0-
NET INCOME	$ 49,902
Retained Earnings	6,904,624
Decrease in Value of Subsidiary During the Year	(59,315)
RETAINED EARNINGS	$6,895,211

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004

Cash Flows from Operating Activities:	
Net Income	$ 49,902
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:	
Depreciation	24,734
Increase in Accounts Receivable	(11,053)
NET CASH FLOW FROM OPERATING ACTIVITIES	$ 63,583
Cash and Cash Equivalents	2,319,130
CASH AND CASH EQUIVALENTS	$2,382,713

Supplemental Disclosure of Cash Flow Information:	
Cash Paid During the Year For:	
Interest	$ -0-

Disclosure of Accounting Policy:
For the purpose of the Statement of Cash Flows, the company considers all highly debt instruments, such as certificates of deposit, to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2004

	BALANCE 12-31-03	ADDITIONS	DEDUCTIONS	BALANCE 12-31-04
CURRENT TAX COLLECTION FUND				
ASSETS:				
Cash	$ 689,763	$3,572,195	$4,261,918	$ 40
LIABILITIES:				
Due to Other Funds	$ 38,765	$ 127,719	$ 166,484	$ -0-
Due to Other Taxing Ent.	647,849	3,400,661	4,048,470	40
Due to Others	3,149	43,815	46,964	-0-
	$ 689,763	$3,572,195	$4,261,918	$ 40
TRUST AND AGENCY FUND				
ASSETS:				
Cash	$ 2,937	$ 30,730	$ 32,095	$ 1,572
LIABILITIES:				
Due to Other Funds	$ -0-	$ 22,124	$ 20,552	$ 1,572
Due to Other Taxing Ent.	2,937	8,606	11,543	-0-
	$ 2,937	$ 30,730	$ 32,095	$ 1,572

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2004

	BALANCE 12-31-03	ADDITIONS	DEDUCTIONS	BALANCE 12-31-04
		COMBINED AMOUNTS		
ASSETS:				
Cash	$ 692,700	$3,602,925	$4,294,013	$ 1,612
LIABILITIES:				
Due to Other Funds	$ 38,765	$ 149,843	$ 187,036	$ 1,572
Due to Other Taxing Ent.	650,786	3,409,267	4,060,013	40
Due to Others	3,149	43,815	46,964	-0-
	$ 692,700	$3,602,925	$4,294,013	$ 1,612

The accompanying notes are an integral part of the financial statements.

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES AND ACCOUNT GROUPS

The Township of Caledonia, Michigan was originally organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is located in Shiawassee County. The Township operates under an elected Township Board which currently consists of a Supervisor Clerk, Treasurer, and four (4) Trustees and provides services to its residents in many areas including general government, fire protection, and sewer utility services.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, The Financial Reporting Entity; and Statement on Michigan Governmental Accounting and Auditing No. 5, these financial statements present the financial activities of the Caledonia Charter Township (primary government), and its component unit (Corunna-Caledonia Fire Board). Blended component units, although legally separate entities, are, in substance, part of the governments operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government. All component units of the Caledonia Charter Township are blended in the Township's audit and are not audited separately.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters consider the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the general purpose financial statements of the Caledonia Charter Township contain all the funds and account groups controlled by the Township Board.

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND ACCOUNT GROUPS (CONTINUED)

BLENDED COMPONENT UNIT

Corunna-Caledonia Fire Department - Caledonia Charter Township, in conjunction with the City of Corunna, has entered into an agreement that created the Corunna-Caledonia Fire Department. The Fire Department is governed by a five (5) member board. The Township and the City each appoint two individuals to the governing board. The appointed board members select an additional individual to serve on the Board as an at-large member. The Board's majority alternatives between the Township and the City every four years based on the appointment of the at-large member.

Based on the agreement creating the Fire Department, the Township is responsible for 58% of the annual expenditures of the Department, while the City of Corunna's share is 42%. The City of Corunna acts as the fiscal agent to the Fire Department and is reimbursed by the Township from the Special Revenue Fire Fund for the Township's share of operating expenditures. The Special Revenue Fire Capital Acquisition Fund accounts for the Township's share of revenue generated from fire runs and the Township's portion of the repayment of loan proceeds borrowed to finance the acquisition of a fire truck.

2. Joint Ventures

The Township participates in the following activities, which are considered to be joint ventures in relation to the Township, due to there being ongoing financial interest or responsibility.

Owosso Township - Caledonia Township Utility Authority - The Caledonia Charter Township is a member of the Owosso Township-Caledonia Township Utility Authority (Authority). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system and future water supply system for the benefit of the constituent municipalities. The wastewater treatment plant operated by the City of Owosso treats the sewage collected by the Township's sewage disposal system.

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND ACCOUNT GROUPS (CONTINUED)

2. Joint Ventures (Continued)

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. The Caledonia Charter Township currently represented by three (3) of the six (6) members of the Authority Board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a majority vote of the members-elect of the Authority.

The members of the Authority and percentage of responsibility are as follows:

Caledonia Charter Township	50%
Township of Owosso	50%

For the year ended December 31, 2003, the Caledonia Charter Township contributed $169,534 to cover its share of operational costs and reserve activities.

An investment in the Authority is recorded to reflect the current carrying value at December 31, 2004, of the cumulative effect of the Authority's operations relating to the Township equity share in the joint venture from inception-to-date. The Caledonia Charter Township records their portion of the initial cost of construction of the Authority facilities as fixed assets in the Sewer and Water System (Enterprise) Funds.

The Authority bills and collects charges for sewer services on behalf of the Township. Of the total collected from Township residents, 60% is remitted to the Township and is recorded as charges for services in the financial statements. The Township uses their portion to the revenues generated from sewer charges to pay for treatment by the City of Owosso. Payments to the City of Owosso include quarterly capital charges, semi-annual debt service charges, Industrial Cost Recovery charges, and operation and maintenance charges based on the flow of sewage from the Township.

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

Owosso Community Airport Board - The City of Corunna along with the City of Owosso, Shiawassee County, and Owosso and Caledonia Charter Townships have entered into an agreement which created the Owosso Community Airport Board. The Airport Board is composed of one (1) member from each of the member municipalities. The airport has been reported as a fund in the financial statements of Shiawassee County. Each participating municipality shall make a direct appropriation to cover operations and development costs. The percentage share for the funding model for each municipality is Shiawassee County and the City of Owosso 33%, owosso and Caledonia Charter Townships 13% and the City of Corunna 8%. The Township contributed $3,206 to the Board for the year ended December 31, 2004.

3. Jointly Governed Organizations

The Township participates in the following activity which is considered to be a jointly governed organization in relation to the Township, due to their being no ongoing financial interest or responsibility:

Corunna Area Ambulance Service, Inc. - The City of Corunna along with the Townships of New Haven and Caledonia have entered into a service agreement with Corunna Area Ambulance Service, Inc., a Michigan nonprofit Corporation. The Corporation's board is composed of seven (7) members appointed by the corporation and two each from the City of Corunna and Caledonia Charter Township are elected, and one from the City of Corunna, Caledonia Charter Township, and New Haven Township are appointed. The Township is responsible to pay a per dwelling or equivalent until charge for all dwellings within the Township which is assessed to all residents on their tax bills. The township paid $49,023 in per dwelling charges to Corunna Area ambulance Service, Inc., for the year ended December 31, 2004.

4. Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Township resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

NOTE A - DESCRIPTION FO TOWNSHIP OPERATIONS, FUND TYPES, AND ACCOUNT GROUPS (CONTINUED)

4. Basis of Presentation (Continued)

The various funds are groups in the financial statements in this report into three (3) fund types and two (2) account groups as follows:

GOVERNMENTAL FUNDS

a. General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

b. Special Revenue Funds (Fire, Fire Capital Acquisition and Cemetery - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

c. Capital Projects Fund (Revolving Improvement) - The Capital Fund is used to account for the financial resources to be used for the acquisition or construction of major Capital Projects (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS

a. Enterprise Funds (Sewer System, Water System) - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUND

a. Agency Funds (Current Tax Collections, Trust and Agency) The Agency Funds are used to account for assets held by the Township in a trustee capacity as an agent for individuals, other organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

ACCOUNT GROUPS

a. General Fixed Assets Account Group - The General Fixed Assets Group is used to maintain control and cost information for all fixed assets of the Township other than those accounted for in the Proprietary Funds.

b. General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to record the outstanding long-term obligations not otherwise recorded in the Proprietary Funds.

NOTE B - SUMMARY OF SIGNIFICANT POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to Townships. The following is a summary of the more significant accounting policies:

1. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet, Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current and long-term assets.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Balance Sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

There is no measurement focus for the agency fund since assets equal liabilities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). Revenues which are considered measurable, but not available, are recorded as a receivable and deferred revenue. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year end to pay liabilities of the current period. Significant revenues susceptible to accrual include certain intergovernmental revenue and charges for services. Most licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

The proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

3. Budgets and Budgetary Accounting

The General and Special Revenue Funds budgets shown in the financial statements were prepared on a basis not substantially different than the basis used to reflect actual results.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Budgets and Budgetary Accounting (Continued)

The Township employs the following procedures in establishing the budgetary data reflected in the financial statements:

a. Prior to January 1, the budget is legally adopted on a department (activity) level for the General Fund and the total expenditure level for the Special Revenue Funds through passage of a Board resolution. After the budget is adopted, all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.

b. Formal budgetary integration is employed as a management control devise during the year.

c. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31, are not carried forward to the following fiscal year.

d. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year. Individual amendments were not material to original appropriations which are adopted.

4. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, money market accounts and certificates of deposit. The cash and cash equivalents are recorded at cost, which approximates market value. Cash equivalents consist of certificates of deposit with original maturities of 90 days or less.

Investments include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at market value.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property Tax

The Caledonia Charter Township bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

The Township's property tax is levied each December 1, on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2004 tax is levied and collectible on December 1, 2004, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

The Township is permitted to levy up to $1 per $1,000 of assessed valuation for general governmental service and additional amounts for debt service. For the year ended December 31, 2004, the Township levied .9245 mills per $1,000 of assessed valuation for general governmental services. The total taxable value for the 2004 levy for property within the township was $142,878,840.

6. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow measurement focus resources ". This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources .

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in a General Fixed Assets Account Group rather than in the governmental funds. The general fixed assets are recorded as expenditures at the time of purchase in the governmental fund types. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Groups, not in the governmental funds.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Fixed Assets and Long-Term Liabilities (continued)

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

Fixed assets are recorded at cost, or if donated, at fair market value at the date of donation. Expenditures which materially extent the useful life of existing assets are capitalized. Public domain (infrastructure) general fixed assets which include roads, bridges, curbs and gutters, sidewalks, and drains are not capitalized.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets.

The estimated useful lives are:

Sewer System/Line/Pump Stations	20-25 years
Water Mains	30 years

7. Comparative Data

The prior year was a nine month fiscal year. Comparative data for the prior year has not been presented in the accompanying financial statements to the change in fiscal year end at December 31, 2002. The inclusion of comparative data would make the statement unduly complex and difficult to read.

8. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Compensated Absences

The Township does not compensate employees for vacation time, sick time or any other absences.

10. Post-Retirement Health Care Benefits

The Township does not provide post-retirement health care benefits.

11. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting-under which purchase orders, contracts, and other commitments for expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental fund types. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no significant encumbrances at year end.

12. Fund Equity

Contributed capital is recorded in proprietary funds that have received contributions from developers, customers, or other funds.

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses, initially made from it that are properly applicable to another fund, are recorded as expenditures/expense in the reimbursing fund as reduction of expenditures/expense in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

14. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

a. Bonds, securities and other obligations of the United States or any agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

d. The United Sates government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Federal Deposit insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of $100,000 for deposits in an insured bank for savings deposits and $100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of $100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities, issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

As of December 31, 2004, the carrying amounts and the bank balances for each type of bank accounts are as follows:

	CARRYING AMOUNT	BANK BALANCE
Checking	$ 253,739	$ 933,032
Savings	918,574	918,574
Certificates of Deposit	1,983,019	1,983,019
	$3,155,332	$3,834,625

Cash and cash equivalents caption on the combined balance sheet include $100 in imprest cash.

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of December 31, 2004, the Township accounts were insured by the FDIC for $635,706 and the amount of $2,519,626 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of the uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year end.

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivable sand payables at December 31, 2004, are as follows:

FUND	INTERFUND RECEIVABLE	FUND	INTERFUND PAYABLE
General:		Trust & Agency:	
Trust and Agency	$ 1,572	General	$ 1,572
Fire:		General:	
General	11,068	Fire	11,068
	$12,640		$12,640

NOTE E - FIXED ASSETS

A summary of changes in general fixed assets follows:

	BALANCE 12-31-03	ADDITIONS	DELETIONS	BALANCE 12-31-04
Land & Improve.	$ 184,500	$	$	$ 184,500
Buildings	314,444			314,444
Mach. & Equip.	259,055	7,540		266,595
Vehicles	280,258			280,258
	$1,038,257	$ 7,540	$ -0-	$1,045,797

The 2004 additions were as a result of the Corunna-Caledonia Fire Agreement dated January 1, 2003.

A summary of Proprietary Fund Type fixed asset at December 31, 2004, follows:

	ENTERPRISE
Water Mains	$204,136
Wastewater Treatment Plant	513,450
TOTAL	$717,586
Less: Accumulated Depreciation	(667,764)
NET FIXED ASSETS	$ 49,822

NOTE E - FIXED ASSETS (CONTINUED)

The amount recorded as Wastewater Treatment Plant represents the Township's 16.3% interest in the plant that provides services to the City of Owosso, Owosso Township, the City of Corunna and Caledonia Charter Township. The Township's interest in the plant is being depreciated over 20-25 years. The depreciation expense related to the plant for the year ended December 31, 2004 is $17,930. Accumulated depreciation related to the plant as of December 31, 2004 is $491,038.

Total depreciation expense of the Township for the year ended December 31, 2004 is $24,734.

NOTE F - LONG-TERM DEBT

The Caledonia Charter Township and the City of Corunna have entered into a joint installment purchase agreement for the purpose of purchasing a fire truck. The installment loan, dated December 3, 1998 is due in monthly installments of $1,381 including monthly interest on the unpaid balance at 4.30 percent per annum. The City of Corunna is obligated to repay 42% and the Township is obligated to repay 58%. At December 31, 2004, the outstanding principal balance is $32,416. The Township's original share of the principal is $58,000. The loan was paid in full during 2004.

NOTE G - RISK MANAGEMENT

The Township participates in a pool, the Michigan Township Participating Plan with other municipalities for various risks of loss including employer's liability, errors and omissions, and property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Township has no liability for additional assessments based on the claims filed against the pool nor do they have any rights to dividends.

The Township also maintains commercial insurance coverage for workers' compensation.

NOTE H - INVESTMENT IN SUBSIDIARY

Caledonia Charter Township entered into a joint venture with Owosso Charter Township for the creation of an Utility Authority. Caledonia Charter Township owns 50% of the authority's equity, N.C.G.A. Statement 7, requires that this investment be shown on Caledonia Charter Township's financial records (Sewer Fund - an Enterprise Fund), using the equity method of accounting. The Utility Authority has 6 board members. Each township appoints 3 individuals to the board. The Utility Board budgets and finances are governed entirely by this 6 person board. Following is a summary of the Utility Authority (all amounts shown are as of December 31, 2004, the year end of the Utility Authority):

1.	Total Assets - Utility Authority	$8,990,373
	Total Liabilities - Utility Authority	$ 6,382
	Total Equity - Utility Authority -	
	Contributed Capital	$8,726,416
	Retained Earnings	257,575
		$8,983,991
2.	Total Revenues - Utility Authority	$ 554,626
	Total Expenditures - General Fund	673,256
	(Depreciation on Assets Acquired by Grants)	(171,126)
		$ 502,130
	Increase in Fund Balance	$ 52,496

NOTE H - INVESTMENT IN SUBSIDIARY (CONTINUED)

3. Caledonia Charter Township is responsible for 50% of all liabilities. The assets ownership corresponds to the above liability percentages.

   The Caledonia Charter Township's share of the Utility Authority is as follows:

Assets	$4,495,186
Liabilities	3,191
Equity	4,491,995
Change in Equity	(59,315)

   All income of the Sewer Fund comes from the Utility Authority (shown as an expense of the Utility Authority).

NOTE I - SEGMENT INFORMATION

The Township maintains two Enterprise Funds which are intended to be self-supporting through user fees charged for services to the public. Financial segment information as of and for the year ended December 31, is presented below:

	SEWER	WATER	TOTAL
Operating Revenues	$ 148,010	$ -0-	$ 148,010
Operating Expenses	169,558	50	169,608
Depreciation Expense	17,930	6,804	24,734
Operating Income (Loss)	(39,478)	(6,854)	(46,332)
Net Income (Loss)	7,075	(6,502)	573
Net Working Capital	2,276,585	118,294	2,394,879
Total Assets	6,790,992	145,704	6,936,696
Total Equity	6,790,992	145,704	6,936,696

NOTE J - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated.

In the body of the general purpose financial statements, the Township's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the Township have been adopted at the activity level for the General Fund and the total expenditure level for the Special Revenue Fund.

During the period ended December 31, 2004, the Township incurred expenditures in excess of the amounts appropriated as follows:

	APPROPRIATED	AMOUNTS EXPENDED	VARIANCE
Fire Acquisition Fund	$ -0-	$22,102	$22,102
General Fund:			
Board:			
FICA Tax	1,256	1,700	444
Attorney	8,677	8,763	86
Supplies	3,054	3,350	296
Assessor:			
Contracted Services	24,000	26,000	2,000
General Fund:			
Hall, Annex & Grounds:			
Utilities	4,066	4,106	40
Repair/Maintenance	2,452	2,652	200
Other General Gov't:			
Street Lights	20,424	20,458	34
Building Inspector:			
Contractual Services	29,214	30,916	1,702
Board of Appeals:			
Publishing	206	235	29
Public Works:			
Drains at Large	18,572	38,261	19,689
Roads	38,751	57,556	18,805

NOTE K - FUND EQUITY RESERVES AND DESIGNATIONS

Reserved fund balance and retained earnings are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance indicates that portion of the fund balance which the township has set aside for specific purposes.

The following is a fund balance reserve as of December 31, 2004:

Special Revenue	
Fire Capital Acquisition	
Reserved for Capital Acquisition and Improvements	$38,630

The following is a fund balance designation as of December 31, 2004:

Capital projects	
Revolving Improvement	
Designated for Capital Improvements	$238,273

FINANCIAL STATEMENTS

OF

INDIVIDUAL FUNDS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2004 AND 2003

GENERAL FUND

	2004	2003
ASSETS:		
Cash	$ 56,314	$ 17,810
Certificates of Deposit	190,314	183,002
Due from Other Funds	1,572	38,765
Due from State of Michigan	49,310	53,152
	$297,510	$292,729
LIABILITIES:		
Accounts Payable	$ 54,918	$ 32,453
Due to Other Funds	11,068	12,414
Deferred Revenues	37,065	47,832
TOTAL LIABILITIES	$103,051	$ 92,699
GENERAL FUND BALANCE	194,459	200,030
TOTAL LIABILITIES AND GENERAL FUND BALANCE	$297,510	$292,729

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2004 AND 2003

GENERAL FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
REVENUES:				
Prop. Taxes & Assmts.	$135,780	$145,943	$(10,163)	$109,763
Trailer Taxes	524	568	(44)	501
Chgs. for Serv.	2,650	2,700	(50)	3,830
Rent Income	10,050	10,800	(750)	10,050
Lic. & Permits	69,868	72,661	(2,793)	36,098
State Shared Revenues	297,072	293,230	3,842	314,686
Interest Inc.	5,000	9,046	(4,046)	3,989
Miscellaneous	7,424	16,884	(9,460)	6,858
TOTAL REVENUES	$528,368	$551,832	$(23,464)	$485,775
EXPENDITURES:				
Twp. Board:				
Salaries	$ 16,480	$ 16,419	$ 61	$ 26,162
FICA Tax	1,256	1,700	(444)	2,001
Supplies	3,054	3,350	(296)	6,659
Dues	4,196	4,196	-0-	2,801
Attorney	8,677	8,763	(86)	16,602
Publishing	1,531	1,261	270	4,351
Insurance	12,656	12,656	-0-	9,722
Other	2,620	1,970	650	6,998
TOTAL TOWNSHIP BOARD	$ 50,470	$ 50,315	$ 155	$ 75,296
Supervisor:				
Salaries	$ 15,000	$ 14,777	$ 223	$ 12,750
FICA Tax	1,164	1,131	33	975
Supplies	107	103	4	78
Insurance	400	400	-0-	1,039
Education	175	175	-0-	472
TOTAL SUPERVISOR	$ 16,846	$ 16,586	$ 260	$ 15,314

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2004 and 2003

GENERAL FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
REVENUES:				
Expenditures:				
Assessor:				
Contractual Serv.	$ 24,000	$ 26,000	$ (2,000)	$ 20,197
Reappraisal	-0-	-0-	-0-	32,802
Supplies	1,315	1,315	-0-	3,236
Software	1,505	1,505	-0-	1,455
TOTAL ASSESSOR	$ 26,820	$ 28,820	$ (2,000)	$ 57,690
Elections:				
Election Insp.	$ 5,898	$ 5,898	$ -0-	$ -0-
Supplies/Misc.	5,067	3,822	1,245	6,749
TOTAL ELECTIONS	$ 10,965	$ 9,720	$ 1,245	$ 6,749
Clerk:				
Salaries	$ 15,000	$ 15,000	$ -0-	$ 14,333
FICA Tax	1,150	1,148	2	1,097
Supplies	876	761	115	2,600
Insurance	300	300	-0-	173
Software	2,435	2,434	1	2,849
TOTAL CLERK	$ 19,761	$ 19,643	$ 118	$ 21,052
Board of Review:				
Salaries	$ 720	$ 720	$ -0-	$ 1,124
FICA Tax	55	55	-0-	86
Pub/Supplies	195	195	-0-	72
TOTAL BOARD OF REVIEW	$ 970	$ 970	$ -0-	$ 1,282
Treasurer:				
Salaries	$ 19,195	$ 19,195	$ -0-	$ 17,340
FICA Tax	1,469	1,468	1	1,327
Software	1,448	1,447	1	1,124
Postage	4,639	4,639	-0-	3,912
Supplies	1,523	1,523	-0-	979
Education	326	326	-0-	275
TOTAL TREASURER	$ 28,600	$ 28,598	$ 2	$ 24,957

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2004 and 2003

GENERAL FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
EXPENDITURES:				
Hall, Annex & Grounds:				
Salaries	$ 8,410	$ 8,410	$ -0-	$ 7,625
FICA Tax	643	643	-0-	583
Supplies	537	486	51	619
Utilities	4,066	4,106	(40)	4,104
Insurance	-0-	-0-	-0-	321
Rep. & Maint.	2,452	2,652	(200)	1,326
TOTAL HALL & GROUNDS	$ 16,108	$ 16,297	$ (189)	$ 14,578
Other General Gov't:				
Audit	$ 8,550	$ 8,550	$ -0-	$ 9,869
Airport	3,206	3,206	-0-	-0-
Ambulance	49,023	49,023	-0-	40,450
Street Lights	20,424	20,458	(34)	20,238
Telephone	4,411	4,206	205	5,178
Fire Hydrant	4,606	4,606	-0-	4,606
Library	13,000	13,000	-0-	13,000
Software	2,083	2,083	-0-	13,736
Recreation	2,200	2,200	-0-	2,200
Drug Enforcement	4,427	4,427	-0-	-0-
TOTAL OTHER GENERAL GOVERNMENT	$111,930	$111,759	$ 171	$109,277
Cemetery:				
Salaries	$ 3,000	$ 3,000	$ -0-	$ 3,000
FICA Tax	191	191	-0-	230
Supplies/Other	1,245	1,245	-0-	-0-
Insurance	300	300	-0-	293
TOTAL CEMETERY	$ 4,736	$ 4,736	$ -0-	$ 3,523

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CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2004 AND 2003

GENERAL FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
OTHER SOURCES (USES) OF FUNDS:				
Transfer Out	$(83,864)	$(78,518)	$(5,346)	$ (84,670)
TOTAL OTHER SOURCES (USES) OF FUNDS	$(83,864)	$(78,518)	$(5,346)	$ (84,670)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	$ (3,911)	$ (5,571)	$(1,660)	$(187,658)
Fund Balance January 1,		200,030		387,688
FUND BALANCE DECEMBER 31,		$194,459		$ 200,030

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2004 AND 2003

GENERAL FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
REVENUES:				
Prop. Taxes & Assmts.	$135,780	$145,943	$(10,163)	$109,763
Trailer Taxes	524	568	(44)	501
Chgs. for Serv.	2,650	2,700	(50)	3,830
Rent Income	10,050	10,800	(750)	10,050
Lic. & Permits	69,868	72,661	(2,793)	36,098
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TOTAL REVENUES	$528,368	$551,832	$(23,464)	$485,775
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Dues	4,196	4,196	-0-	2,801
Attorney	8,677	8,763	(86)	16,602
Publishing	1,531	1,261	270	4,351
Insurance	12,656	12,656	-0-	9,722
Other	2,620	1,970	650	6,998
TOTAL TOWNSHIP BOARD	$ 50,470	$ 50,315	$ 155	$ 75,296
Supervisor:				
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TOTAL SUPERVISOR	$ 16,846	$ 16,586	$ 260	$ 15,314

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CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2004 and 2003

GENERAL FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
REVENUES:				
Expenditures:				
Assessor:				
Contractual Serv.	$ 24,000	$ 26,000	$ (2,000)	$ 20,197
Reappraisal	-0-	-0-	-0-	32,802
Supplies	1,315	1,315	-0-	3,236
Software	1,505	1,505	-0-	1,455
TOTAL ASSESSOR	$ 26,820	$ 28,820	$ (2,000)	$ 57,690
Elections:				
Election Insp.	$ 5,898	$ 5,898	$ -0-	$ -0-
Supplies/Misc.	5,067	3,822	1,245	6,749
TOTAL ELECTIONS	$ 10,965	$ 9,720	$ 1,245	$ 6,749
Clerk:				
Salaries	$ 15,000	$ 15,000	$ -0-	$ 14,333
FICA Tax	1,150	1,148	2	1,097
Supplies	876	761	115	2,600
Insurance	300	300	-0-	173
Software	2,435	2,434	1	2,849
TOTAL CLERK	$ 19,761	$ 19,643	$ 118	$ 21,052
Board of Review:				
Salaries	$ 720	$ 720	$ -0-	$ 1,124
FICA Tax	55	55	-0-	86
Pub/Supplies	195	195	-0-	72
TOTAL BOARD OF REVIEW	$ 970	$ 970	$ -0-	$ 1,282
Treasurer:				
Salaries	$ 19,195	$ 19,195	$ -0-	$ 17,340
FICA Tax	1,469	1,468	1	1,327
Software	1,448	1,447	1	1,124
Postage	4,639	4,639	-0-	3,912
Supplies	1,523	1,523	-0-	979
Education	326	326	-0-	275
TOTAL TREASURER	$ 28,600	$ 28,598	$ 2	$ 24,957

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2004 and 2003

GENERAL FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
EXPENDITURES:				
Hall, Annex & Grounds:				
Salaries	$ 8,410	$ 8,410	$ -0-	$ 7,625
FICA Tax	643	643	-0-	583
Supplies	537	486	51	619
Utilities	4,066	4,106	(40)	4,104
Insurance	-0-	-0-	-0-	321
Rep. & Maint.	2,452	2,652	(200)	1,326
TOTAL HALL & GROUNDS	$ 16,108	$ 16,297	$ (189)	$ 14,578
Other General Gov't:				
Audit	$ 8,550	$ 8,550	$ -0-	$ 9,869
Airport	3,206	3,206	-0-	-0-
Ambulance	49,023	49,023	-0-	40,450
Street Lights	20,424	20,458	(34)	20,238
Telephone	4,411	4,206	205	5,178
Fire Hydrant	4,606	4,606	-0-	4,606
Library	13,000	13,000	-0-	13,000
Software	2,083	2,083	-0-	13,736
Recreation	2,200	2,200	-0-	2,200
Drug Enforcement	4,427	4,427	-0-	-0-
TOTAL OTHER GENERAL GOVERNMENT	$111,930	$111,759	$ 171	$109,277
Cemetery:				
Salaries	$ 3,000	$ 3,000	$ -0-	$ 3,000
FICA Tax	191	191	-0-	230
Supplies/Other	1,245	1,245	-0-	-0-
Insurance	300	300	-0-	293
TOTAL CEMETERY	$ 4,736	$ 4,736	$ -0-	$ 3,523

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2004 AND 2003

GENERAL FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
EXPENDITURES:				
Bldg. Inspector:				
Cont. Serv.	$ 29,214	$ 30,916	$ (1,702)	$ 21,220
Supplies	286	286	-0-	195
Software	635	635	-0-	600
TOTAL BUILDING INSPECTOR	$ 30,135	$ 31,837	$ (1,702)	$ 22,015
Zoning/Planning Comm:				
Salaries	$ 2,760	$ 2,760	$ -0-	$ 4,880
FICA Tax	211	211	-0-	391
Supplies	185	185	-0-	479
Publishing	728	569	159	342
Contractual Serv.	23,044	21,646	1,398	37,437
TOTAL PLANNING COMMISSION	$ 26,928	$ 25,371	$ 1,557	$ 43,529
Board of Appeals:				
Salaries	$ 1,800	$ 1,800	$ -0-	$ 1,320
FICA Tax	138	138	-0-	99
Publishing	206	235	(29)	207
TOTAL BOARD OF APPEALS	$ 2,144	$ 2,173	$ (29)	$ 1,626
Public Works:				
Sewer	$ 86	$ 86	$ -0-	$ 86
Water	44,277	35,841	8,436	62,262
Drains	18,572	38,261	(19,689)	13,722
Roads	38,751	57,556	(18,805)	115,021
Weeds	316	316	-0-	784
TOTAL PUBLIC WORKS	$102,002	$132,060	$(30,058)	$191,875
TOTAL EXPENDITURES	$448,415	$478,885	$(30,470)	$588,763
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 79,953	$ 72,947	$ 7,006	$(102,988)

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2004 AND 2003

GENERAL FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
OTHER SOURCES (USES) OF FUNDS:				
Transfer Out	$(83,864)	$(78,518)	$(5,346)	$ (84,670)
TOTAL OTHER SOURCES (USES) OF FUNDS	$(83,864)	$(78,518)	$(5,346)	$ (84,670)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	$ (3,911)	$ (5,571)	$(1,660)	$(187,658)
Fund Balance January 1,		200,030		387,688
FUND BALANCE DECEMBER 31,		$194,459		$ 200,030

The accompanying notes are an integral part of the financial statements.

SPECIAL REVENUE FUNDS

FIRE FUND

Fire Fund is used to account for fees received and monies disbursed for Township fire protection.

FIRE CAPITAL ACQUISITION FUND

Fire Capital Acquisition Fund is used to account for the Township's portion of fees received and monies disbursed for fire capital acquisition and improvements.

CEMETERY FUND

Cemetery Fund is used to account for monies received and disbursed for the maintenance of the township's cemetery.

CALEDONIA CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2004 AND 2003

	2004				2003
	FIRE	FIRE CAPITAL ACQUISITION	CEMETERY	TOTALS	TOTALS
ASSETS					
Cash	$ 1,087	$ 1,722	$8,933	$ 11,742	$ 11,232
Cert. of Deposit	240,934	33,529		274,463	289,876
Accts. Rec.		3,379		3,379	5,178
Due from Other Funds	11,068			11,068	12,414
	$253,089	$38,630	$8,933	$300,652	$318,700
LIABILITIES:					
Accts. Pay	$ 11,068	$ 2,532	$	$ 13,600	$ 20,653
TOTAL LIAB	$ 11,068	$ 2,532	$	$ 13,600	$ 20,653
FUND BALANCE:					
Fund Bal.	$242,021	$36,098	$8,933	$287,052	$298,047
	$242,021	$38,630	$8,933	$300,652	$318,700

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2004 AND 2003

	2004				2003
	FIRE	FIRE CAPITAL ACQUISITION	CEMETERY	TOTALS	TOTALS
REVENUES:					
Chgs. For Serv.	$	$ 6,318	$	$ 6,318	$ 8,020
Int. Income	3,821	926	52	4,799	4,125
TOTAL REVENUES	$ 3,821	$ 7,244	$ 52	$ 11,117	$ 12,145
EXPENDITURES:					
City of Corunna	$ 78,518	$	$	$ 78,518	$ 57,414
Principal Pymt		18,802		18,802	8,606
Int. Exp.		623		623	1,005
Equipment Purch/ Other		2,677		2,687	8,238
TOTAL EXPEND.	$ 78,518	$ 22,102	$ 10	$100,630	$ 75,263
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$(74,697)	$(14,858)	$ 42	$(89,513)	$(63,118)
OTHER SOURCES (USES):					
Transfers In	78,518	-0-		78,518	84,670
TOTAL OTHER SOURCES (USES) OF FUNDS	$ 78,518	$	$	$ 78,518	$ 84,670
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS	3,821	(14,858)	42	(10,995)	21,552
Fund Balance January 1,	238,200	50,956	8,891	298,047	276,495
FUND BALANCE DECEMBER 31,	$242,021	$ 36,098	$8,933	$287,052	$298,047

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2004 AND 2003

FIRE FUND

	2004	2003
ASSETS:		
Cash in Bank	$ 1,087	$ 1,087
Certificates of Deposit	240,934	237,113
Due from General	11,068	12,414
	$253,089	$250,614
LIABILITIES:		
Accounts Payable	$ 11,068	$ 12,414
FIRE FUND BALANCE	242,021	238,200
TOTAL LIABILITIES AND FIRE FUND BALANCE	$253,089	$250,614

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2004 AND 2003

FIRE FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
REVENUES:				
Chgs. For Serv. Rendered:				
Interest Earned	$ 3,453	$ 3,821	$ (368)	$ 2,960
TOTAL REVENUES	$ 3,453	$ 3,821	$ (368)	$ 2,960
EXPENDITURES:				
City of Corunna	$ 79,864	$ 78,518	$ 1,346	$ 57,414
TOTAL EXPENDITURES	$ 79,864	$ 78,518	$ 1,346	$ 57,414
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$(76,411)	$(74,697)	$(1,714)	$(54,454)
OTHER SOURCES (USES) OF FUNDS:				
Transfers In	100,000	78,518	21,482	84,670
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS	$ 23,589	$ 3,821	$19,768	$ 30,216
Fund Balance January 1,		238,200		207,984
FUND BALANCE DECEMBER 31,		$242,021		$238,200

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2004 and 2003

FIRE CAPITAL ACQUISITION FUND

	2004	2003
ASSETS:		
Cash	$ 1,722	$ 1,254
Certificate of Deposit	33,529	52,763
Accounts Receivable	2,770	3,016
Due from County	609	2,162
	$38,630	$59,195
LIABILITIES:		
Accounts Payable	$ 2,532	$ 8,239
FUND BALANCE	36,098	50,956
	$38,630	$59,195

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2004 AND 2003

FIRE CAPITAL ACQUISITION FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
REVENUES:				
Charges for Serv.	$10,000	$ 6,318	$ 3,682	$ 8,020
Interest Income	700	926	(226)	1,086
TOTAL REVENUES	$10,700	$ 7,244	$ 3,456	$ 9,106
EXPENDITURES:				
Equipment Purchase	$ -0-	$ 2,677	$ (2,677)	$ 8,238
Principal Payment	-0-	18,802	(18,802)	8,606
Interest Expense	-0-	623	(623)	1,005
TOTAL EXPENDITURES	$ -0-	$ 22,102	$(22,102)	$17,849
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 10,700	$(14,858)	$(25,558)	$(8,743)
OTHER SOURCES (USES) OF FUNDS:				
Transfers In	-0-	-0-	-0-	-0-
TOTAL OTHER SOURCES OF FUNDS	$ -0-	$ -0-	$ -0-	$ -0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES OF FUNDS	$ 10,700	$(14,858)	$(25,558)	$ (8,743)
Fund balance January 1,		50,956		59,699
FUND BALANCE DECEMBER 31,		$ 36,098		$ 50,956

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2004 AND 2003

CEMETERY FUND

	2004	2003
ASSETS:		
Cash	$8,933	$8,891
TOTAL ASSETS	$8,933	$8,891
CEMETERY FUND BALANCE	$8,933	$8,891

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2004 AND 2003

CEMETERY FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
REVENUES:				
Interest	$ 50	$ 52	$ (2)	$ 79
TOTAL REVENUES	$ 50	$ 52	$ (2)	$ 79
EXPENDITURES	$-0-	$ 10	$(10)	$ -0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 50	$ 42	$ 8	$ 79
Fund Balance at January 1,		8,891		8,812
FUND BALANCE AT DEC. 31		$8,933		$8,891

The accompanying notes are an integral part of the financial statements.

CAPITAL PROJECTS FUNDS

REVOLVING AND IMPROVEMENT FUND

Revolving and Improvement Fund is used to account for money set aside by the Township Board for future improvements within the Township.

CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2004 AND 2003

REVOLVING AND IMPROVEMENT FUND

	2004	2003
ASSETS:		
Cash in Bank	$ 400	$ 309
Certificate of Deposit	237,873	229,507
	$238,273	$229,816
FUND BALANCE	$238,273	$229,816

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2004 AND 2003

REVOLVING AND IMPROVEMENT FUND

	2004			2003
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	ACTUAL
REVENUES:				
Interest Earned	$8,457	$ 8,457	$ -0-	$ 1,794
TOTAL REVENUES	$8,457	$ 8,457	$ -0-	$ 1,794
EXPENDITURES	$ -0-	$ -0-	$ -0-	$ -0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$8,457	$ 8,457	$ -0-	$ 1,794
OTHER SOURCES (USES) OF FUNDS:				
Transfers Out	-0-	-0-	-0-	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS	$8,457	$ 8,457	$ -0-	$ 1,794
Fund Balance at January 1,		229,816		228,022
FUND BALANCE AT DECEMBER 31,		$238,273		$229,816

The accompanying notes are an integral part of the financial statements.

ENTERPRISE FUNDS

SEWER FUND

The Sewer Fund is used to account for sewer services to residents of the Township. All activities necessary to provide such services are accounted for in this fund, including, but not limited to; administration, operations, debt service and the waste water special assessment fund. The waste water special assessment fund is used to account for monies assessed for sewer construction and to pay bonds and interest relative to that construction.

WATER FUND

The Water Fund is used to account for water services to residents of the Township.

CALEDONIA CHARTER TOWNSHIP
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2004 AND 2003

ASSETS

	2004			2003
	SEWER FUND	WATER FUND	TOTAL	TOTAL
Current Assets:				
Cash	$ 191,486	$ 1,615	$ 193,101	$ 95,714
Cert. Of Deposit	2,072,933	116,679	2,189,612	2,223,416
Accts. Rec.	12,166	-0-	12,166	1,113
TOTAL CURRENT ASSETS	$2,276,585	$118,294	$2,394,879	$2,320,243
Prop. & Plant	$ 513,450	$204,136	$ 717,586	$ 717,586
Accum. Deprec.	(491,038)	(176,726)	(667,764)	(643,030)
	$ 22,412	$ 27,410	$ 49,822	$ 74,556
Other Assets:				
Investment in Subsidiary Owosso-Caledonia Utility Auth	$4,491,995	$ -0-	$4,491,995	$4,551,310
TOTAL OTHER ASSETS	$4,491,995	$ -0-	$4,491,995	$4,551,310
TOTAL ASSETS	$6,790,992	$145,704	$6,936,696	$6,946,109

LIABILITIES AND FUND EQUITY

Fund Balance:				
Contributed Capital	$ -0-	$ 41,485	$ 41,485	$ 41,485
Retained Earnings	6,790,992	104,219	6,895,211	6,904,624
TOTAL LIAB. & FUND EQUITY	$6,790,992	$145,704	$6,936,696	$6,946,109

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2004 and 2003

	SEWER FUND	WATER FUND	TOTAL	TOTAL
REVENUES:				
Charges for Services	$ 148,010	$ -0-	$ 148,010	$ 121,480
Hookups	49,329		49,329	19,500
Int. Income	46,553	352	46,905	34,631
TOTAL OPERATING REVENUES	$ 243,892	$ 352	$ 244,244	$ 175,611
OPERATING EXP:				
Operation of Plant	$ 162,970	$	$ 162,970	$ 144,395
Replacement	6,564		6,564	6,178
Deprec. Exp.	17,930	6,804	24,734	24,734
Misc. Exp.	24	50	74	2,710
TOTAL OPERATING EXPENSES	$ 187,488	$ 6,854	$ 194,342	$ 178,017
OPERATING INCOME (LOSS)	$ 56,404	$ (6,502)	$ 49,902	$ (2,406)
NON-OPERATING INCOME (EXPENSE):				
Depreciation offset Against Contrib. Capital	$ -0-	$ -0-	$ -0-	4,303
NET INCOME	$ 56,404	$ (6,502)	$ 49,902	$ 1,897
Retained Earnings January 1,	$6,793,903	$110,721	$6,904,624	$6,984,923
Decrease in Value Subsidiary During the Year	(59,315)	-0-	(59,315)	(82,196)
RETAINED EARNINGS DECEMBER 31,	$6,790,992	$104,219	$6,895,211	$6,904,624

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004 and 2003

	2004			2003
	SEWER FUND	WATER FUND	TOTAL	TOTAL
Cash Flows from Operating Activities:				
Net Income	$ 56,404	$ (6,502)	$ 49,902	$ 1,897
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:				
Deprec.	17,930	6,804	24,734	20,431
Decrease (Inc) in Accts Rec.	(11,053)	-0-	(11,053)	583
NET CASH FLOW FROM OPERATING ACTIVITIES	$ 63,281	$ 302	$ 63,583	$ 22,911
Cash and Cash Equivalents January 1,	2,201,138	117,992	2,319,130	2,296,219
CASH AND CASH EQUIVALENTS DECEMBER 31,	$2,264,419	$118,294	$2,382,713	$2,319,130
Supplemental Disclosure of Cash Flow Information:				
Cash Paid During the Year for:				
Interest	$ -0-	$ -0-	$ -0-	$ -0-

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
SEWER FUND
BALANCE SHEET
DECEMBER 31, 2004 AND 2003

ASSETS

	2004	2003
Current Assets:		
Cash in Bank	$ 191,486	$ 94,099
Certificates of Deposit	2,072,933	2,107,039
Accounts Receivable	12,166	1,113
TOTAL CURRENT ASSETS	$2,276,585	$2,202,251
Property and Plant:		
Investment in Sewer Plan	$ 513,450	$ 513,450
Accumulated Depreciation	(491,038)	(473,108)
	$ 22,412	$ 40,342
Other Assets:		
Investment in Subsidiary - Owosso Caledonia	$4,491,995	$4,551,310
TOTAL OTHER ASSETS	4,491,995	4,551,310
TOTAL ASSETS	$6,790,992	$6,793,903

LIABILITIES AND FUND BALANCE

TOTAL CURRENT LIABILITIES	$ -0-	$ -0-
Fund Balance:		
Retained Earnings	$6,790,992	6,793,903
TOTAL LIABILITIES & FUND EQUITY	$6,790,992	$6,793,903

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
SEWER FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2004 and 2003

	2004	2003
REVENUES:		
Charge for Services	$ 148,010	$ 121,480
Hookups	49,329	19,500
Interest Income	46,553	33,604
TOTAL OPERATING REVENUES	$ 243,892	$ 174,584
OPERATING EXPENSES:		
Operation of Plant	$ 162,994	$ 144,395
Replacement	6,564	6,178
Depreciation Expense	17,930	17,930
TOTAL OPERATING EXPENSES	$ 187,488	$ 168,503
NET INCOME	$ 56,404	$ 6,081
Retained Earnings January 1,	$6,793,903	$6,870,018
Decrease in Value of Subsidiary During the Year	(59,315)	(82,196)
RETAINED EARNINGS DECEMBER 31,	$6,790,992	$6,793,903

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
SEWER FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004 and 2003

	2004	2003
Cash Flows from Operating Activities:		
Net Income	$ 56,404	$ 6,081
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:		
Depreciation	17,930	17,930
(Increase in Accts. Rec.	(11,053)	583
NET CASH FLOW FROM OPERATING ACTIVITIES	$ 63,281	$ 24,594
Cash and Cash Equivalents January 1,	2,201,138	2,176,544
CASH AND CASH EQUIVALENTS DECEMBER 31,	$2,264,419	$2,201,138

Supplemental Disclosure of Cash Flow Information:

Cash Paid During the Year for:		
Interest	$ -0-	$ -0-

Disclosure of Accounting Policy:
For the purpose of the Statement of Cash Flows, the company considers all highly liquid debt instruments, such as certificates of deposit, to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
WATER FUND
BALANCE SHEET
DECEMBER 31, 2004 AND 2003

ASSETS

	2004	2003
Current Assets:		
Cash	$ 1,615	$ 1,615
Certificate of Deposit	116,679	116,377
TOTAL CURRENT ASSETS	$118,294	$117,992
Property and Plant:		
Investment in Water Lines	$204,136	$204,136
Accumulated Depreciation	(176,726)	(169,922)
	27,410	34,214
TOTAL ASSETS	$145,704	$152,206

LIABILITIES AND FUND BALANCE

Fund Balance:		
Contributed Capital	$ 41,485	$ 41,485
Retained Earnings	104,219	110,721
TOTAL FUND BALANCE	$145,704	$152,206

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
WATER FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2004 and 2003

	2004	2003
Revenues:		
Interest Income	$ 352	$ 1,027
TOTAL OPERATING REVENUES	$ 352	$ 1,027
Operating Expenses:		
Depreciation	$ 6,804	$ 6,804
Water Project and Other	50	2,710
TOTAL OPERATING EXPENSES	$ 6,854	$ 9,514
OPERATING INCOME	$ (6,502)	$ (8,487)
NON-OPERATING INCOME (EXPENSE):		
Depreciation Offset Against Contributed Capital	$ -0-	$ 4,303
NET INCOME (LOSS)	$ (6,502)	$ (4,184)
Retained Earnings January 1,	110,721	114,905
RETAINED EARNINGS DECEMBER 31,	$104,219	$110,721

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
WATER FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004 AND 2004

	2004	2003
Cash Flows from Operating Activities:		
Net Income	$ (6,502)	$ (4,184)
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:		
Depreciation	6,804	2,501
NET CASH FLOW FROM OPERATING ACTIVITIES	$ 302	$ (1,683)
Cash and Cash Equivalents January 1,	117,992	119,675
CASH AND CASH EQUIVALENTS DECEMBER 31,	$118,294	$117,992

Supplemental Disclosure of Cash Flow Information:

Cash Paid During the Year for:		
Interest	$ -0-	$ -0-

Disclosure of Accounting Policy:
For purposes of the Statement of Cash Flows, the company considers all highly liquid debt instruments, such as certificates of deposit, to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

FIDUCIARY FUNDS

TRUST AND AGENCY FUND

Trust and Agency Fund is used to account for collection of delinquent taxes and other monies which are held by the Township as a trustee and are distributed to other funds of the Township or to other governmental agencies.

CURRENT TAX COLLECTION FUND

Current Tax Collection Fund is used to receive the Township's current tax collections and to distribute such monies to the Township funds involved therein, and to other governmental agencies.

CALEDONIA CHARTER TOWNSHIP
FIDUCIARY FUNDS
COMBINING BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

	2004			2003
	CURRENT TAX COLLECTION	TRUST AND AGENCY	TOTALS	TOTALS
ASSETS:				
Cash in Bank	$ 40	$1,572	$1,612	$692,700
LIABILITIES:				
Due to Other Funds	$	$1,572	$1,572	$ 38,765
Due to Other Taxing Entities	40		40	650,786
Due to Others				3,149
	$ 40	$1,572	$1,612	$692,700
FUND BALANCES:				
Fund Balances	$-0-	$ -0-	$ -0-	$ -0-
	$ 40	$1,572	$1,612	$692,700

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
FIDUCIARY FUNDS
BALANCE SHEET
DECEMBER 31, 2004 AND 2003

CURRENT TAX COLLECTION FUND

	2004	2003
ASSETS:		
Cash in Bank	$ 40	$689,763
LIABILITIES:		
Due to Other Funds	$	$ 38,765
Due to Other Taxing Entities	40	647,849
Due to Others		3,149
FUND BALANCE	$ 40	$689,763

TRUST AND AGENCY FUND

ASSETS:		
Cash in Bank	$ 1,572	$ 2,937
LIABILITIES:		
Due to Other Funds	$ 1,572	$ 2,937
FUND BALANCE	-0-	-0-
	$ 1,572	$ 2,937

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2004 AND 2003

CURRENT TAX COLLECTION FUND

	2004	2003
BALANCE JANUARY 1,	$ 689,763	$ 2,068
RECEIPTS:		
Current Property Taxes & Assmts.	$3,535,201	$3,868,025
Delinquent Taxes, Penalties	10,312	18,786
Dog Licenses	175	255
Interest	3,474	1,246
Overpayments & Reimb.	23,033	24,974
	$3,572,195	$3,913,286
TOTAL RECEIPTS AND BEGINNING BALANCE	$4,261,958	$3,915,354
DISBURSEMENTS:		
Shiawassee County	$2,572,296	$2,162,378
Owosso Schools	606,705	396,504
Corunna Schools	869,469	524,166
General Fund	166,484	117,810
City of Corunna	2,888	1,050
Refunds and Fees	23,033	23,683
SATA	1,832	-0-
Community Library	19,211	-0-
TOTAL DISBURSEMENTS	$4,261,918	$3,225,591
BALANCE DECEMBER 31,	$ 40	$ 689,763

The accompanying notes are an integral part of the financial statements.

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

The General Fixed Assets Group of Accounts is used to account for the Township's fixed assets.

CALEDONIA CHARTER TOWNSHIP
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
DECEMBER 31, 2004 AND 2003

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

	BALANCE 12-31-03	ADDITIONS	DEDUCTIONS	BALANCE 12-31-04
Land	$ 184,500	$ -0-	$ -0-	$ 184,500
Buildings	314,444	-0-	-0-	314,444
Mach. & Equip.	259,055	7,540	-0-	266,595
Vehicles	280,258	-0-	-0-	280,258
	$1,038,257	$ 7,540	$ -0-	$1,045,797

The accompanying notes are an integral part of the financial statements.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-Term Debt Account Group is used to account for the Fire Equipment Loan.

CALEDONIA CHARTER TOWNSHIP
GENERAL LONG-TERM DEBT ACCOUNT GROUP
BALANCE SHEET
DECEMBER 31, 2004 AND 2003

ASSETS

	2004	2003
Amount to be Provided for the Retirement of Contracts	$ -0-	$18,802

LIABILITIES

Loans Payable	$ -0-	$18,802

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
ANALYSIS OF CHANGE IN FUND BALANCE
GENERAL LONG-TERM DEBT
DECEMBER 31, 2004 AND 2003

	BALANCE 12-31-03	INCREASES	DECREASES	BALANCE 12-31-04
Bank Loan - Fire Truck - Fire Capital Acquisition Fund	$18,802	$ -0-	$ 18,802	$ -0-

The accompanying notes are an integral part of the financial statements.

DEMIS and WENZLICK, P.C.
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June 17, 2005

Members of the Township Board
Caledonia Charter Township
Shiawassee County, Michigan

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the audit our firm performed on the financial statements of the Caledonia Charter Township, for the year ended December 31, 2004.

BUILDING PERMITS

Michigan Public Act 245 of 1999 requires permits to be accounted for separately from General Fund monies. The state strongly recommends that local governmental units establish a separate fund for these monies. If a separate fund is not established, we can help formulate workpapers that will comply with this act.

WASTEWATER FUND

The Township had many years ago a special assessment fund that was established to pay for the cost of the sewer system and related bonds. FMHA financed the bonds at that time. FMHA gave the township a significant discount if the township prepared the bonds, which it did. This resulted in a significant balance in the fund.

This fund has accumulated to a significant amount over the years, since the discount, as there has been no expenditures from this fund.

WASTEWATER FUND (CONTINUED)

If less than 10% of a special assessment is left in a fund the township may transfer the money to the general fund. Since this fund is in excess of the limitation, State Treasury permission is required.

We recommend a letter be sent to the state that request closure of this fund and the money transferred to the revolving and improvement fund.

The revolving and improvement fund has limitation both as to annual transfers and overall amount. With state approval, these limitations may be exceeded.

EXPENDITURES

The Township donated $2,200 to the City of Corunna Summer Park Program, and has done so for a number of years. We believe this expenditure may be impermissible. We recommend that the Township obtain legal advise prior to future expenditures for this program as to its permissibility.

BUDGET

The state revenue sharing distribution law, P.A. 176 of 1980, includes a compliance requirement in budgeting. It is important under this act that expenditures do not exceed the budget. Expenditures include accounts payable at December 31. Budgeted expenditures cannot exceed budgeted revenues plus the beginning fund balance. During our audit we noticed certain expenditures exceeding budgeting amounts. Care should be taken that expenditures do not exceed the budget. Amendments, if any, must occur before December 31. Additionally, a budget should be adopted for the Fire Capital Acquisition Fund.

We wish to thank the board for the excellent cooperation we received in performing the Township audit. If we can be of any further assistance to the Township, please contact us.

Sincerely yours,

Dennis and Wenglicki, P.C.

Certified Public Accountants